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## Strengthening Islamic Financial Literacy and ZISWAF in the Regional Executive of Muhammadiyah Kubu Raya

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### Abstract

**Objective:** This activity aims to increase the insight, knowledge, and capacity of Islamic financial literacy as well as the management of ZISWAF within the Muhammadiyah Regional Executive (PDM) of Kubu Raya through an empowerment and mentoring program based on Participatory Action Research (PAR). **Theoretical framework:** The activity is grounded in Islamic financial literacy, focusing on understanding sharia-compliant asset management and optimizing ZISWAF for community empowerment, supported by the theory of community empowerment and active participation in financial transformation. **Literature review:** The study highlights Islamic financial literacy, including sharia-compliant wealth management and long-term financial planning, and the role of ZISWAF in social welfare. Previous research shows that improving financial literacy enhances financial management aligned with Sharia principles. **Methods:** The research uses a qualitative method with a Participatory Action Research (PAR) approach through three main stages: observation and reflection to identify literacy needs; planning and implementation of actions in the form of counseling and mentoring; and evaluation to assess the improvement of participants' understanding of ZISWAF-based financial planning. **Results:** The activity resulted in an increase in the understanding of the administrators and residents of Muhammadiyah PDM Kubu Raya regarding the urgency of Islamic financial literacy and the management of ZISWAF. Participants are able to understand and begin to implement Islamic financial planning, including the priority allocation of funds for zakat, infaq, alms, and long-term Islamic financial planning measures. **Implications:** The program strengthens the Muhammadiyah community's ability to manage sharia-based finances systematically, promoting sustainable financial practices and serving as a model for other Islamic communities. **Novelty:** The activity's novelty lies in applying the PAR approach to Islamic financial literacy and ZISWAF education, making participants active learners and contributors to their financial planning, thus enhancing the program's sustainability and relevance.

**Keywords:** ziswaf, strengthening, islamic financial literacy, sustainability and relevance, systematically.

## INTRODUCTION

The problem of poverty is a social issue that always receives serious attention from academics and practitioners. This phenomenon is not only an economic challenge but also a multidimensional problem related to social, cultural, and religious aspects. Various poverty alleviation programs have been designed and implemented in an integrated manner by the government and the community through various forms of initiatives, both formal and self-reliant. However, these efforts have not completely succeeded in significantly reducing poverty [1].

From an Islamic perspective, poverty is not only seen as an economic problem, but also as a social responsibility of the ummah. One of the important instruments recommended in Islamic teachings to overcome poverty is zakat. Zakat worship has a spiritual as well as a social dimension, because it is not only aimed at cleaning property, but also to help others in need [2]. Therefore, optimal management and collection of zakat is a very decisive factor in maximizing the potential of the people's funds. Effective and well-organized zakat collection will be able to improve the ability of zakat institutions to raise funds and distribute them in a targeted manner to people who are entitled to receive [3].

According to Law Number 23 of 2011, Article 1, Paragraph 2, zakat is defined as several assets that must be issued by every Muslim or business entity to be given to parties who are entitled to receive it in accordance with the provisions of Islamic law. Zakat is a certain part of a person's property that has met certain terms and conditions, which is then distributed to the recipient group that has been determined. The term "certain part of property" refers to a certain rate or percentage of the total property that must be spent as zakat [4].

In Islamic teachings, the term ZISWAF is known, which is an acronym for zakat, infaq, alms, and waqf. These four are important instruments in the Islamic economic system that is oriented towards the equitable distribution of the welfare of the people. Etymologically, zakat comes from the word at-thohuru, which means "to cleanse" or "purify" [5]. Infaq means to spend some of his wealth for a certain purpose, while shadaqah comes from the word shadaqa, which means "right," indicating that a person who likes to give alms is a person who justifies his faith through real actions. Waqf comes from the word waqafa, which means "to hold," "stop," or "remain," which contains the meaning of holding a property so that its benefits can be used sustainably for the benefit of the ummah [6].

