

Sharia Financial Literation In Developing Sharia-Based Business For Rural Communities In South Sulawesi

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ABSTRACT

This study aims to determine the understanding and public trust about Islamic products and Islamic banking and to determine the prospects for Islamic finance in rural business development. The methodology used is descriptive qualitative and the collection of primary data through data triangulation with thematic analysis techniques. The results showed that people in rural areas belong to *less literate* and *less of trust* because some people only understand the Islamic banking products used and only consider aspects of the needs and virtues of banking service facilities. However, it indicates a bright prospect for developing a sharia-based community business with residents of the region who are aware of Islamic law and the demand for Islamic financial institution services by the community is increasing. This research can be used as a reference for Islamic financial institutions, government and academics in providing knowledge and understanding to the community to transact and understand the concept of Islamic finance and the differences between conventional financial institutions.

Keywords: *Literacy, Islamic Finance, Business.*

A. INTRODUCTION

The 2019 Sharia Banking Statistics (SBS) published by the Financial Services Authority (FSA) shows the development of Islamic banking assets in Indonesia in January 2019, it was noted that the return on assets (ROA) was 2.56% compared to 2018 only at 1.87 % (FSA, 2019). The positive

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development of Islamic financial institutions, especially Islamic banking, has left home work (HW). The potential for the development of large Islamic financial institutions has not been optimized by stakeholders. One of the causes is the low level of Islamic financial literacy in Indonesian society. The terms regarding Islamic banking are still difficult for the general public to recognize (Kardoyo, n.d.).

The Financial Services Authority (FSA) and Bank Indonesia (BI) continue to make efforts to improve Islamic financial literacy in the general public by publishing several understandable books. Another effort is to conduct sharia financial education among universities and the general public in various forms such as seminars, talk shows, training, training of trainers, workshops, and so on (Kardoyo, n.d.). The final effort is to introduce Islamic financial institutions to the public at the offices of Islamic institutions. The development of Islamic banking in Indonesia shows positive things and will show prospective developments. This development will be supported by increasing Islamic financial literacy by the Indonesian people. The current low level of Islamic financial literacy will be resolved by conducting various efforts and outreach from various related parties.

The potential for the development of Islamic finance in South Sulawesi has not been optimized by stakeholders. One of the causes is the low national Islamic financial literacy. The terms regarding Islamic banking are still difficult for the general public to recognize and Micro Small and Medium Enterprises (MSME) actors specifically to develop their business products and practices that are in accordance with sharia principles. The results of the survey on financial literacy and inclusion proved that the financial literacy index in South Sulawesi was only 32.46%, while the financial inclusion index was around 86.91%. This achievement is inseparable from the Regional Financial Access Acceleration Team (RFAAT) in improving regional literacy. This includes collaborating with the Financial Services Industry Communication Forum (FSICF) which synergizes with all financial service institutions to jointly educate massively on financial service products and increase public literacy. In addition, collaborating with the University to partner with internship students in educating the public, especially in rural areas (Sujianto, n.d.).

The low level of Islamic financial literacy experienced by rural communities in every district in South Sulawesi. Not many are familiar with the products and services offered by Islamic financial institutions that develop in rural

areas. This is evidenced by not many people who have savings or products from Islamic banking. In addition, they are also not familiar with sharia pawnshop activities. Rural communities also don't know much about the existence of sharia leasing which is growing rapidly in the world.

To develop Islamic finance in Indonesia, the FSA and the Indonesian Central Bank have developed a comprehensive strategy to develop the Islamic market. One of them is by establishing sharia financial institutions in each region, besides that, building from the academic field through universities and creating a new, more accurate map of Islamic financial institutions through products that are in accordance with the interests of the general public will direct the provision of Islamic financial services and follow each Islamic finance strategy. The segmentation of consumers of Islamic financial institutions is based on the segment of the use of Islamic banks, namely using Islamic financial institutions because they are aware of Islamic law, not because of their function and do not understand the concept of Islamic finance in general.

Several previous studies have been conducted to investigate the behavior of rural communities and their intentions in Islamic banking. Most researchers found that people's attitudes and behaviors do not understand in detail about the contracts and products used in transactions at Islamic financial institutions. In addition, several other researchers conducted financial literacy education at only one point and financial literacy education material only with financial planning workshops. Therefore, this study aims to use a new educational concept, namely Focus Group Discussion (FGD) repeatedly and with several places to conduct education and socialization regarding Islamic financial literacy in detail and to understand customer beliefs and intentions in using institutionalized Islamic financial products.

Another condition that is an obstacle to the development of Islamic finance is the lack of media or tools to understand Islamic financial institutions as needed by the community. This happens because the network conditions in rural areas are not sufficient enough to be able to find out the understanding of the Islamic economy and the development of Islamic financial institutions online. In addition, the lazy attitude of the public to get to know Islamic finance is also an obstacle.

