Journal of Community Service and Rural Development (JCSRD)

ISSN: 3047-0285
Vol 2 No 1, 2025

Improving Sharia Financial Literacy through Financial Education Programs for Youth Organization Activists in Southeast Aceh

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Abstract: This community service program aims to improve sharia financial literacy among Youth Organization Activists in Southeast Aceh. The low understanding of the concept of sharia finance and the high level of consumer behavior are the main backgrounds for the implementation of this program. This activity is carried out through a series of counseling, training, and intensive mentoring that emphasizes the theoretical and practical aspects of sharia-based financial management. The method used in this service is a participatory approach with lecture techniques, interactive discussions, sharia-based financial management simulations, and real case studies. The results of the activity show a significant increase in the Youth's understanding of the concept of sharia finance, as well as an increase in awareness in managing finances more wisely and in accordance with sharia principles. Thus, this program can be a model of sharia financial education that can be applied widely to support more sustainable financial well-being.

Keywords: Sharia Financial Literacy, Financial Education, Community Service, Islamic Financial Management

1. Introduction

Financial literacy is a very important skill in modern life, especially for young people who are active in organizations who are often involved in economic activities and fund management in their communities. Low financial literacy can cause various financial problems, such as irrational decision-making, inability to manage expenses, and the risk of falling into an uncontrolled consumer lifestyle (Lusardi & Mitchell, 2014). irrational decision-making, inability to manage expenses, and the risk of falling into an uncontrolled consumer lifestyle. One of the main impacts of low financial literacy is the tendency towards impulsive buying, which is a purchase made without planning and based solely on emotional impulses. Impulsive buying can lead to waste, difficulty in meeting basic needs, and dependence on consumer debt (Verplanken & Sato, 2011). For young people who are active in organizations, an understanding of good financial management is essential so that they can lead and manage resources more effectively.

According to a survey by the Financial Services Authority (OJK, 2022), the level of sharia financial literacy in Indonesia is still relatively low, at below 10%. This shows that the majority of people, including young people, do not yet have an adequate understanding of the principles of

Islamic finance which emphasize transparency, fairness, and balance in managing finances. Therefore, intervention is needed in the form of systematic financial education based on Islamic values so that young people can be wiser in managing their finances (Hidayat & Rahman, 2022). This community service aims to improve the understanding and skills of young people who are activists in organizations in managing sharia-based finances. This program combines educational methods, simulations, and intensive mentoring to ensure that participants not only understand the concept of Islamic finance in theory but are also able to implement it in their daily lives.

Implementation Method

This community service program is carried out in several strategic stages, consisting of needs Identification – An initial survey was conducted to determine the level of understanding of young organizational activists regarding Islamic financial literacy and their financial habits. Intensive Counseling and Training – The material presented includes basic concepts of Islamic finance, principles of Islamic financial management, and strategies for managing personal finances based on Islamic law. Simulation and Case Study – Young Organization Activists are involved in a simulation of creating a personal financial budget based on Islamic law and real case studies related to Islamic financial management. Mentoring and Evaluation – Young Organization Activists receive mentoring to apply the knowledge they have gained in their daily lives. Evaluation is carried out through questionnaires and interviews to measure the effectiveness of the program.