All the meanings contained in the ZISWAF concept affirm the importance of purifying property by distributing part of it to those in need. Through the practice of ZISWAF, wealth not only serves as a tool of personal ownership but also as a means to build economic solidarity and strengthen social relations among fellow Muslims. The zakat distribution system itself is one of the concrete solutions in overcoming the problem of poverty, because the assistance provided reaches all levels of society without distinguishing race, ethnicity, skin color, or social status [7].

More than just a religious obligation, zakat is a fundamental instrument in Islamic teachings that has a major role in the economic growth and equality of the ummah. If managed properly and distributed fairly, zakat can function as an effective tool to channel people's welfare, thereby helping to reduce social inequality and strengthen the economic foundation of the ummah [8].

Law Number 23 of 2011 concerning Zakat Management has a significant impact on the institutional governance of zakat in Indonesia. This regulation emphasizes that zakat management must be carried out optimally so that it can be used in accordance with the priority needs of mustahiq and directed to productive activities that support economic independence. To achieve this optimization, the Amil Zakat Institution is required to carry out its mandate with the principles of professionalism, transparency, and accountability [8].

As one of the pillars of Islam, zakat has a strong legal foundation and is an obligation for every Muslim. Funds collected through zakat have great potential in supporting social

security programs, especially as a means of assistance for people in need. The state, in this case the Indonesian government, has a responsibility to realize the welfare of the community through policies and regulations that support the effective management of zakat. Therefore, the government passed Law Number 23 of 2011 concerning Zakat Management as the legal basis that regulates the governance of zakat nationally [9].

In addition, Islamic financial management also plays a role in forming good financial habits among the public. This habit includes the ability to plan and allocate funds proportionally for various needs, including zakat, basic needs, and future planning. By allocating a portion of his wealth for zakat, a Muslim has demonstrated sound financial behavior and, in accordance with the principle of blessings in Islam [10].

In the context of the application of these values, the Sharia Business Management Study Program Team of the University of Muhammadiyah Pontianak carried out community service activities within the Muhammadiyah Kubu Raya Regional Executive. This activity is motivated by the lack of understanding of some people in managing finances, so that ZISWAF funds are often not channeled optimally. Through this mentoring activity, the service team provides education about the meaning of ZISWAF and its application in financial planning so that community financial management is not only efficient but also brings blessings in this world and the hereafter [10].

Several previous studies have also shown a real contribution to community service activities related to zakat management. Research conducted by Latifa et al, for example, focuses on increasing the awareness of KSPPS BMW Rahmah East Java members to pay money waqf through socialization activities and the dawn shodaqoh can movement. The results of these activities showed an increase in member participation in fundraising, which was then channeled to various social activities, such as compensation for orphans, educational assistance, religious activities, and qardhul hasan financing [11].

Another study by Tho'in et al discusses the assistance program for the management and calculation of zakat funds for mosque takmir to be in accordance with Islamic sharia principles. The results of the service show that this activity provides a better understanding to the mosque administrators regarding the procedures for managing and calculating zakat. The implication of the program is the increase in the effectiveness and productivity of zakat funds, which are managed in a targeted manner according to religious provisions [11].

The same thing was also done by T.M. Sahri and M. Paramita through ZISWAF-based community empowerment activities. The socialization activities they carried out were proven to be able to increase public knowledge about the importance of zakat, infaq, alms, and waqf as instruments in strengthening the economy of the people, especially in Padamulya Village. The results of this activity show that good ZISWAF management can be a driving force in improving the economic welfare of the community sustainably. Service on Strengthening Islamic Financial Literacy and Ziswaf in the Regional Executive of Muhammadiyah Kubu Raya. This shows that there is a difference between this study and the previous study. A fundamental thing is the strengthening of Islamic Financial Literacy and its implementation in Islamic finance, especially in the Muhammadiyah Kubu Raya Regional Leadership Environment [12].

## LITERATURE REVIEW

Islamic financial literacy has emerged as a critical component in strengthening the socio-economic resilience of Muslim communities. It encompasses the ability to understand, manage, and make informed decisions related to financial matters that comply with Sharia principles. This includes knowledge of halal investment instruments, risk management, budgeting, debt avoidance, asset purification, and long-term financial planning. In many developing regions, gaps in Islamic financial literacy contribute to ineffective resource allocation, limited participation in Sharia-compliant financial services, and suboptimal utilization of charitable instruments such as zakat, infaq, sadaqah, and waqf (ZISWAF).