Another phenomenon is the "cynical" assumption of some people that Islamic financial institutions are the same as conventional financial institutions. This happens because the public does not yet have sufficient understanding of

Islamic banking and other Islamic financial institutions. In fact, people do not understand much about the contracts and products offered by Islamic financial institutions. Besides that, the lack of education from the authorities or sharia banking practitioners is also important in encouraging the use of sharia banking products in remote villages, especially in the South Sulawesi region. Easy and inexpensive product features and facilities can also influence people's considerations in choosing and using Islamic banking products.

The role of the sharia economic study program is a task and responsibility as well as a very important driving force in efforts and gives special attention to answering problems, finding solutions to problems that arise in the midst of society, and helping people in developing sharia-based businesses. The role of the study program can also be called the government's hand in driving the prospective, efficient and effective sharia-based economy in Indonesia. The role of the study program is one of the efforts to educate the public about Islamic finance which is currently developing and prospective in the future.

Based on the fact that happened, it became the basis for stakeholders based on study programs to devote themselves in contributing to the community towards education and socialization in detail and sustainably in order to improve Islamic financial literacy. Knowledge of Islamic finance must be introduced early to the public about what is happening and what is developing in Islamic finance in Indonesia today. If early recognition is successful, the Indonesian people will understand the existence of Islamic financial institutions more quickly. And in the end it will determine the choice of utilizing the products and services offered by Islamic financial institutions in Indonesia.

B. THEORITICAL

Financial literacy

Financial literacy is a set of skills and knowledge that enables an individual to make decisions and be effective with all their financial resources. Meanwhile, according to the Financial Services Authority, it is the ability to manage funds owned so that life can develop and be more prosperous in the future (Busyro, n.d.).

FSA (2016) explains that together with the Ministry of Education and Culture, provide and compile a material or financial literacy module to the academic community in a structured, institutionalized and integrated manner in the education curriculum at the levels of elementary, junior high and high schools.

In addition, cooperation is also carried out with the Ministry of Research, Technology and Higher Education, where the FSA also publishes books on financial literacy as an effort to get closer to students both formally, namely integrated with the curriculum and informally in the form of seminars, training and so on.

Literacy can be implemented in various aspects such as health, visual, digital, data, business and of course, the focus of this study is financial literacy. Financial literacy is a person's ability to read and make reviews or assessments of accounting transactions so that they can become financial information to make appropriate or effective decisions. Islamic Financial Literacy is knowledge and understanding of financial concepts and risks to improve the ability to manage finances based on the Al-Qur'an, Hadith, Ijma 'and Qiyas (Sujianto, n.d.).

Focused on Islamic financial literacy which has prospective benefits to boost the country's economy. The public and Islamic financial service institutions need each other so that the higher the level of Islamic financial literacy in the community, the more people will take advantage of Islamic financial products and services. In this case the potential benefits that will be obtained by Islamic financial services institutions are also getting bigger. In addition, Islamic financial literacy also encourages the financial services industry to continue to develop and create more innovative, varied and more affordable financial products and services, according to the needs of all groups of society. Islamic financial services institutions can identify and develop commercially profitable financial products and services as well as provide benefits to community groups, who are currently unable to utilize and access Islamic financial products and services (Giesler, Markus, Veresiu, n.d.).

Islamic financial literacy also provides great benefits for the state, not only for the FSA as the authority but also for the state as the government executive who carries out the mandate of the 1945 Constitution to build people's welfare. This is because Islamic financial institutions as financial service providers play a role in providing capital services, financial services, and even Islamic financial consulting. The progress and development of Islamic financial institutions will have an impact on the welfare of the country. If people are already literate in Islamic finance/muamalah maliyah, then more and more people will take advantage of Islamic financial products and services, thus increasing their welfare. Community welfare is the success of the state in carrying out development.

Apart from the above, proper financial education will also have an impact on the level of public understanding of the basic concepts of Islamic finance. How the concept of a contract in Islamic finance, as well as how it differs from conventional financial transactions, must all be well transformed to the public. So, people can clearly know the difference. It also needs to be conveyed to the public regarding how to access Islamic financial institutions, including Islamic microfinance institutions. With a comprehensive approach, it is hoped that the level of public awareness and participation of Islamic financial institutions can increase from time to time (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.).

Availability of financial products and services that are needed by all groups of society so that each group is able to utilize financial products and services according to their respective needs. In this case, financial service institutions need to provide financial products and services for all levels of society. In addition, the availability of financial products and services needs to be adjusted to the character and needs of the community that can be reached both in terms of price and access.

The use of financial products and services by the public is the ultimate goal of financial inclusion so that people are expected not only to enjoy the financial products and services they use, but also to improve the welfare of the community. Quality is a condition in which financial products and services can provide the maximum benefit to people who use these financial products and services. Quality in this case also means the active use of financial products and services by the public, which means that financial products and services are “fit” with what is needed by the community so that their frequency of use is relatively high.

