

Beneficial financial technology services at private high schools based on Modern Islamic Boarding Schools in Indonesia

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Abstract

The development of Islamic boarding schools in Indonesia has been very rapid in the last 20 years, marked by improvements in management and public trust. The advantages of modern Islamic boarding schools are infrastructure, management, networks, and human resources. High school-age students are categorized as knowing what is needed and the benefits for themselves. This research aims to determine the benefits high school students receive from applying financial technology in modern Islamic boarding schools. This research used qualitative methods with a case study approach. Using purposive with a simple random sampling technique, high school students in Zam Zam Muhammadiyah Cilongok Modern Islamic Boarding School with Edupay-Esmart at Logmart transactions during the day were chosen as participants. Data collection techniques used were questionnaires and observation. The research found that transacting or saving at Logmart with Edupay-Esmart was 80.77% because it is easy, 50% because the service is fast, 83.65% because it is safe, 83.65% because the price is affordable, 71.16% increases digital financial literacy, 69.23% reduces wasteful behavior, 93.26% reduces the risk of losing money, and 74.04% makes financial monitoring easier. The findings imply that the use of financial technology in Islamic boarding schools increases the benefits for all parties.

Keywords: *benefits, digital finance, Edupay-Esmart, Islamic Boarding School, Zam Zam Muhammadiyah*

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Introduction

Indonesia has the largest Muslim population, with a population of 280 million, and 87% are Muslim (BPS, 2021). Indeed, this provides more significant potential for developing Islamic educational institutions through improving infrastructure in the Islamic boarding school, with its characteristics including *Kiyai* or leader of Islamic boarding school, *Santri* or Islamic students, *Books*, *Pondok* or boarding school, and Mosques (Musaddad, 2023). The growth of Islamic boarding schools in Indonesia is very rapid. In 2019, there were 36,600 with 3.4 million students, while in 2023, this increased to 39,048 with 4.2 million students (Kemenag, 2023). Directing modern Islamic boarding schools towards good management requires a system that provides efforts to prevent or risk loss to educational institutions and their communities, so it is essential to implement risk management (Ekaningsih et al., 2022).

A simple form that often occurs in Islamic boarding schools is the loss of money saved or held by each student, which can create great unrest and worry. The causes of losing money in Islamic boarding schools are forgetting or misplacing the money and being stolen by someone (Julkarnain et al., 2021; Anwar et al., 2023). The increase in the loss rate of money for students in one Islamic boarding school reached 15% of the total population (Niswa, 2021).

Using technology as a risk management effort is an effective system in helping reduce the risk of loss, including managing the educational institution (Timotheou et al., 2023). By using appropriate and safe technology, a better risk management system will be created, and the losses faced will be lessened. The importance of digital technology in modern Islamic boarding schools will increase strategic value and public trust so that they can manage educational institutions efficiently (Muiz, 2023).

Digital financial services, or in other words, financial technology, are often used to reduce the risk of loss. Savings systems aim to change human behavior by identifying, collecting, processing, and distributing needs that are used efficiently and effectively (Hilbert, 2020). This directs some transaction behavior to use non-cash or e-money through various digital banking technology platforms. There are indications of increasing use of electronic money as a means of payment for most Indonesians from 2019-2023, almost reaching Rp. 40 trillion (Bank of Indonesia, 2023)

Harmonious developments between the growth of Islamic boarding schools and the use of electronic money in financial technology will help overcome the problems faced,

namely culture and infrastructure (Rivani & Rio, 2021; Hasan et al., 2022). Accordingly, financial technology in services at Islamic boarding schools helps reduce losses with a digital savings system based on electronic money so that the risk of cash for students can be effectively minimized.

In a study by Ishak (2020), using electronic money in Malaysia has received full government policy to provide more comprehensive benefits. Hence, financial technology reduced the risk of loss and increase benefits. Similarly, the use of financial technology in Uganda provided easier access to banking transactions in Africa (Baganzi & Lau, 2017). However, government protection and policies differentiate financial technology use between Indonesia and Malaysia (Aji et al., 2020). Electronic money in Islamic boarding schools, part of digital financial services, can, among other things, guarantee the security of students' money and reduce wasteful behavior (Niswa, 2021). Therefore, this research aims to determine the benefits of financial technology services for upper middle school students in Indonesia based on Islamic boarding schools.