Strengthening literacy in this area is therefore essential for empowering communities to achieve both financial stability and spiritual accountability [13].

ZISWAF plays a central role in Islamic socio-economic development. As a redistribution mechanism, ZISWAF functions to reduce inequality, support vulnerable populations, and promote community development. Effective management of ZISWAF requires not only institutional integrity but also public awareness and understanding of its strategic potential. Research indicates that when communities possess adequate knowledge of ZISWAF principles—such as the calculation of zakat, the purpose of waqf assets, and the ethical basis of infaq and sadaqah—they are more likely to contribute actively and trustfully to these instruments. Furthermore, integrating ZISWAF into personal and organizational financial planning enhances the overall impact of charitable funds and ensures that resources are allocated to productive, sustainable initiatives. Community empowerment theory emphasizes participation, capacity building, and collective action. When applied to Islamic financial literacy and ZISWAF management, this theory highlights the importance of engaging community members as active contributors rather than passive recipients. Empowerment-based models encourage individuals and organizations to identify needs, develop strategies, and implement solutions collaboratively. Participatory Action Research (PAR) is particularly relevant, as it fosters interactive learning, reflection, and shared decision-making—elements crucial for transforming financial behavior and institutional practices in Muslim communities [13].

Studies on financial training programs show that participatory and context-based approaches significantly improve knowledge retention and behavioral change. In Islamic settings, PAR-based literacy programs enable participants to contextualize Sharia financial principles within their daily practices and organizational roles. This enhances both personal financial discipline and collective responsibility in managing ZISWAF. Programs that integrate counseling, mentoring, and hands-on activities have been found to strengthen understanding, build trust in Islamic financial institutions, and improve community welfare outcomes. Overall, the literature suggests that enhancing Islamic financial literacy and optimizing ZISWAF management can substantially elevate community empowerment, financial sustainability, and institutional effectiveness—particularly when implemented through participatory, reflective, and action-oriented frameworks [14].

## METHODOLOGY

The location of Community Service (PKM) is in the Muhammadiyah Regional Executive Environment, Kubu Raya. Data and information were obtained directly from the field through *interviews*, observations, *Focus Group Discussions (FGDs)*, and documentation.

The implementation of this Community Service activity uses *the Participatory Action Research (PAR) approach*. The PAR method aims to foster public awareness of the potential and problems that exist, while encouraging their active involvement in the planned change process. The administrative reform process in this approach includes several stages, namely observation, reflection, planning, and the implementation of actions or activities. The cycle does not stop at the implementation stage, but is continued with evaluation, followed by further reflection, replanning, and program implementation until social change is achieved, which is a common goal [15].

The implementation of the Community Service (PKM) program applies the *Participatory Action Research (PAR)* approach with the assumption that the method is part of the strategy to achieve the expected goals. PAR is a type of qualitative research that emphasizes active involvement between researchers and the community or target group in an effort to improve the real conditions that occur in the field.

Technically, the stages in the implementation of the mentoring program are described in Figure 1.



**Figure 1. Stages of Implementation of Service Activities**

Based on Figure 1, the preparation stage (pre-activity) includes: preparation of proposals for the implementation of activities; excavation of pre-activity information through observation and interviews in the field for the beginning of analysis with partners, if necessary Focus Group Discussion (FGD) is held; preparation of training materials. At this stage of preparation, materials and facilities, and infrastructure used in the activity were also prepared.

The stage of implementation of the activity program is in the form of theoretical studies that are delivered directly to the community or partners, including: understanding and socializing the importance of the activity program; The implementation of activities with experts in the form of workshops or training programs. The evaluation and reporting stage includes evaluation of the success of the activity program, reporting of activity documentation, and publication of outputs [15].