Poverty alleviation, economic empowerment of remote communities and the development of sharia business in Indonesia can be realized if Islamic financial literacy in society is truly carried out in a sustainable manner. From the macroeconomic aspect itself, Islamic financial literacy provides the following benefits:

- a. The more people save and invest in sharia, the more stable the Indonesian economy is, because the Islamic financial system strictly prohibits usury (bubble economy) and maysir (speculation). Financial economic stability will encourage exports and investment.
- b. The more people who use the funds of Islamic financial services institutions, the real sector growth (ta'alluq qit) a'il maliyah bil qit a'il waqi'iyah).
- c. The more people who use Islamic financial services, the national economy will be stronger and stronger from the storms of the global crisis.

- d. The more people who are well literate in Islamic finance, the greater the number of users of Islamic financial products and services so that in the end it will create equity (justice) and prosperity as the implementation of Pancasila, namely the fifth principle.
- e. The more people save and invest through Islamic financial institutions, it is hoped that the sources of funds for development will increase.

The more people who use the funds of Islamic financial services institutions, it is hoped that the intermediation in the financial sector will be even greater.

All of these things can be done because there is a link between knowledge and behavior. Hilgert and Hogarth (2003) in Sharia Development Economics explained that those who obtain better knowledge and education will have more desire to change for the better and are more able to accept recommendations related to financial behavior. Therefore, sharia financial education also needs to be well planned (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.).

The Importance of Financial Literacy to Improve Community Financial Management Capabilities

Financial literacy (financial literacy) is one of the strategic programs that are part of the efforts of the government and society in various countries to create literate societies about financial services. Experiences from various countries prove that financial literacy has become a national program to increase the prosperity and welfare of the people, considering that financial literacy has various benefits. Islamic Financial Literacy is knowledge and understanding of financial concepts and risks to improve the ability to manage finances based on the Al-Qur'an, Hadith, Ijma 'and Qiyas (Sujianto, n.d.).

This person's financial knowledge then develops into financial skills, where financial skills are defined as the ability to apply their financial knowledge in everyday life (Palameta, B., Nguyen, C., Hui, T., & Gyarmati, n.d.). Financial skills allow a person to be able to make rational and effective decisions related to their finances and economic resources (Kurihara, n.d.). The community is expected to have confidence in financial service institutions and their products and services after having sufficient knowledge and skills. Not only for the financial services industry, each individual must also have confidence in their abilities. This belief includes confidence in carrying out financial activities such as

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recording investment and expenditure plans, preparing budget plans, and so on (Tustin, n.d.).

A high level of Islamic financial literacy can lead to an increase in the use of Islamic financial products and services in Indonesia which directly results in an increase in the market share of Islamic finance in Indonesia. According to Hogarth in Sharia Development Economics, through financial literacy a person is expected to be able (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.), namely utilizing financial resources, increasing economic security, increasing contributions to society, bringing and building society in a better direction and generating work energy who well educated.

Focused on Islamic financial literacy which has prospective benefits to boost the country's economy. The public and Islamic financial service institutions need each other so that the higher the level of Islamic financial literacy in the community, the more people will take advantage of Islamic financial products and services. In this case, the potential benefits that will be obtained by Islamic financial services institutions are also getting bigger. In addition, Islamic financial literacy also encourages the financial services industry to continue to develop and create more innovative, varied and more affordable financial products and services, according to the needs of all groups of society. Islamic financial services institutions can identify and develop commercially profitable financial products and services as well as provide benefits to community groups, who are currently unable to utilize and access Islamic financial products and services (Giesler, Markus, Veresiu, n.d.).

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Sharia Financial Education Target

Sharia Economic Development still does not get a large portion because some young people get some kind of allowance from their parents or guardians, so

they still lack a sense of responsibility and do not have an interest in managing financial resources (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.). For most students, college is the first time they manage their own finances without the supervision of their parents. Students will face new problems and face a new environment without the supervision and support of their parents. Students must be able to independently manage their finances properly and also be responsible for the decisions they have made (Farah & Reza, 2015).

Sabri in a journal written by Farah and Reza (2015) explains that college is the first time students manage their own finances. (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.) said that they (students) mostly get some kind of allowance from their parents or guardians who take care of them. Therefore, students must be able to independently manage their finances properly and wisely. The second target is those who are buying a house for the first time. This is because buying a house is categorized as a long term goal. This activity can also be categorized as investing in financial behavior. First-time home buyers will really take advantage of relevant information related to what is needed (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.).

The third target (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.) is low-income households. Financial education is proven to be able to increase financial knowledge, increase various skills, and change financial behavior effectively, especially among low-income households in various countries. This group is assumed to have a low level of financial literacy if they have not done anything in the financial inclusion stage.

The fourth target (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.) is women, women are also targeted in financial literacy programs. Among developing countries, Indonesian women are proven to be superior in account ownership compared to men. However, Yumna & Clarke also revealed that it is better for the family as a whole unit, than for women, especially married women, who are the targets of financial literacy.