Methodology

The research is qualitative method with a case study approach. Qualitative research aims to explore and understand the meaning described in social and humanitarian issues by several individuals or groups (Creswell & Creswell, 2018). Case studies are a way to search for information and data to discover phenomena that occur in individuals or groups (Ridhlo, 2023).

The research location was Logmart at the Zam Zam Muhammadiyah Modern Islamic Boarding School, Cilongok, Banyumas, Indonesia. The population was all high school students with transactions at Logmart using Edupay-Esmart. The participants were students who came and shopped on November 27, 2023, totaling 104 students. Data collection techniques were questionnaires, and documentation. The data analysis technique used were editing, coding, scoring, tabulating, and interpreting (Miles et al., 2005). Meanwhile, the descriptive data obtained from respondents' answers by giving answers on a scale to get a score of 1-3 were tabulated to determine the frequency and category to make it easier to calculate the percentage.

Findings

Benefits of Financial Technology Transactions in Islamic Boarding Schools

The students were positive about the benefits provided by Logmart using financial technology, which is Edupay Esmart, because of easy transactions to meet their needs while at the Islamic boarding school. This is supported by the opinion of Vučinić (2020) that the benefits of using financial technology in general, especially in communities, will change the expectations of users or beneficiaries from difficult to easier transactions. Accordingly, the convenience that consumers receive as beneficiaries of financial technology will attract more consumers (Andaiyani et al., 2020). In addition, the financial technology enables to make payments or provide loan for other students. This is supported by Putri et al. (2023) that financial technology provides benefits by carrying out financial transactions and fulfilling needs easily and at flexible times. There is a habit of borrowing and lending among students in Islamic boarding schools because they came from different regions and socio-economic conditions; the mutual helping behavior applies in Islamic boarding schools as a gesture of noble morals. Accordingly, financial technology makes it easy to withdraw cash to carry out various kinds of payments, transfers, or other transactions, thereby providing a more comfortable financial technology platform (Ozili, 2018).

Another benefit of financial technology for students at the Zam Zam Muhammadiyah Cilongok Islamic boarding school is the availability of fast service using Edupay Esmart. As Islamic boarding schools provide limited services in terms of service duration and number of cashiers at Logmart causing long queues, the availability of financial technology provides alternative methods of quick and efficient self-service. Subagiyo (2021) asserts that financial technology also provides sense of security in its management due to the existence of a personal security system. Overall, the results provide evidence of satisfaction with transactions using Edupay Esmart at Logmart.

Benefits of Financial Technology Behavior in Islamic Boarding Schools

The existence of digital transformation in Islamic boarding schools makes an essential contribution to the use of technology and changes in behavior, especially in financial management. Santoso and Djazuli (2021) believe students can access all financial products and services necessary for effective financial management and impart positive financial behavior patterns to their families and communities. Students' financial inclusion and literacy are deemed to be accomplishments.

The students perceived that the use of financial technology reduce the risk of losing money while at an Islamic boarding school. Accordingly, Halili (2023) believes a prevention system is needed to reduce the risk of losing cash held or saved by consumers in a community. The operational efficiency in financial management was achieved using financial technology as a tool for easy transactions. Similarly, students perceived that Edupay Esmart at Zam Zam Islamic boarding school Muhammadiyah Cilongok eases monitoring of financial transactions. This is similar to the findings of Muhammad and Lanaula (2019) that good financial management compliance and propriety will change the behavior of increasing the use of financial technology. The ease of financial management using a digital financial system, especially in financial monitoring, will provide confidence and trust to change consumer behavior using financial technology as a transaction tool (Kusnita et al., 2022). Accordingly, good use of financial technology will be able to change a person's behavior in managing finances better.

Conclusion

The development of financial technology services in Indonesia is supported by the modern Islamic boarding schools, which implement digital financial systems by government regulations. The high school students at the Zam Zam Muhammadiyah Cilongok Islamic boarding school are positive about financial technology through easy, safe and affordable transactions or savings at Logmart with Edupay Esmart while reducing the risk of losing money. Meanwhile, the use of financial technology encourages them to increase digital financial literacy, reduce wasteful behavior, and make financial monitoring easier. However, the students rated fast transaction or saving at Logmart with Edupay Esmart as good. Further research can determine the effectiveness of using financial technology in Islamic boarding schools using a quantitative approach.

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