## RESULTS AND DISCUSSION

### Overview of Community Service (PKM) at PDM Kubu Raya

Community Service Activities (PKM) by the Sharia Business Management Study Program, Faculty of Islamic Religion, which was carried out at PDM Kubu Raya, is a form of implementation of the Tridharma of Higher Education, especially at the University of Muhammadiyah Pontianak. In Permendikbudristek No. 53 of 2023 concerning Quality Assurance of Higher Education, the Tridharma of Higher Education, hereinafter referred to as the Tridharma, is the obligation of universities to carry out education, research, and community service [16].

PKM activities will be held on Sunday, August 31, 2025, starting at 10.00-12.30 pm, and on Sunday, September 28, 2025. with a total of 50 people, consisting of 33 PDM and PCM Kubu Raya administrators and 2 lecturers of the Sharia Business Management Study Program. The locations of international community service are at PCM Terentang and PCM Rasau Jaya.

The lecturer in Community Service from the Sharia Business Management Study Program based on the LPPM Assignment Letter Number: 050/II.3.AU.21/ST/2025 The role and contribution of the community service team include: Rahmat, S.Sy., M.H. as the head of the community service team as well as a speaker on the meaning of zakat, infaq, alms and waqf (ZISWAF) and its implementation in the community. Then Aiyub Anshori, S.H.I., M.H., is a member of the service team as well as a speaker on Islamic financial literacy.



**Figure 2. Presentation of Material About Ziswaf**

The PKM team, led by Rahmat, S.Sy, M.H., with Aiyub Anshori, S.H.I., M.H., delivered community service material (PKM) with the theme *"Strengthening Islamic Financial Literacy and Ziswaf in the Muhammadiyah Kubu Raya Regional Leadership"*. Zakat, infaq, alms, and waqf, which are then abbreviated to ZISWAF, are important aspects that need to be given more attention and study. This is because the community plays a key role in the management of ZISWAF, both as a giver and as a beneficiary. On the other hand, financial management also has a very crucial position in household life. Financial aspects are one of the determining factors for family welfare and happiness, in addition to other factors that also affect household stability.

The study of ZISWAF and financial planning is important to analyze, especially in integrating the role of ZISWAF with its application in Islamic-based financial planning. Based on this, the theme of PKM is *"Strengthening Islamic Financial Literacy and ZISWAF in the Muhammadiyah Kubu Raya Regional Leadership"*. As an opener, Rahmat, S.Sy, M.H., explains the meaning of zakat, infaq, alms, and waqf (ZISWAF). He emphasized that zakat is one of the pillars of Islam that must be carried out by all Muslims.

Basically, zakat has a function to purify the souls and properties of every Muslim, as well as infaq and alms. In addition to its main function as a means of purification, ZISWAF also plays a role as a social instrument that helps the poor, the poor, and people in need, including those closest to them. Furthermore, Rahmat, S.Sy, M.H., explains the reasons for the importance of performing ZISWAF, including to get the pleasure of Allah SWT, avoid acts of dzolim against oneself, be grateful for blessings from Him, and as a means of wealth management. In addition, ZISWAF plays a role in distributing income or finances owned by individuals appropriately, in accordance with Islamic principles. Therefore, it is very important to understand the aspects that must be considered in ZISWAF-based Islamic financial planning.



**Figure 3. Presentation of Islamic Financial Literacy Material Based on Ziswaf**

## The Urgency of Zakat, Infaq, Alms, and Waqf (ZISWAF)

In terms of language, Zakat is derived from the word "Zakat" which means 'grow, bless, clean, and good'. In addition, zakat is also interpreted as something that can increase [17]. In fiqh terms, zakat is a certain property that is obligated by Allah to be given to the rightful party. By Law No. 23 of 2011, Article 1, number 2, zakat is defined as property that must be issued by a Muslim or business entity to be handed over to the right party in accordance with Islamic law. Meanwhile, according to KHES Article 668 number 2, zakat is a property that must be set aside by a Muslim or an institution owned by a Muslim to be given to those who are entitled to receive it. In general, the activities that take place in each place of worship are relatively similar, including the implementation of worship and the collection of zakat, infaq, and alms, with the main goal of getting closer to the Creator [18].