The final target is employees and prospective retirees. Both groups are easier to reach in their workplace. Financial education in the workplace has been shown to improve employee welfare effectively. A comprehensive program for employees is needed to improve employee welfare. The programs offered should be related to how to prepare for retirement (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.). The target of financial education is so that the target groups are able to provide a higher level of their perception of satisfaction with their current

financial condition. They are also expected to be more confident in making financial decisions after receiving financial education at their workplace (Syauqi Beik, Irfan dan Dwi Arsyianti, n.d.).

Sharia Finance

Broadly speaking, Islamic banking consists of 3 (three) types of products, namely Funding Products, Financing Products and Service Products (Ascarya, n.d.-b). Islamic Bank funding products are aimed at mobilizing and investing in savings for economic development in a fair manner so that fair benefits can be guaranteed for all parties. Islamic banks generally have three funding products using a variety of contracts that are different from conventional banks, namely demand deposits, savings and time deposits.

a. Giro

Current accounts in Islamic banking are savings products from customers in the form of current accounts for safety and ease of use. This *wadi''ah giro* characteristics is almost the same as the current account at conventional banks in general. When a customer uses a current account deposit product, the customer can withdraw their funds at any time by using the facilities provided by the Islamic bank to the customer, such as checks, bilyet giro or other similar facilities (Ascarya, n.d.-b). The contract used in this current account is *wadi''ah yad dhamanah* and *mudharabah muthlaqah*. In the concept of *wadi''ah yad dhamanah*, the party receiving the safekeeping may use or utilize the money or goods entrusted. Some general provisions of *wadi''ah giro*, namely the owner of the funds can withdraw their funds at any time, *wadi''ah* funds can be used by banks for commercial activities, and the profits and losses from channeling funds are owned or borne by Islamic banks, while the owner of the funds is not promised compensation and does not bear any losses (Karim, n.d.).

b. Savings

Savings are savings based on a *wadi''ah* contract or investment of funds based on a *mudharabah* agreement or other agreement that is not contrary to sharia principles, the withdrawal can only be made according to the agreed terms and conditions, but cannot be withdrawn using a check, bilyet giro, and/or other equivalent means (Undang-Undang Nomor 21 Tahun 2008, n.d.). *Wadi''ah* savings characteristics and this *mudharabah* is also similar to savings in conventional banks, when depositing customers are guaranteed to be able to withdraw their

funds at any time by using facilities provided and provided by Islamic banks, such as ATM cards and debit cards (Ascarya, n.d.-b).

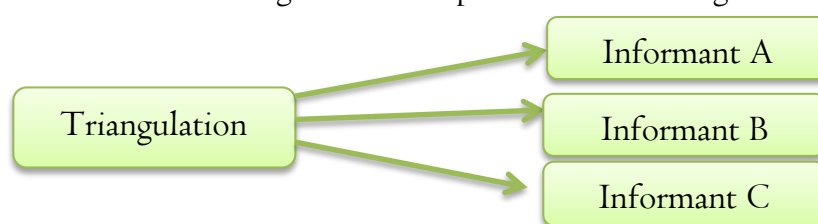
c. Deposit

According to (Undang-Undang Nomor 21 Tahun 2008, n.d.), Deposits are investment funds based on a *mudharabah* agreement or other contracts that are not contradictory to sharia principles which withdrawals can only be made at maturity based on a contract between the customer and the Islamic bank. Based on the (Fatwa Dewan Syariah Nasional MUI No.03/DSN-MUI/IV/2000, n.d.), deposits consist of two types, namely deposits that are not justified in sharia and deposits that are justified in sharia. Deposits that are not justified in sharia are deposits based on the calculation of interest, while deposits that are justified in sharia are deposits based on the *mudharabah* principle. The contracts used in this deposit product are *mudharabah muthlaqah* and *mudharabah muqayyadah*. *Mudharabah muthlaqah* is a contract that is used when the customer (owner of funds/shahibul maal) does not impose certain limits or requirements on Islamic banks in managing their investments, whether related to the place, method or object of their investment (Karim, n.d.).

C. METHODOLOGY

The method used in this research was a qualitative method with primary data which is collected by wawancara through data triangulation with thematic analysis techniques. This research use informants 15 people.

Figure I. Multiple Sources Triangulation



Source: Muri (2014), Research Methods

The use of this method means that if in the first stage information is collected by observing an aspect, then in the next step, use another method such as interviews to collect the same information (Yusuf, n.d.). Thematic analysis is the process of coding information which can produce a complex list of themes, models or indicators.

D. RESULTS AND DISCUSSION

Rural Community Understanding About Sharia Products

Education carried out to improve Islamic financial literacy. The development of financial institutions, particularly Islamic banking in Indonesia, has received a positive response and will continue to grow. The implementation of Islamic financial literacy is very important and fundamental to provide provisions for people in villages to become more familiar with Islamic finance. This activity introduces and provides understanding with very conducive learning conditions. In fact, educational activities carried out so far to improve Islamic financial literacy are still weak and have not yet reached the community in the village.

