STRENGTHENING SHARIA ECONOMIC FOUNDATIONS THROUGH EARLY FINANCIAL LITERACY AND MARKET INTEGRITY

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Abstract: This research aims to strengthen the foundations of Sharia economics from an early age by evaluating, implementing, and the effects of implementing market integrity and financial literacy at the elementary school level to increase financial inclusion. The research approach uses qualitative methods involving interviews with educators, parents, and students, observations, and the use of secondary data. The results of this research can provide a comprehensive understanding of the extent to which financial literacy and market integrity influence elementary school students' economic knowledge. Sharia financial economics is used as a tool to improve financial welfare.

Keywords: Financial Literacy, Market Integrity, Islamic Economics.

Introduction

As time goes by, a large number of banks now provide special products for children. To increase financial inclusion for everyone, there is a need to incorporate financial literacy, especially for children under the age of fifteen. Financial literacy influences financial inclusion, so to make a big difference, a number of related elements need to be combined. Financial inclusion is one of the main tactics for equitable economic growth and can be accelerated with government regulations and education (Llanto, 2015). Several studies have linked low financial literacy to the fact that financial inclusion cannot develop. Meanwhile, financial literacy increases along with education level (Kafabih, 2020).

Financial education is important in forming a quality generation, especially children. According to (Yuwono, 2020). financial literacy education is not only a vital soft skill for today's young generation but is also a component of character education which aims to prepare children to face a financial future. One area of education that deserves attention in the financial context is Sharia finance which is based on Islamic principles. Islamic finance provides a different perspective in reviewing and evaluating financial aspects that are in line with Sharia principles. Sharia financial institutions have the potential to improve the economy (Sihotang et al., 2021).

Financial inclusion in Indonesia has increased significantly after the launch of the National Financial Literacy Strategy in 2011. According to an OJK study conducted in 2016, Indonesian society has a financial literacy level of 29.7% and a financial inclusion index of 67.8%. However, in 2019, financial literacy had increased to 38.03% and the financial inclusion index reached

76.19% (OJK: 2019). Individual variables including age, education level, and income level have a large impact on account ownership at financial institutions and are the main determining factors in increasing financial inclusion in Indonesia. Purwanti & Nugroho, 2017). The percentage of people aged over 15 who have accounts with financial institutions has also increased; in 2011, that percentage was 19.6% of the population; in 2014, that percentage rose sharply to 36.1%, and in 2019, that percentage reached 48.9%. However, this number is still below the Asia-Pacific average of 70.6%. (The World Bank, 2018).

(Andriani Saragih & Pradesyah, 2021) Instilling financial literacy values from an early age in elementary school students has a significant impact on their understanding and awareness of financial literacy, as well as their future well-being. (Greenspan, 2006) states that cognitive capacity is an important component that influences financial literacy skills and is very helpful in instilling financial literacy principles during the developmental stage. As an academic environment that is successful in imparting financial literacy education to young people, schools play an important role. The success of instilling financial literacy values through families or schools requires commitment and synergy from all stakeholders (Kafabih, 2020).

People must be able to manage their finances to make maximum use of financial products in the future, which will have an impact on human quality. However, the Sharia financial literacy program has not been fully implemented in the field, especially regarding learning mechanisms that have an impact on increasing financial literacy skills. There is no standardized curriculum and learning materials that are useful for understanding and managing financial literacy initiatives. Financial inclusion will increase with initiatives to improve children's financial literacy.

Literature Review

Financial Literacy

The capacity to make wise decisions and judgments regarding one's financial resources is known as financial literacy (Greenspan, 2006). asserts that financial literacy can be implemented by aligning financial literacy instruction with basic skills found in disciplines such as social sciences and mathematics . The goal of the financial literacy skills improvement program is to give students a better understanding of money management, especially the responsibilities that come with it (Laila et al., 2019). Sharia financial literacy is the ability to understand the management and knowledge of sharia financial service organizations, as well as sharia financial goods and services with the practice of sharia principles (Mujiatun et al., 2023). Proficiency in fundamental financial concepts, financial goods, and services to enable efficient money management according to sharia principles (Ade Gunawan, 2022).

According (Nugraha, 2018), Strategy for Accelerating Financial Literacy Levels in Indonesia, discusses the development of financial literacy. Strategy development stages include legislative support and political commitment, national financial literacy strategy, organizational completeness, and resource planning, as well as developing the integrity and character of the financial community. Strategy implementation stage which includes curriculum development for formal education, networking, and policy collaboration, as well as empowerment and innovation of the younger generation. Observation and assessment stage (Nugraha, n.d.) Making a national financial literacy strategy shows political commitment to promoting financial literacy.

Market Integrity

According to Smith (1990), efficient market theory represents a significant turning point in the evolution of financial theory and is erroneously referred to as the fundamental foundation of finance. The market economic system allows each individual to have complete control over all aspects of the economy to maximize profits. The government has no participation in the economy; all economic activities are left to individuals. However, without government intervention, a full market economic system cannot be implemented (Gumanti & Utami, 2002).

Method

This research uses a qualitative approach to improve Sharia economics by strengthening financial literacy and market integrity from an early age. Conduct in-depth interviews with teachers, parents, and students to understand their views regarding the integration of financial literacy and market integrity in schools. uses content analysis techniques to detail findings from interviews and observations. According to Barelson (Zuchdi, 1993:3), content analysis is a research technique to produce an objective and systematic picture of the content contained in communication media. In collecting data, we used relevant publication sources, articles, books, and websites. This research aims to provide an understanding of the impact of integrating financial literacy and market integrity at the elementary school level on the formation of sharia economic foundations and increasing financial inclusion.