Linguistically, infaq means spending, while from an etymological perspective, infaq is spending wealth as a form of obedience and obedience to Allah SWT [19]. This is reflected in the Qur'an, Surah Al-Baqarah, verse 195:

وَأَنْفِقُوا فِي سَبِيلِ اللَّهِ وَلَا تُلْقُوا بِأَيْدِيكُمْ إِلَى التَّهْلُكَةِ وَأَحْسِنُوا إِنَّ اللَّهَ يُحِبُّ الْمُحْسِنِينَ

In terms of distribution, infaq is divided into two types, namely mandatory infaq and sunnah infaq. Infaq must include zakat and nadzar, the amount and form of which have been determined. Nadzar itself is a promise or oath to do an act in the future. Meanwhile, sunnah infaq is a donation made by a Muslim to achieve the pleasure of Allah SWT, which can be given in various forms and ways. Alms are gifts to the poor, the poor who are in need, without expecting anything in return. Alms are sunnah and can be in the form of zakat, because in some texts of the Qur'an and Sunnah, there are those written with alms, even though what is meant is zakat. As stated in QS. At-Taubah verse 60, in that verse, "zakat" is expressed with the word "ash-shadaqaat".

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمَوْلَاةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرْمِينَ

وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Similarly, the Prophet Muhammad SAW said to Mu'adz bin Jabal RA when he was sent by the Prophet to Yemen:

"... Tell them (the People of the Book who have converted to Islam) that Allah has made zakat obligatory on them, which is taken from the rich among them, and given to the poor among them..." (HR. Bukhari and Muslim). In the hadith, "zakat" is expressed with the phrase "ash-shadaqaat". Alms are acts that are ma'ruf or considered right according to shari'ah. This understanding makes the definition of alms very broad, in accordance with the words of the Prophet Muhammad SAW, "Every good is alms" (HR. Muslim). The scope of alms is not limited to the giving of property, but also includes various righteous deeds, both for the benefit of oneself and others, as mentioned in the hadith of the Prophet Muhammad SAW from Abu Musa Al-Ashary RA, he said:

"Every Muslim should give alms."; Friends asked; "What if he is not able to do it, O Messenger of Allah?"; The Prophet replied, "He should strive with his two hands (strength) until it succeeds for himself and for charity."; The Companion asks, "What if he can't afford it?"; The Prophet replied, "Help people with needs and complaints." The Companion asks, "What if he can't afford it?"; The Prophet replied, "He does a good deed or refrains from doing a bad deed (evil) is shodaqoh for him". In addition, in another narration, it is said that "A smile is alms" (HR. Baihaqi).

Next is waqf, which comes from the Arabic word waqafa-yaqifu-waqfan, which means: to stop, stop, stay in place, or hold something. Another meaning is also al-habs that prevents 'ain (waqf objects) from being owned or spent. According to the scholar Muhammad Ibn

Isma'il as-San'any: Waqf is holding an object whose benefits can be taken without reducing or damaging it, then using it wisely. The majority of scholars add that waqf is a property that is used for the public interest, while the 'ain is handed over by the wakif (person who gives waqf) as a form of effort to get closer to Allah SWT. By doing a waqf, the property is free from waqf ownership and legally belongs to Allah SWT.

In strengthening the implementation of waqf, it is necessary to have a fundamental understanding in deepening the essence of waqf through the Qur'an. In the Quran, the word waqf is not mentioned as zakat, but from several verses in the Quran, experts conclude that there is a need for a waqf institution. In several verses, Allah SWT commands humans to do good, and experts consider this as the basis for waqf. This is stated in Surah Al-Hajj verse 77, which teaches that Allah SWT commands humans to do good so that their lives will be happy. In another verse, namely Al-Baqarah verse 267, Allah commands humans to spend (alms) good wealth. Meanwhile, in Surah Al-Imran verse 92, Allah SWT emphasizes that a person will not get good except by giving away some of the wealth that he likes, both for himself and for the benefit of others [20].

