

SHARIA FINANCIAL LITERACY OF MUSLIM EMPLOYEES AND THEIR INTEREST IN SHARIA BANKING (Case Study of Solok Regency Firefighters)

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Abstract

Islamic financial literacy among Muslims still shows low data. So, it is important to increase literacy with various strategies. Sharia financial literacy is the foundation for Muslims, by having a lot of knowledge and insight about sharia finance, sharia economic development can increase and have an impact on the progress of economic growth. This research aims to analyze whether sharia financial literacy influences the interest of Solok Regency firefighters in using sharia banking products. The research method used was a quantitative method using a sample of 100 Solok Regency firefighters. This research reveals that sharia financial literacy is positively related to firefighters' interest in using sharia banking products. These findings offer empirical evidence about the importance of the relationship between Islamic financial literacy and interest in using Islamic banking products.

Keywords : Sharia Financial Literacy, Firefighters, Sharia Banking, Interest in Saving

1. INTRODUCTION

As Muslims, we are required to be able to carry out worship in a kaffah manner, not only in the form of worship but also seen from all aspects of life both in terms of education, culture, finance, banking, culture, politics, economics and other aspects. As in economic matters, we are not only required to survive but also to manage finances properly and correctly according to Islamic sharia. (Gunawan, A., Koto, M., Fadly, B., & Hafiz, MS 2022).

With the current development of various financial sectors, it can be used as a driving factor in increasing the economic growth of society in a country. The development of more complex sharia financial services and sharia banking can make people more attentive to these conditions. The financial services authority is an institution that functions to carry out integrated management and regulation of the entire financial services sector which should also play a major role in supporting the public in knowing about finance and banking, both sharia finance and sharia banking. (Pikahulan, RM 2020).

Even though the Indonesian state has established a financial services authority as one of the institutions whose function is to carry out regulation and supervision of the financial sector, it still has not fully fulfilled the government's expectations, one of which is sharia financial literacy. The sharia financial literacy of the Indonesian people is still in a low state, which has resulted in a decline in people's interest in using sharia financial products and sharia banking. (Gunawan, A., Koto, M., Fadly, B., & Hafiz, MS 2022).

In Indonesia, financial literacy is accommodated by financial services authorities both in terms of sharia finance and conventional finance. And financial inclusion has become an important agenda for financial services authorities both at the international and national levels. Inclusive finance is an important component of the process of economic inclusion and social inclusion, which plays a role in encouraging economic growth, poverty alleviation programs, financial system stability and reducing inequality between individuals and regions. (Pikahulan, RM 2020).

Sharia financial literacy is an individual's knowledge, understanding, skills or abilities and confidence in meeting financial needs. This is what raises individual interest in meeting financial needs. Sharia financial literacy is the insight a person has about various sharia banking products and services and he is able to differentiate between sharia banking and conventional banking. (Sugiarti, D. 2023).

Low level of literacy or knowledge about sharia finance illustrates that there are problems in knowledge about sharia economics. The lack of sharia financial literacy is not only a problem now, but will also be a problem in the future, especially for society. So, sharia financial literacy is very important, because having good sharia financial literacy can make people use sharia financial products such as saving at sharia banks. (Irfayunita, F., & Puteri, HE (2019).

The development of sharia economics in Indonesia in 2023 ranks third as the country with the best sharia economic development according to *the State of the Global Islamic Economy* (SGIE). In 2023, the sharia banking sector is projected to grow by 10 to 12 percent. (Indonesia.go.id, 2023). With Indonesia's population being predominantly Muslim , Indonesia has great opportunities for the development of the sharia financial and banking sector. Of all sectors such as the halal tourism sector, sharia finance sector, media sector and recreation sector as well as the halal food and beverage sector, Indonesia is ranked in the top 10 (Qurratu'ain, 2022). Until August 2023, the sharia banking market share was recorded as having total assets of IDR 817.6 trillion with an increase of 9.79% yoy and had contributed a sharia banking market share of 7.26%. This shows that the market share of sharia banking is very low compared to the number of Indonesian people who are predominantly Muslim . (OJK.go.id, 2023).