This survey was conducted for 15 informants in the research village each. The method of data collection using this survey was conducted to detect the extent of public knowledge of Islamic finance. In addition, a survey was carried out to collect the data needed for the preparation of research and outreach activities.

Table I Sharia Banking Customers (Informants) by Village

Village Name	Sharia Banking Customers	Non Sharia Banking Customers	Number of Informants
Tongke Sinjai Regency	1	4	5
Bajoe Bone Regency	3	2	5
Ponjalae Palopo City	2	3	5
Total	6	9	15

Source: Processed data

Based on the results of the survey conducted, only a few people in the research village use Islamic bank products. From 15 informants/community (three villages) surveyed, the percentage of customers (community) who use sharia products is still low. Various reasons and reasons for using or not using Islamic banking products. Even people who are customers of Islamic banks still do not know more deeply about the Islamic products used. This was conveyed by Nurul Maghfira as a customer of a sharia bank in Bajoe Village, Bone Regency reveals that:

"I have not yet understood in detail what are the advantages of being a customer of sharia banking and I also don't know the advantages of using

sharia products. The important thing is there is already a savings to save some money safely if there is an urgent need so that it can be retrieved ”.

As for informants as customers of Islamic banking still do not understand Islamic products. This was conveyed by Ahmad in Ponjalae Village, Palopo City that:

"I saved at an Islamic bank, but I could not distinguish whether Islamic banks also use interest on savings like other commercial banks because of the lack of explanation from the bank. In addition, in financing the purchase of goods, the payment is almost the same as the installments in conventional banking”.

The results of interviews by several informants prior to the holding of community service activities show that people in villages who do not understand Islamic finance really need more in-depth socialization and education related to sharia products to increase Islamic financial literacy both regionally and nationally.

The minimal use of Islamic banking products among people in this village is caused by a lack of socialization and education about Islamic banking. Based on the survey results, only a few informants have participated in Islamic banking socialization and education activities. As stated by Wahyu Nursyam in Ponjalae Village, Palopo City that:

"There is a need for socialization to convince the public about sharia products. In Ponjalae Village, around 6 people have participated in sharia banking training activities. As a general banking customer, I just switched to sharia banking when there were socialization activities afterward, because I felt that I was compatible with several kinds of sharia products for business and business development. And there are also those who choose sharia products for their consumptive needs. "

The socialization and education that some people have received has been ineffective and maximized in convincing people to use sharia products. This is in line with what was conveyed by Akbar in the Village Tongke Kab. Sinjai said that:

"The socialization has been carried out by sharia banks or universities in providing training and introduction to Islamic banks, but it has not been effective because there is no access to where to get the sharia products. In addition, people who use sharia products are usually for consumptive purposes, for example financing a car purchase, but the location of the

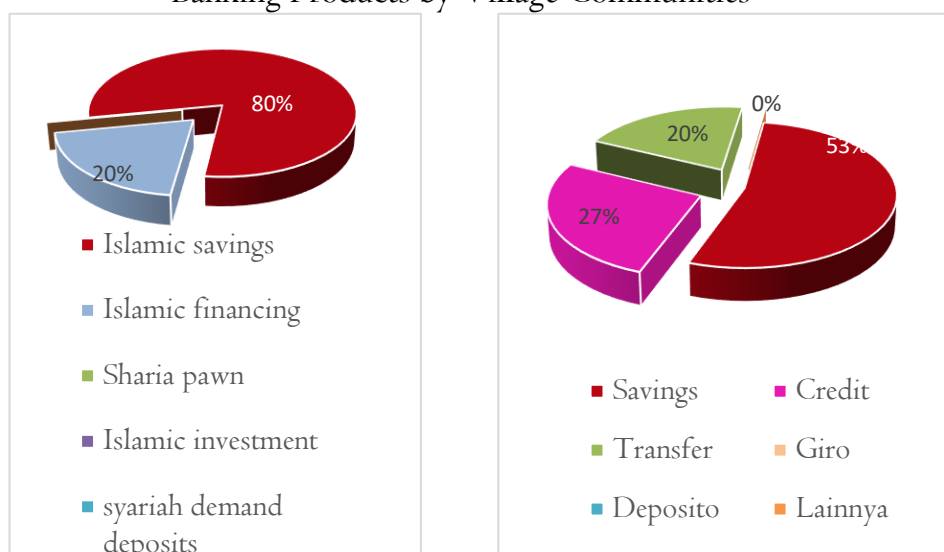
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Islamic bank is far from the village so they have to leave the village and even leave the district."