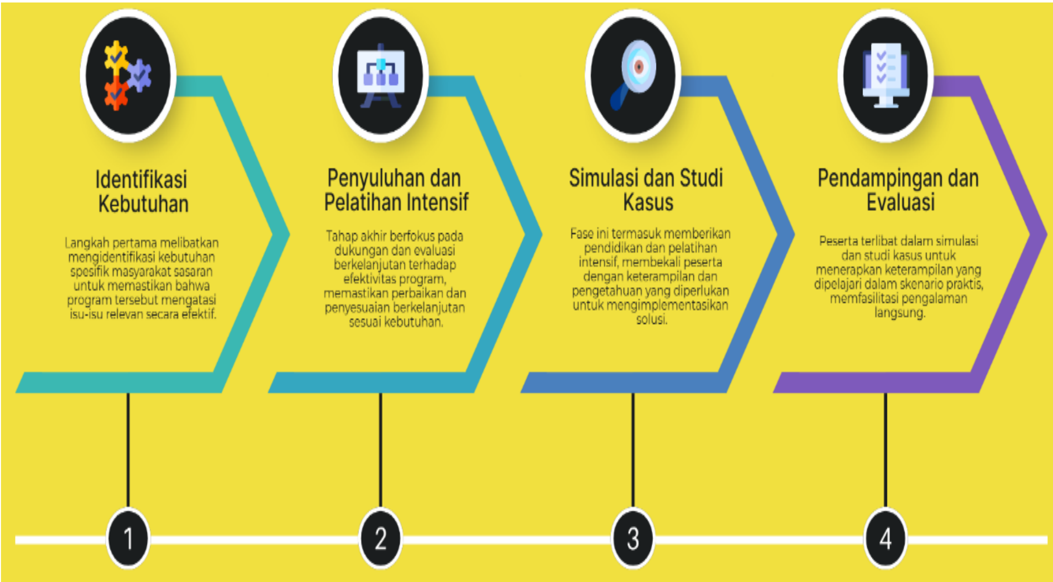

Figure 1. Effectiveness of the Program

2. Results

The results of this community service program show that young people in organizations have experienced a significant increase in their understanding of the principles of Islamic finance. The first stage was carried out by identifying needs. The initial survey showed that only 35% of young people in organizations understood the basic concept of Islamic financial literacy. The majority of participants complained about their lack of understanding of financial planning and the principles of Islamic economics. In addition, it was found that most participants did not yet have the habit of saving or managing their finances well. In the initial interview, many participants revealed that they often made impulsive spending and did not consider aspects of long-term financial sustainability.

Then, Intensive Counseling and Training. This activity provides an understanding of the importance of financial planning and Islamic principles. Participants were active in discussions and asked questions related to Islamic-based financial management strategies. From the results of the post-training questionnaire, 80% of participants stated that they gained a new understanding of Islamic financial principles. The material provided includes personal financial management, the importance of halal investment, and how to avoid consumer debt. In addition, participants were given real case examples of the success of individuals who apply Islamic financial principles in their daily lives.

Figure 2. Documentation of Extension Material Presentation Activities

The next stage is Simulation and Case Study. In this stage, participants are given training in preparing a personal budget based on sharia and case studies related to Islamic financial management. The evaluation results show that 75% of participants are able to prepare a more balanced budget compared to before the training. In addition, participants better understand the concept of halal-haram in financial transactions. This simulation also provides real experience in recording income and expenses and setting financial priorities. Several participants began to identify unnecessary expenses and develop strategies to better manage their finances. Then the Mentoring and Evaluation stage. During the mentoring stage, participants were given guidance in applying the knowledge they had learned. Several participants reported positive changes in their financial habits, such as starting to save regularly and reducing spending on consumptive needs. The final evaluation showed that 85% of participants felt more confident in managing their finances in an Islamic manner. In addition, mentoring also includes personal consultation sessions for participants who want to get further recommendations regarding sharia financial management, such as how to choose investment instruments that are in accordance with sharia principles and how to manage funds more productively.

The success of this program is inseparable from the interactive delivery method, relevant to the needs of young organizational activists, and based on a practical approach. Interactive discussions and real case studies provide deeper insight into the application of Islamic financial principles in everyday life. Financial simulations help young organizational activists design more effective and sharia-compliant financial management strategies. However, there are several challenges in implementing this program, including the limited time for young organizational activists to fully participate in training sessions and the differences in initial levels of understanding that vary widely among participants. In addition, another challenge is the resistance to changing long-standing financial habits. Therefore, this program recommends the development of a more structured Islamic financial literacy curriculum to be implemented sustainably. In addition, it is recommended that this program be expanded in scope by involving more young people from various organizations so that its benefits are broader.

3. Discussion

Implementation of Islamic Financial Strategies to Avoid Impulsive Buying

One of the financial challenges faced by young organizational activists is the tendency to make impulsive purchases. This often occurs due to social pressure, exposure to digital advertising, and a lack of understanding of good financial planning. Therefore, in this program, participants are taught sharia financial strategies that can help them avoid unnecessary consumer behavior and be wiser in managing their finances. After the counseling and simulation sessions, participants are given the opportunity to ask questions and discuss the financial problems they face, especially related to consumer behavior and impulsive buying. Impulsive buying is often a problem for young organizational activists who are exposed to a consumer lifestyle due to social media and environmental pressures.

To help participants overcome impulsive buying, here are some strategies taught in this program:

1. Create a Clear Financial Plan in Accordance with Sharia PrinciplesParticipants are taught to always prepare a financial budget before making expenses. The basic principles of sharia

finance emphasize the balance between needs (dharuriyat) and desires (tahsiniyat). With careful planning, participants can avoid unnecessary purchases and focus more on primary needs.