According to the Indonesian National Financial Literacy Strategy book, financial literacy or knowledge is a series of activities or processes to increase insight and knowledge, skills *and* confidence in the wider community and consumers so that they are able to manage finances better. (Irfayunita, F., & Puteri, HE (2019).

Based on a survey conducted by the Financial Services Authority in 2023, it states that:

Table 1
Sharia Literacy and Financial Levels

Year	Sharia Financial Literacy	Sharia Financial Inclusion
2022	9%	12%
2023	39%	12%

Source: OJK, 2023 (data processed by the author)

Based on table 1 above, it can be seen that the sharia financial literacy index in 2023 will increase by 30% to 39% from previously in 2022 which was only 9%. Although the sharia financial inclusion figure still remains at 12%. This means that out of 100 people in the community, only 39 people know about sharia financial literacy. This shows that the public's knowledge about sharia financial literacy is still low. The function of this index is needed to see the development of sharia finance in society. (cnbcindonesia.com, 2023).

The results of the 2022 National Survey of Financial Literacy and Inclusion on Sumatra Island are:

Table 2
Sharia Literacy and Financial Levels by Province on Sumatra Island

No	Province	Sharia Financial Literacy	Sharia Financial Inclusion
1	Riau	67.27%	85.19%
2	Bangka Belitung	62.34%	79.48%
3	South Sumatra	52.73%	88.57%
4	North Sumatra	51.69%	95.58%
5	Aceh	49.87%	89.87%
6	Kep. Riau	48.57%	87.01%
7	Jambi	46.49%	85.19%
8	Lampung	41.30%	74.81%
9	West Sumatra	40.78%	76.88%

Source: OJK, 2022 (data processed by the author)

Table 2 shows that, the province that has a higher level of sharia financial literacy or knowledge on Sumatra Island in 2022 is Riau Province at 67.27%, while the province that has the lowest level of sharia financial literacy or knowledge on Sumatra Island in 2022 is West Sumatra Province with a percentage of 40.78%. It can be seen that the level of sharia financial literacy of the people of West Sumatra Province is still in a low state, where West Sumatra Province is a province that upholds Islamic religious values with a predominantly Muslim population and uses the *traditional philosophy of Basandi Syara'* and *Basandi Kitabullah Syara'*. West Sumatra Province with a predominantly Muslim population where sharia banking or sharia finance can develop well if socialization and education about sharia financial literacy is provided. (Ojk.go.id, 2022).

West Sumatra Province has one district, namely Solok Regency, which upholds Minangkabau traditional philosophy as the view or vision of Solok Regency. Solok Regency is a district that has a

Muslim majority community , where sharia banking has a great opportunity to develop. One effort to increase economic growth through sharia banking is by providing outreach and education about sharia financial literacy. This is very necessary so that people can understand sharia finance and be able to attract people's interest in saving in sharia banking. (Irfayunita, F., & Puteri, HE 2019).

Likewise with employees or officers at the Solok Regency fire department, where the sharia financial literacy of firefighters still shows low data. So, it is very necessary to further increase sharia financial literacy or knowledge with various strategies. Sharia financial literacy is the foundation for a firefighter as a Muslim . By having a lot of knowledge and insight about sharia finance, sharia economic development can increase and have an impact on the progress of economic growth. Sharia financial literacy is still low, so there needs to be socialization and education from sharia banking about sharia economics so that fire fighters understand and attract interest in using sharia banking products. Solok Regency firefighters must begin to understand sharia economics so that they can apply justice solutions in economic transactions and at the same time apply the philosophy of Solok Regency, namely adat basandi syara' and syara' basandi kitabullah.

The reason firefighters have not used sharia banking services is because firefighters do not have an understanding of the Islamic finance regulations, so they assume that the profit sharing ratio in sharia banking is the same as the interest in conventional banking. It can be seen that fire fighters' understanding of sharia financial literacy regarding sharia banking is not optimal. Therefore, it is very important to carry out this research to find out how much influence the sharia financial literacy of Solok District Fire Fighters has on their interest in saving in sharia banking.