The use of Islamic banking products in rural communities is more dominated by savings products and consumptive financing. This is because people still use banking products only as needed. It is different if those who use the savings product are entrepreneurs. Entrepreneurs sometimes have to have several banking products, because of their needs in order to run and expedite all their activities and business. The use of sharia products in communities in the village is 3 out of the total surveyed informants. In addition, in Islamic banking products, the most dominant product used by people in villages is Islamic savings products. This is reflected in the results of a survey which states that people use more savings products than financing in Islamic banking.

Figure 4.3 Comparison Graph of the Use of Sharia and Conventional Banking Products by Village Communities



Source: Processed data

The use of banking products and services, both sharia and conventional, in terms of savings, current accounts, deposits and so on, should be accompanied by knowledge and understanding of consumer protection. Consumer protection is very important for users of financial service institutions, especially banks, because customers must know their rights and benefits as customers and the steps that must be taken if there is a dispute between two parties. This shows that some

people in the village have understood sharia finance in knowing sharia savings products, even though they are not sharia banking customers. However, some of them still do not understand after participating in socialization activities because they are not supported by the implementation of opening an account with Islamic banking. Some types of savings contracts that are understood by the community are as follows:

Table 2 Understood Agreement for Community Savings Products

An Understood Savings Product Agreement					<i>Do not understand</i>
	<i>Wadiah yad dhamanah</i>	<i>Wadiah mandate</i>	<i>Mudharabah muthlaqah</i>	<i>Mudharabah Muqayyadah</i>	
Informant	2	2	1	1	9

Source: Processed data

Based on table above, the community in the village is more dominant in using the wadiah yad dhamanah savings product. However, there are still people who are wrong in choosing the product agreement, namely the wadiah amanah and mudharabah muqayyadah contracts. Even though based on survey results, people who use Islamic banking products have met their needs in using Islamic savings products. As stated by Aan Fat Tarmin in Ponjalae Village, Palopo City that:

"At the beginning of proposing to open an account, it was not clear that we could understand what was conveyed by the Islamic banking sector so that it could be the wrong choice. But with education, we can understand in detail the different types of savings contracts. It turns out that there are several types that must be chosen according to your needs and transactions because people like us need savings only for the purpose of keeping funds safely and easily withdrawn as well. As far as we know, the wadiah yad dhamanah savings contract is for other types of savings deposits and mixing assets. "

In the theory previously developed, generally Islamic savings use two contracts, namely wadiah yad dhamanah (Syafi'I, n.d.) and mudharabah muthlaqah (Ascarya, n.d.-b). Savings using the wadiah yad dhamanah contract are savings that are deposited in nature. The concept of wadiah yad dhamanah, the

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depositor may mix the depositors 'assets with other depositors' assets or other assets and then use them for productive purposes seeking profit. The depositor is entitled to the profits obtained on the asset deposited and is responsible for all risks that arise. In addition, depositors are allowed to give bonuses to asset owners without binding prior agreements (Ascarya, n.d.-a).

Savings that use the mudharabah muthlaqah agreement are basically a form of cooperation between shahibul maal and mudharib whose coverage is very broad and is not limited by specifications for the type of business, time and area of business (Syafi'I, n.d.). The mudharabah muthlaqah contract is usually applied in funding products, while the mudharabah muqayyadah is commonly applied in funding and financing. Wadiah amanah is generally used for pure deposit products, such as Safe Deposit Box (SDB) products. This Safe Deposit Box is a product for safekeeping of customers' valuable goods/assets, such as land certificates/certificates, gold bullion and so on. Meanwhile, the mudharabah muqayyadah contract is a contract that is generally used to invest, in Islamic banking it is generally used in deposit products (Syafi'I, n.d.).

Based on the results of the research and discussion that has been done, it can be said that the knowledge and understanding of rural communities about Islamic products is classified as less literate. It is classified as less literate because some people only understand the Islamic banking products that are used.

Rural Community Trust About Sharia Financial Institutions

The National Survey of Financial Literacy and Inclusion in 2016 conducted by the Financial Services Authority (FSA) has been in accordance with the results of data in the field that rural communities are less interested in transacting in Islamic financial institutions, one of the factors is the low level of public trust in Islamic financial institutions. Measurement of the Islamic financial literacy and inclusion index conducted by the OJK shows that the development of the Islamic financial services industry has not received a very large portion compared to the conventional financial services industry. In terms of its potential, the growth of Islamic financial products and services utilized by the public is expected to be very high, supported by the high number of Muslim population in Indonesia.