In Indonesia, zakat management has not always been considered the main part of poverty alleviation efforts. Its implementation is largely entrusted to religious institutions, such as the National Amil Zakat Agency (BAZNAS) and regional zakat institutions. BAZNAS itself is under the coordination of the government, tasked with creating a structured and strategic zakat management system. From these institutions were born various innovations in zakat management, such as mustahik collection, distribution, and empowerment programs [21]. In principle, the management of zakat can be carried out by individuals or the government, but the majority of scholars agree that the management of the people's funds should be regulated by the government to be more effective and transparent. The development of zakat management in Indonesia is greatly influenced by the policies of the current government and the socio-economic conditions of the community in each period of government [22].

The zakat management system in the Muslim world in the discussion of the comparison of zakat management in Muslim countries, we will find differences and similarities in the existing zakat management system, even though it basically remains indifferent to the two management models mentioned earlier. From the zakat treasure, it can be used to help mustahiq manage their lives to be better [23]. Zakat management systems managed or implemented by the government include: during the time of the Prophet (peace be upon him), during the reign of Abu Bakr r.a., Umar r.a., and during the reign of Muaz bin Abdul Azis. There are countries whose zakat has been guaranteed by civil society or semi-governments since the time of Muawiyah, except for Umar Abdul Azis and the Abbasids. Currently, countries that manage zakat with this model include Saudi Arabia, Libya, Jordan, Bahrain, Pakistan, Malaysia, Kuwait, Bangladesh, Lebanon, and Singapore. Looking at the management of ZISWAF from several countries, it is explained that ZISWAF is not just about us spending wealth, but it is a practice that makes Allah happy, does not oppress oneself, is grateful for the blessings from Allah SWT, and is a control of wealth [24].

### **ZISWAF-Based Islamic Financial Planning**

Planning is the initial stage in carrying out an activity, both by individuals and groups, in the form of thinking or preparation related to work, with the aim of obtaining optimal results. Meanwhile, Islamic financial planning is a financial planning process that is carried out based on the principles and guidance of Islamic law. Islamic financial planning emphasizes to Muslims that every economic activity to meet the needs of life must be carried out with the management and utilization of wealth in accordance with the principles and teachings of the Islamic religion [25].

The principles of Islamic financial planning have been initiated by *Hijrah Strategic Advisory*, which divides Islamic financial planning into 7 principles. 1) income; 2) production; 3) long-term planning; 4) insurance; 5) debt management; 6) investment; and 7)

zakat. If this principle is not fulfilled systematically and sustainably, then it is difficult to achieve financial prosperity on a family scale [26]. Islamic financial planning has guidelines that must be followed by every individual as a reference in managing assets. The guideline, known as Islamic wealth management, includes three main elements, namely: 1) efforts to acquire wealth (kasb), 2) distribution of wealth through infaq, and 3) setting aside some wealth in accordance with the provisions of Islamic teachings [27].

### **Distribution of Assets for ZISWAF (Zakat, Infaq, Alms, and Waqf)**

Zakat is one of the pillars of Islam that must be carried out by every Muslim. In essence, the function of zakat is to purify the soul and property of every Muslim, as well as the function of infaq and alms. In addition to its main function, which is as a purification of souls and property, ZISWAF is a social instrument to help the poor and needy, as well as the people in need, namely the closest people [28]. Based on the Qur'an, Surah Ali Imran verse 92 explains that before a Muslim distributes his property to the people in need, Allah SWT will not give blessings and prosperity in his life, as stated in the Qur'an. Ali Imran verse 92 as follows:

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ ۚ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

Therefore, the main aspect in Islamic financial planning is to place priority on the distribution of the assets owned by each Muslim for ZISWAF (Zakat, Infaq, Alms, and Waqf) over the use of assets for other needs.

### **Long-Term Financial Planning in Accordance with Islamic Teachings**

Long-term planning is part of Islamic financial planning, which is important to plan for and then apply in life on a family scale. This is important, for example, costs for the future of school and children's college, costs for health and emergency expenses such as illness, performing the hajj with family and others. To deal with future situations and conditions, it is important to have consistency about targeted financial planning, even though everyone has the belief that " *Man can only plan, but Allah SWT, who determines what man plans*" [29].