1.1 Sharia Financial Literacy

Financial literacy according to sharia is an individual's knowledge, understanding, skills or abilities and confidence in meeting financial needs. This is what raises individual interest in meeting financial needs. Sharia financial literacy is the insight a person has about sharia banking products and services and he is able to differentiate between sharia banking and conventional banking. (Sugiarti, D. 2023).

Sharia financial literacy is a person's understanding, knowledge, abilities and behavior in understanding the basic concepts of finance itself, as well as financial products and services to manage finances effectively and efficiently in accordance with sharia principles with the aim of gaining benefit for everyone. (Zulfayani, A., Nurmilasari, N., Afdhal, AMN, Rahayu, A., Achriaty, N., & Nurfadilla, I. 2023).

Sharia financial literacy aims to describe a person's ability in knowledge about finance, skills and attitudes in managing and administering finances in a sharia manner. Apart from that, Islamic financial literacy is an obligation that a Muslim must have because it can provide benefits or *falah* or prosperity in this world and the hereafter. (Az-Zahra, KN, Andriana, I., & Thamrin, KMH 2023).

Financial literacy is knowledge, confidence and skills to influence attitudes and behavior for decision making and financial management to achieve benefits or prosperity. (Tulwaidah, R., Mubyarto, N., & Ismail, M. 2022).

Based on the explanation regarding sharia financial literacy above, it can be concluded that, sharia financial literacy is the knowledge, insight, information possessed by a person about sharia economics, sharia finance and sharia banking and can differentiate between sharia finance and conventional finance whose aim is to gain benefits.

Sharia financial literacy is the foundation for Muslims, especially in Indonesia. By having good knowledge and insight into sharia finance, sharia economic development can increase and have an impact on the progress of economic growth whose aim is to achieve *falah* or benefit in the world and the hereafter.

1.2 Interest in Saving

Interest is an interest in choosing something you want. One example is someone's interest in saving. Interest in saving can be influenced by a person's religious level, if someone is religious then he will choose a sharia bank. Interest is a feeling of interest in something without any coercion from other people. (Sugiarti, D. 2023).

Interest in saving is a tendency towards something or a desire. Interest is a tendency to determine activity choices. A person's interests can be influenced by the influence of individual conditions. Meanwhile, saving is the activity of keeping money in the bank as savings with the aim of meeting future life needs . (Ahmadi, R., & Siswanto, S. 2023).

Interest is a person's tendency to carry out certain activities with a number of other different activities. Interest in saving is a buying interest, which is the customer's desire to make a purchase. (Krisdayanti, M. 2020).

The interest in saving is a desire that arises within oneself to achieve the goal, namely to save money in a sharia bank. Decision making to determine the choice to save at a sharia bank. (Novian, H., Anwar, MW, Fauzi, F., & Irviani, R. 2023)

Based on the description above, it can be concluded that interest in saving is a person's interest in financial and banking institutions which creates an interest in saving in a sharia bank or in another sharia financial institution to achieve certain goals both for oneself and for others.

2. RESEARCH METHODS

This research uses a quantitative approach with secondary data and primary data. Secondary data was taken from various supporting journals and reference books, while primary data was taken from questionnaires distributed to respondents, namely West Sumatra Fire Fighters. The population in this study is the Solok Regency Fire Department. The sample used was 100 respondents aged between 20 years and 50 years and domiciled in Solok Regency.

3. RESULTS AND DISCUSSION

3.1 Research result

Respondent Characteristics

The number of respondents used in this research was 100 people, namely Solok Regency firefighters. The characteristics of respondents used in this research are based on age , highest level of education and account ownership.

Table 3
Characteristics of Respondents Seen from Age

No	Age	Amount	Percentage
1	20-25	10 People	10%
2	26-30	17 People	17%
3	31-35	26 People	26%
4	36-40	27 People	27%
5	41-45	15 People	15%
6	46-50	5 People	5%
Total		100	100%

Data source : Researcher, 2024

This research looked at respondents based on age to see how old the respondents were based on the age range of 20-50 years. Table 3 above shows that the largest number of respondents in this study were aged between 36 and 40 years, namely 27 people. Then 26 respondents were aged between 31 to 35 years, 17 respondents were aged between 26 to 30 years, 15 respondents were aged between 41 to 45 years, 10 respondents were aged between 20 to 25 years and 5 respondents were aged between 46 to 50 years .