The low level of public trust regarding Islamic financial institutions is caused by one of the factors, namely the status of Islamic financial institutions that are not BUMN. In addition, it is also due to the cynicism of the citizens

regarding the syariah financial institution system which is the same as the system prevailing in conventional institutions even though the name of each product is different. This was conveyed by Srianti as a customer in Islamic banking Kab. Sinjai said that:

"The system or mechanism in Islamic banking is almost similar or the same. Installment payments in Islamic banking are the same as installments in general banking, in fact, usually Islamic banking is more expensive or has higher installments than general banking. In addition, in our village there is not a single Islamic financial institution, in the City of Sinjai there is also no visible Islamic banking. So this is what makes people prefer general banking. Regarding me personally, Islamic banking must be in the city so that there are options for transactions, and it also makes it easier for me. The difficulty is I have to go to Bone for Islamic banking transactions as a customer. "

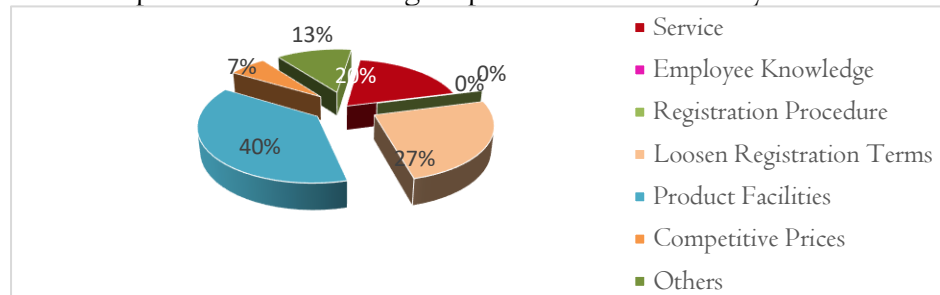
The lack of trust among the community in the village regarding Islamic financial institutions is caused by a lack of socialization and education about Islamic banking. Based on data from the survey conducted, there are still many people in the village who are not familiar with Islamic banking. Lack of socialization and education about Islamic banking carried out by the competent authorities or sharia banking practitioners to rural locations is one of the causes of weak knowledge of Islamic banking and interest in its use.

Based on survey data, it shows that there are still many people in the village who are not familiar with Islamic banking. Lack of socialization and education about sharia banking carried out by the competent authorities or sharia banking practitioners to rural locations is one of the causes of weak knowledge of Islamic banking and interest in its use. Lack of knowledge causes many people to hesitate and are not sure about the syariah products in Islamic banking.

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Figure 2. Graph of Sharia Banking Improvement Needed by the Community



Source: Processed data

When viewed from their interest, many rural people are interested in using Islamic banking products. However, there are several factors that cause people to discourage their desire or interest in using products in Islamic banking, namely the cynicism, the location of Islamic banking and the syariah of products and facilities or infrastructure available in Islamic banking. Regarding the syariah of a product in Islamic banking, the informant stated that it is possible that Islamic banks are not fully compliant with sharia. Because there are a number of things that cannot be done through the sharia route because of compulsion and there are no ways that are according to sharia. As stated by Aan Fath Tarmin as a resident in the village of Ponjalae, Palopo City and a customer of sharia banking, said that:

"Reportedly, Islamic banking strives to comply with sharia, but it does not rule out the possibility of not being fully sharia. Because there are some things that cannot go through the sharia route, there must be a conventional term. That means not completely, yes, there are still parts that are forced to use the conventional system of the term in its implementation. As for the results. The term still has a name if in the religious language the term ribanya is still a little related there, it is difficult to separate or difficult to distinguish".

The same regulation or legal umbrella is the harmonization or uniformity of products throughout Indonesian Islamic banking. It's just that, the variety of products, ease of access and approaches to customers are different between Islamic banking in Indonesia. Based on the results of the survey and interview above, most of the people in the village still do not know about the Islamic banking institution itself regarding the syariah of its products, so that some people do not believe in Islamic banking. This is very necessary for detailed and sustainable socialization

and education activities. Another supporting factor is providing branch units of Islamic financial institutions in each village.

Based on the results of interviews with informants, it was stated and acknowledged that socialization and education activities related to the financial services industry, especially Islamic banking, were still lacking, either directly or indirectly. Several informants admitted that there are several Islamic banking brands that have come to offer various products and services that are owned by Islamic banks. However, this product of Islamic financial institutions and public trust in Islamic banking did not get a large portion of the increase in Islamic finance.

Based on the results of the research and discussion that has been done, it can be said that the trust of rural communities about Islamic products is classified as less of trust or lack of trust. It is classified as less of trust because some people only choose to transact in Islamic banking by considering the aspects of the need and priority of banking service facilities. Although most people have to choose conventional financial institutions, there are still people who remain loyal in choosing Islamic banking products as the main choice in saving their funds and obtaining working capital financing.