In Islam, carrying out the Hajj is an obligation for every Muslim who has the financial ability and physical and mental readiness, so the implementation of Hajj must be prioritized over other desires. In addition to preparing for the hajj, it is also important to prioritize other worship activities, such as the Umrah pilgrimage. Meanwhile, worldly desires and secondary needs, such as buying a vehicle, vacations abroad, and the like, should be placed after the priority of worship is fulfilled.

### **The Use of Financial Products with Islamic Principles**

Understanding or literacy about Islamic finance is very important to help individuals and the public understand the principles and mechanisms of Islamic finance, so that they are able to recognize Islamic financial products correctly [30]. The main goal is to support the community in planning and making financial decisions wisely, in accordance with the values and principles of Islam. In addition, Islamic financial literacy also plays a role in increasing public access to quality Islamic financial products and expanding the market share of Islamic finance more optimally [31].

The Islamic financial system in Indonesia includes two main categories of financial institutions, namely bank financial institutions and non-bank financial institutions [32]. Bank financial institutions have a role as intermediaries in the process of distributing and collecting funds from the public. Two main categories are part of Islamic finance, namely Sharia Commercial Banks and Sharia People's Financing Banks. Sharia Commercial Banks are responsible for distributing funds as well as collecting funds from customers by implementing Sharia principles [33]. On the other hand, the Sharia People's Financing Bank

focuses more on financing and financial support for the micro and small economic sectors, while still upholding sharia principles. Non-bank financial institutions consist of various financial entities that are not included in the category of banks, but still play a role in Islamic financial activities [34].

Some of the activities below are examples.

1. The Capital Market includes activities such as trading stocks, bonds, and other financial instruments that are in accordance with Sharia principles.
2. The Money Market is a place where short-term financial instruments are traded, in accordance with Sharia principles.
3. Insurance Companies offer insurance services by adhering to Islamic financial principles.
4. Pension funds that operate in accordance with Islamic financial principles. Venture capital companies provide capital for businesses with sharia principles.
5. Financing institutions, such as leasing, factoring, plastic cards, and consumer finance, operate in accordance with Sharia principles.
6. The Pawnshop Company offers pawn services by complying with Sharia principles.
7. Micro Sharia Financial Institutions, such as BAZ (Baitul Mal Aceh) and LAZ (Amil Zakat Institution), as well as waqf and baitul mal managers, focus on microeconomic empowerment in accordance with sharia principles [35].

In order to achieve optimal financial goals, many people have used financial and banking products such as deposits, savings, insurance, mutual funds, and so on. Islamic banking in Indonesia is one of them, Bank Muamalat Indonesia and Bank Syariah Indonesia; therefore, people should choose and use Islamic financial products that use Islamic principles and values, such as Sharia Savings, Sharia Deposits, Sharia Insurance, Sharia Mutual Funds, and so on. In the principle of profit sharing, there are two main types of products, namely Musyarakah and Mudharabah. Through these two principles, Bank Syariah manages the collection and distribution of funds by ensuring that each transaction and its operations are in accordance with sharia principles [36]. Using the principle of Musharakah, the bank shares ownership and profits with other parties, while in the principle of Mudharabah, the bank acts as the manager of the fund, and the proceeds are divided based on the agreed ratio. This approach ensures that banking activities run in accordance with Sharia values and the principle of fairness in sharing risks and profits.

### **Getting Used to a Simple and Non-Consumptive Lifestyle**

One of the main examples of the Prophet Muhammad SAW was his simplicity. Financially, the Prophet PBUH lived sufficiently, but the wealth he owned was used for da'wah and helping people in need. As followers of the Prophet Muhammad SAW, it is appropriate for Muslims to emulate his behavior and attitude. Simplicity itself is the beginning of happiness, because its essence does not mean shortcomings, but a lifestyle that aims to distance oneself from arrogance and greed. Getting used to a simple life and not being consumptive is part of Islamic financial planning. Start a simple and frugal lifestyle habit, manage measurable financial income and spending, and get used to consuming and utilizing goods and services according to needs and not luxuries. When given sufficient financial and sustenance more than Allah swt., it is obligatory to give some of this wealth to others who are more in need, and prioritize the people around us. As Allah SWT. Says, in QS. Al-A'raaf verse 31.