Table 4
Characteristics of Respondents Seen from Education

No	Level of education	Amount	Percentage
1	SENIOR HIGH SCHOOL	80 People	80%
2	D III	5 People	5%
3	SI	15 People	15%
Total		100	100%

Data source : Researcher, 2024

Table 4 shows that the largest number of respondents based on education level was high school level, 80 people. Meanwhile, the number of respondents at undergraduate education level was 15 people and the number of respondents with diploma education level was 5 people.

Table 5
Respondent Characteristics Based on Account Ownership

No	Bank Type	Amount	Percentage
1	Islamic Bank	43 People	43%
2	Conventional Banks	57 People	57%
Total		100	100%

Data source : Researcher, 2024

This research aims to look at respondents based on account ownership to see how many respondents have sharia bank accounts and conventional bank accounts. Table 5 above shows that the number of respondents who have sharia bank accounts is 43 people, while the number of respondents who have accounts at conventional banks is 57 people.

Linear Regression Analysis

This research uses linear regression analysis with two variables, namely sharia financial literacy (independent variable) and interest of Solok Regency firefighters in using sharia banking products (dependent variable). Based on the results of the linear tests that have been carried out, it can be seen in table 6, namely:

Table 6
Linear Regression Test Results

Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19,093	4,469		4,272	,000
	Sharia Financial Literacy	,529	.135	,367	3,903	,000

a. Dependent Variable: Interest in Saving

Source: Processed data, 2024

Based on Table 6 above shows that the linear regression equation obtained based on calculations using SPSS in table 6 is $Y = 19.093 + 0.529$ Islamic financial literacy. Based on this equation, analysis of the influence of sharia financial literacy on the interest of Solok Regency firefighters in utilizing or using sharia banking products, namely 19.093, shows that if the sharia financial literacy variable is zero, then the value of interest in using sharia banking products is 19.093. The value of 0.529 indicates that if the sharia financial literacy variable is increased by 100%, then the interest value of firefighters in using sharia banking products will increase by 52.9 % . Based on this, the variable level of sharia financial literacy has a positive effect on firefighters' interest in using sharia banking products.

Hypothesis test

The t test (partial test) is used to find out whether the independent variable has an effect on the dependent variable. The influence of the independent variable (X) on the dependent variable (Y) can be seen in table 7, namely:

Table 7

T Test Results

Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	19,093	4,469		4,272	,000
Sharia Financial Literacy	,529	.135	,367	3,903	,000

a. Dependent Variable: Interest in Saving

Source: Processed data, 2024

Based on the test results shown in table 7, it can be seen that a significance value of $0.000 < 0.05$ was obtained . It can be concluded that H_0 is rejected, meaning that sharia financial literacy has a positive and significant influence on Solok Regency firefighters' interest in saving in using sharia banking products.

Coefficient of Determination

The determination test used is to show how much the independent variable can explain the dependent variable. The coefficient of determination value is between zero and one. A small R2 value means that the ability of the independent variable ^{to} explain the dependent variable is very limited. A value close to one means that the independent variable provides almost all the information needed to predict the dependent variable. To see how much the independent variable can explain the dependent variable can be seen in table 8, namely:

Table 8
Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.367 ^a	.135	.126	5,924

a. Predictors: (Constant), Sharia Financial Literacy

Source: Processed data, 2024

Based on the results of the determination test in table 8, it can be seen that the R value or correlation value is 0.367 and R Square is 0.135. This can be explained that sharia financial literacy and firefighters' interest in saving in sharia banking has a close relationship of 36.7 % . Meanwhile, the influence of sharia financial literacy or knowledge on the interest in saving for firefighters in sharia banking is 13.5% and the remaining 86.5% is influenced by other variables outside the research.