Prospect of Contribution of Islamic Finance in Business Development in Rural Areas

The rapid development of the Islamic economy in Indonesia is not a guarantee for improving the welfare of rural communities. There are many other factors that influence it. To achieve good welfare, it needs to be done by various elements. So that the application of sharia economics, which includes the concept of Islamic business in Indonesia, still needs to be analyzed its contribution. Analysis of the prospects for the contribution of the Islamic economy in rural areas can be seen from several perspectives, as follows:

I. Population

Indonesia is not an Islamic country, but Indonesia is a country with the largest Muslim population in the world. This reality is certainly a strong factor to support the development and contribution of the Islamic economy in Indonesia. With great potential in a large Muslim population, the Islamic economy has become a matter of concern for the community. This can be seen from the indication of increasing awareness of the Indonesian population of Islamic law which has an impact on increasing awareness of the use of sharia-based

institutional services. As the hope expressed by Akbar as the Village Secretary of Tongke Kab. Sinjai said that:

"The sharia economy can develop in the Tongke-tongke village because the population here is 90% Muslim. With this percentage, there is great potential for businesses in this village to develop based on sharia. For example, several stalls here, their capital financing still uses credit at conventional banks. Well, if there is already Islamic banking here, it is likely that it will switch to be based on sharia financing. "

Business continuity that is influenced by these residents will be impossible to achieve if the profit in doing business cannot be obtained. On this basis, sharia businesses provide the right to take material and non-material profits as described above. The material benefits that are obtained are of course profits, while non-material benefits are the trust of customers and business blessings for sustainable business continuity. Based on Islamic capital, it becomes a means to run a business in accordance with sharia principles, so that the factor of developing Islamic finance in the village is one of the residents themselves by providing an understanding of Islamic finance.

Based on the description above, it can be concluded that when viewed from the perspective of the population, the contribution of the Islamic economy has bright prospects for improving the welfare of the community, this is because public awareness of Islamic law and demand for Islamic financial institution services is increasing.

2. Human Resources

Indonesia, with the largest Muslim population in the world, and the increasing growth of the Islamic economy in Indonesia can be the motor of driving the world's Islamic economy. So far, however, this has not materialized and several other countries are more developed from an Islamic economic perspective than Indonesia. Many factors have caused this to happen, one of which is the human resource factor in Indonesia. It is also added that the human resources who are practically involved in Islamic financial institutions do not yet fully have the ideal capacity. The rapid growth of the sharia economy in Indonesia, especially in the regency level, is not matched by reliable human resources. Even though reliable human resources in the Islamic economy are very important in the implementation of the Islamic economy in Indonesia (Asnaini, 2008). The human resources in question are not only graduates from higher education, but these human resources must become new creators in creating

equitable understanding of Islamic economics that can develop business in rural areas. As expressed by Ija as a resident of the village of Tongke Kab. Sinjai said that:

"There are no professionals in the field of sharia economics in building villages, we need someone here who can develop a sharia-based business or at least someone comes to guide how the concept of sharia business is correct, but there is no one (HR). If there are sharia economics graduates, there are many young people who have sharia scholarships but there is no movement, maybe because they are reluctant to do so because of their young age. "

Sharia-based human resource development must be balanced between quality and quantity both at the national and rural levels so that the implementation of business development based on sharia economics can be in accordance with Islamic law and can contribute to improving community welfare and increasing awareness of the importance of Islamic finance to avoid ribawi practices. . Efforts to improve and develop Islamic finance in Indonesia are, of course, inseparable from the businesses run by the community so that learning media and socialization about Islamic finance must continue to be carried out.

Based on the description above, it can be concluded that although at present the human resources in the Islamic economy are not evenly distributed at the district and village levels, various efforts have been made to improve the quality of human resources in the Islamic economy. So that the prospect of the contribution of the sharia economy in Indonesia, seen from its human resources, can be said to be promising to improve people's welfare and develop sharia-based businesses in rural areas.

E. CONCLUSION

The knowledge and understanding of rural communities about Islamic products is classified as less literate (low literacy). It is classified as less literate because some people only understand the Islamic banking products that are used. In addition, there are still many people who need regular guidance to be able to understand in detail Islamic finance.

Rural community trust in Islamic financial institutions is classified as less of trust or lack of trust. It is classified as less of trust because some people only choose to transact in Islamic banking by considering the aspects of the needs and virtues of banking service facilities. Although most people have to choose

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conventional financial institutions, there are still people who remain loyal in choosing Islamic banking products as the main choice in saving their funds and obtaining working capital financing. Prospect of Islamic financial contribution in 3 villages namely Tongke-tongke Village Kab. Sinjai, Bajoe Kab. Bone and Ponjalae in Palopo City, indicate a bright prospect to increase or develop sharia-based community businesses, this is because the residents of the area are Muslims who are aware of Islamic law and there is government support in making community businesses able to continue to grow, in addition to demand for services Islamic financial institutions by the public are increasing.

This study has limitations on the priority aspects of Islamic financial institutions for customers who are not included as a research component so that they can become a reference for further researchers and are expected to complement this research. In addition, this research can be used as a reference for Islamic financial institutions, government and academics in providing knowledge and understanding to the community in order to realize the main hopes of rural communities to get sharia financial services such as workshops or guidance and training on sharia finance in stages and branches of Islamic financial institutions, there should be every village to make it easier for people to transact and understand the concept of Islamic finance and the differences between conventional financial institutions.

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