2. Know the Triggers for Impulsive Buying and How to Avoid ThemParticipants are given an understanding of the psychological factors that drive impulsive buying, such as big discounts, flash promos, and the influence of social media. One solution provided is to apply the principle of tasyakur (being grateful for what you have) so as not to be easily tempted by promotions that encourage excessive consumption.
3. Implement a Financial Recording SystemOne important step in preventing impulsive buying is to record all income and expenses transparently. Participants are taught to use a sharia financial application or record expenses manually in a daily financial journal. With disciplined recording, participants can evaluate shopping patterns and identify unnecessary expenses.
4. Avoiding Consumptive Debt and Applying Sharia Financial PrinciplesParticipants are given an understanding that in Islam, debt must be used for productive needs, not consumptive ones. They are taught to avoid purchasing goods with a high-interest credit system and to prioritize sharia-based transactions, such as murabahah contracts in large transactions or saving before buying desired goods.
5. Saving and Investing in Sharia In addition to avoiding unnecessary expenses, participants are taught how to save and invest in accordance with sharia principles. They are given information about various halal investment instruments, such as sharia mutual funds, gold, and sharia-based savings that do not contain elements of usury. By having savings and investments, participants will be better able to postpone the desire to buy something that is not needed suddenly.
6. Setting Priorities of Needs WiselyParticipants are given training in distinguishing between urgent needs and desires that can be postponed. They are also taught how to make a shopping list before shopping so that they can focus more on primary needs and are not tempted by unnecessary items.
7. Implementing the Principles of Sharia Financial PlanningParticipants are taught to always plan spending based on needs, not wants. The basic principles of sharia finance emphasize balance between income and expenses and avoidance of wasteful behavior. They are also taught how to create a financial budget using the 50/30/20 method, where 50% is used for basic needs, 30% for sharia savings and investments, and 20% for non-essential personal expenses.
8. Knowing the Triggers of Impulsive Buying and How to Avoid ItParticipants are given insight into the factors that cause impulsive buying, such as big discounts, attractive advertisements, and social pressure. One solution given is to make a shopping list before making a purchase and apply the principle of tasyakur (being grateful for what you have) so as not to be easily tempted by the viral consumer trend.
9. Using a Clear Financial Recording SystemOne concrete step in preventing impulsive buying is to record all income and expenses transparently. Participants are taught how to use sharia-based financial applications or record expenses manually in a daily financial journal. With good record keeping, they can evaluate spending patterns and identify unnecessary expenses.
10. Avoiding Consumptive Debt and Using Funds According to ShariaParticipants are given an understanding that in Islam, debt must be used for productive needs, not consumptive ones. They are taught to avoid purchasing goods with high-interest credit schemes and to prioritize financial transactions that are in accordance with sharia principles, such as buying with an installment system without usury or using murabahah contracts in large transactions.
11. Saving and Investing According to Sharia PrinciplesIn addition to avoiding unnecessary expenses, participants are encouraged to start saving and investing according to sharia. They are given information about various halal investment instruments, such as sharia mutual funds, gold, and sharia-based savings that do not contain elements of usury. By saving and investing, they can prepare for future needs without having to rely on consumptive debt.
12. Managing Desires with the Concept of Needs vs. WantsIn this session, participants are asked to to distinguish between needs (hajat) and desires (raghbah). They are given training in the form of case studies where they must choose a higher priority expenditure based on the principle of benefit. In addition, they are taught the concept of simple living (zuhud) in Islam which emphasizes wise and not excessive spending. Participants are taught to determine clear business goals before starting a business. Business goals must be specific, measurable, achievable, relevant, and have a time limit (SMART). For example, if someone wants to increase sales of sharia products, then a target must be set, such as "increase sales by 20% in the next six months".

Figure 3. Extension Materials

In addition to digital marketing strategies, participants are also given an understanding of how to separate personal and business money to maintain the financial stability of the business. The strategies taught include:

a. Creating a Separate Account for Personal and Business Finances This aims to allow participants to control business income and expenses without mixing them with personal needs.
b. Paying Yourself for Household Needs By paying themselves from business profits, participants can be more disciplined in managing finances and not mixing business money with personal needs.
c. Managing Transactions Digitally through Mobile BankingThe use of digital banking technology helps in more systematic financial recording. With this method, participants can easily monitor cash flow and avoid using business money for personal needs.

This activity lasted for approximately three hours and ended with a group photo session as documentation of the activity. Several questions asked were related to how to manage household finances so that they are not mixed with business capital, as well as digital marketing strategies to increase income. Participants were also given an understanding of digital marketing strategies, such as determining specific business goals. Knowing the target audience and their needs. Choosing the right digital platform for promotion. Creating interesting and informative marketing content. Using data to measure the effectiveness of digital campaigns. In addition, participants were taught how to separate personal and business money with the following strategies creating separate accounts for personal and business finances. Paying yourself for household needs. Managing transactions digitally through mobile banking. This activity lasted for approximately three hours and ended with a group photo session as documentation of the activity.

4. Conclusions

This community service program has succeeded in increasing Islamic financial literacy among young organizational activists in Southeast Aceh. Through the stages of identifying needs, counseling and training, simulations, and mentoring, there was an increase in participants' understanding of the basic concepts of Islamic finance. The initial survey showed that only 35% of participants understood the principles of Islamic finance, but after this program the figure increased to 85%. Counseling and training provided new insights into the importance of financial planning and Islamic economic principles. Simulations and case studies conducted helped participants prepare a more structured budget and avoid consumptive behavior. Further mentoring also showed changes in more positive financial habits, such as starting to save regularly and reducing unnecessary expenses. Although this program was successful, there were several challenges in its implementation, such as differences in the level of understanding of participants and limited time in mentoring. Therefore, further efforts are needed to develop a sustainable Islamic financial literacy curriculum and expand the scope of the program so that it can reach more young organizational activists.

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