3.2 Discussion

The Influence of Sharia Financial Literacy on Firefighters' Interest in Using Sharia Banking Products

This research analyzes the influence of the level of sharia financial literacy or knowledge on the interest of Solok Regency firefighters in using sharia banking products. Researchers used primary data through questionnaires distributed using questionnaires to Solok Regency fire fighters. The number of respondents obtained was 100 people. Then the data obtained is processed using the SPSS application.

The indicators used in the sharia financial literacy variable are aspects of basic knowledge about sharia finance, trust aspects, sharia insurance aspects and sharia investment aspects. The results obtained are based on descriptive analysis of data, the level of sharia financial literacy among Solok Regency fire fighters shows quite good results. From all aspects , namely the basic knowledge aspect of sharia finance, the trust aspect, the sharia insurance aspect and the sharia investment aspect, it can be seen that the average level of sharia financial literacy obtained is 32.69%.

Respondents' transaction interest in sharia banking products also showed quite good results based on descriptive analysis. The indicators used in the interest in saving variable are the encouragement from within a person to save at a sharia bank, social motives influenced by the environment around a person and emotional motives. The results obtained are based on descriptive data analysis, the level of interest of firefighters in sharia banking products shows quite good results. From all aspects studied, it can be seen that the average level of interest of Solok Regency firefighters in using sharia banking products is 36.38%.

The results of primary data testing show that sharia financial literacy has a significant effect on firefighters' interest in using sharia banking products. This can be proven by the results of the t test in table 7 with a significant value of 0.000 which is smaller than 0.05 so that H_0 is rejected. So it can be concluded that sharia financial literacy has a significant effect on firefighters' interest in using sharia banking products. The higher the level of sharia financial literacy of a firefighter, the better his interest in using sharia banking products.

The results of the simple linear regression test aim to find out the influence of the independent variable on the dependent variable. Based on the results of a simple linear regression test, the regression coefficient for the sharia financial literacy variable has a positive sign, which means that sharia financial literacy is directly proportional or in the same direction as the interest of firefighters in using sharia banking products. The sharia financial literacy variable contributed 13.5 % , namely in influencing the interest of firefighters in sharia banking products. Meanwhile, the remaining 86.5 % is influenced by other variables outside the research.

This research is supported by research (Irfayunita, F., & Puteri, HE 2019) which states that the higher the level of sharia financial literacy in the community, the higher the public's interest in choosing to use sharia banking products.

This research resulted in a fairly good level of sharia financial literacy among respondents because if we look at the data based on respondents who have sharia bank accounts, 43% already have sharia bank accounts and have adequate knowledge about sharia banking. This is in line with research (Tulwaidah, R., Mubyarto, N., & Ismail, M. 2022) which states that the sharia financial literacy provided greatly influences a person's interest in using sharia banking products. These are the results of research (Adiyanto, MR, Purnomo, ASD, & Setyo, A. 2021) which illustrates that the level of sharia financial literacy has a positive effect on a person's interest in using sharia banking products. Likewise, research results (Handida, RD, & Sholeh, M. (2018)) state that the level of knowledge, service quality and level of sharia financial literacy have a positive influence on the Muslim community's decision to use or utilize sharia banking products.

Therefore, the level of sharia financial literacy is a very important point that someone must have, because if someone has a good level of financial literacy then someone will be able to manage their finances well. Likewise with a person's interest in saving, interest in saving is also influenced by a person's level of financial literacy and religious level. If a person is religious and has adequate knowledge about sharia finance then he will be interested in saving in a sharia bank compared to conventional banks.

4. CONCLUSION

From the analysis and discussion that has been carried out, the researcher can draw the conclusion that the level of sharia financial literacy of firefighters has a positive and significant influence on interest in using sharia banking products. If socialization and education about sharia banking and sharia finance is provided comprehensively to firefighters , interest in saving and investing in sharia banking will increase. Providing socialization and providing education regarding sharia finance and sharia banking must also be given to fire fighters because the sharia financial literacy variable has a contribution of 13.5%, namely in influencing firefighters' interest in using sharia banking products, while the remaining amount is 86. 5% is influenced by other variables outside the research.

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