Result and Discussion

Financial socialization from an early age has a positive influence that changes the behavior of children who are motivated to save (Salma & Ginting, 2023). Several applied literacy concepts have been applied and integrated into the elementary school learning curriculum, including anti-corruption values. However, only a few parties, such as the Financial Services Authority and Bank Indonesia, still carry out financial literacy knowledge. At a basic level, financial literacy concepts can be included in mathematics and social science learning. Financial literacy can also be included in the form of games or interest and talent development programs (Wahyuny, 2015).

Based on data from the Financial Services Authority (2019) according to the regional level, for urban communities, the financial literacy index reached 41.41% and the level of financial inclusion for urban communities was 83.60%, while the literacy and financial inclusion index for rural communities was 34.53% and 68. .49%. Based on global Findex data, it is stated that the number of financial accounts in Indonesia is 48.9%, which is still quite low compared to East Asian and Pacific countries which reach 70.6%.

Data	Indonesia	East Asia & Pacific	Lower middle income
Number of Accounts	48.9	70.6	57.8
Financial Institution Account	48.4	70.3	56.1

Mobile Finance Account	3.1	1.3	56.1

Although financial inclusion has increased, it is predicted that this trend will continue in Indonesia as children's financial literacy increases, especially with educational assistance for school children. If financial literacy skills are not provided, the distribution of monetary transfers to build human resources will have a negative impact, especially on the formation of children's character from an early age.

It is hoped that the strategy development stage involving cooperation and policy networks through formal education can accelerate the growth of Indonesia's financial inclusion. The Smart Indonesia Program (PIP) is one initiative that can be included in a financial literacy program. Various studies regarding the implementation of PIP in various regions show the inability of students and parents to document the use of these aid funds. In 2018, Rohaeni and Saryono To enabled the utilization of funds and increased students' financial literacy in one framework, a system that is easy to use and has clear requirements for verifying the allocation of PIP funds and other public assistance funds (Rohaeni & Saryono, 2018).

According to (Nelson, n.d.) financial programs that already exist in elementary schools can be integrated into the implementation of financial literacy. Financial education can be developed through the integration of various components such as cooperative systems, school canteens, class savings, and other relevant elements. Children will get used to using the classroom as a learning medium that is relevant and can be applied in the future.

Bernadette (2011) The National Strategy for Indonesian Financial Literacy (SNLKI) is one of the strategies implemented by the government to increase financial literacy. In SNLKI 2013, the success targets for each year's priority targets (housewives, students, and retirees) are different. The 2017 SNLKI review, which was jointly established by the OJK and the financial services sector as an annual priority target, is the next strategy modification. This shift in approach considers how the demands of inclusion and financial literacy are interrelated. Financial literacy instruction can encourage students to save and foster good attitudes to participate in production activities in elementary school.

Activities that take place outside the classroom can also contribute to the development of financial literacy. Efficiency can be achieved with savings plans and frugal pocket money management, which also helps children's financial literacy. Students must be taught how to access financial resources in addition to saving and spending money. This can be done by introducing them to different business professions, types of risks, and income levels, for example. Some content related to financial literacy has been taught at the elementary school level. Topics covered include the value and purpose of money, the role of financial institutions such as banks and cooperatives, and how and why to save.

The findings of the student financial literacy assessment show that students already know how to handle money and are used to doing things like saving and know how banks and other financial organizations work. Moreover, students are used to donating a portion of their pocket money for charitable causes. Some of these skills are important for financial literacy, such as applying, understanding, and managing information to help make financial decisions.

There are several principles that can be used to develop an effective financial literacy program, including:

1. There is a clear vision and mission, and specific targets related to the objectives of the financial literacy program will make it more effective. The applied literacy target is for grade 6 students who can record simple financial transactions at the end of the lesson.
2. Connect to standard standards, according to the Wisconsin Model academic standards, regarding individual financial literacy. Educational institutions can follow the rules of a comprehensive financial literacy program. Content standards that can explain the stages of learning, as well as what must be achieved in the program include:
3. Relevance, all programs related to financial literacy must be relevant. The rigor and relevance are some of the tools used to determine the development of knowledge with experience using Bloom's taxonomy.

Integration and socialization of the curriculum with standards, as well as the use of information and communication technology, are also expected to increase student understanding. The effectiveness of teaching financial literacy in elementary schools by expanding learning concepts such as using the digital world according to the child's age. Research results prove that there is a positive correlation between teachers' financial literacy abilities and financial literacy teaching (Deng et al., 2013). The researchers utilized picture books as well as stories that were relevant to students' 'real life' experiences and conceptual understanding of the benefits of investing in the future (Grody et al., 2008).

Students' understanding will be boosted by the participation of financial institutions in improving education, especially in providing illustrations of financial items that are appropriate for elementary school-age children. Providing financial literacy initiatives is one method of closing economic gaps. Inadequate programs to increase financial awareness and empowerment can result in mismanagement of resources and increased debt. While financial literacy initiatives are an important first step, low-income businesses can benefit from financial education programs based on instrumental knowledge as a solution broker.

Conclusion

One of the elements needed to improve the quality of human resources is financial literacy which is used to improve financial welfare. Individual benefits from financial literacy programs also include reducing consumer debt, preventing financial crimes, increasing sharia economic potential, and preparedness to face financial shocks. A clear vision and mission, linked to industry standards, relevance, community focus, curriculum integration, adequate resources, continuous assessment, and learner-centeredness are some of the principles that must be applied to create an effective financial literacy program.

One of the factors that contributes to increasing financial inclusion is information and communication technology. So that students can experience the benefits of financial literacy programs, learning needs to focus on more supportive applied literacy. As part of inclusive financial development, financial literacy content requirements enable students to acquire the skills necessary to achieve goals while understanding the relationship between education, work and lifestyle. finance.

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