يٰۤاٰدَمُ خُذْ وَاٰدَمَ خُذُوْا زِيْنَتَكُمْ عِنْدَ كُلِّ مَسْجِدٍ وَكُلُوْا وَاشْرَبُوْا وَلَا تُسْرِفُوْا ۗ اِنَّهٗ لَا يُحِبُّ الْمُسْرِفِيْنَ

Every individual needs good and measurable financial budget planning. Therefore, in expenditure planning, it is necessary to classify the needs in daily life and set aside some of

them for the surrounding community (Anggraini et al., 2017). Islam has encouraged Muslim households to prioritize the purchase of primary necessities, as the goal in sharia (*Maqashid Shari'ah*). There are 3 classifications of household needs, including: (a) Primary needs, which are basic needs for every human being who can fulfill the goals in shari'a (*Maqashid Shari'ah*), namely maintaining religion, soul, intellect, heredity, and honor. Primary needs include the needs of food, drink, shelter, health, security, knowledge, and marriage. (b) Secondary needs are the need to ease one's life so that they are away from difficulties. Secondary needs do not have to be met before a person's basic needs are met. Secondary needs must also meet the 5 goals in shari'a. (c) Complementary needs are needs that are intended to increase the welfare and goodness of the life of every human being [37].

### Debt-Receivables and Investment Control

In Islamic teachings, debts are allowed to meet urgent needs or emergencies, but they are not allowed if they contain elements of usury. Currently, many Islamic banks offer loans or financing facilities, which can be used for business capital and other financing needs. According to Shari'a, debts by Muslims are allowed, for example, debts between Muslims and Muslims, and Muslims with non-Muslims [38]. In Islam, debts are regulated in the Qur'an Surah Al-Baqarah verse 282, which emphasizes the importance of recording debts and witnessing them so that there is no negligence and no harm to any party. However, Islam recommends that a person should not go into debt except in urgent or emergency. If you have debt, the main obligation is to pay it off, because this is a priority that must be fulfilled [39].

### Implementation of ZISWAF by the Kubu Raya PDM Community

In the service carried out, the partners from the PDM Kubu Raya community have had a discussion about the role of human assets to be able to issue their ZISWAF to provide benefits for others and purify the property of a Muslim. This is in line with what was stated by T. M Sahri that the understanding of the public about what is the difference between zakat, infaq, alms, and waqf, and provides an understanding of how the previous Islamic civilization advanced because of the management of its public financial instruments, some of which are ZISWAF (Zakat, Infaq, Alms and Waqf). This understanding will cause people to feel concerned and want to contribute through several Islamic public financial instruments [40].



Figure 4. Service Team with PDM Kubu Raya Activity Partners

One of the real proofs is that PDM Kubu Raya can distribute ZIS to MSMEs and the Poor, which was handed over directly by the Chairman of the Muhammadiyah Zakat and Shadaqah Institute (Lazismu), PDM Kubu Sri Mulyani [41]. This is in line with what was stated by Nur Asiah Binti Latifah that the implementation of ZISWAF should be an awareness and must be followed by a real program so that goodness can become a habit. In the community

service carried out, partners from the Kubu Raya PDM community held intense discussions about ZISWAF-based financial management. The partners (Figure 4) also asked for recommendations for the implementation of this activity so that it can continue in order to increase understanding and more intense practices in the future about the management of ZISWAF funds for each individual [42].

## CONCLUSION

The community service activities (PKM) conducted at PDM Kubu Raya received an excellent response from both management and members, reflected in the high level of enthusiasm and active participation throughout the discussions. The interaction between the facilitators and participants created an engaging learning environment that encouraged questions, idea sharing, and collaborative problem-solving. This atmosphere significantly contributed to the effectiveness of the program. Following the mentoring sessions focused on Strengthening Islamic Financial Literacy and ZISWAF, the results clearly indicated a substantial improvement in participants' understanding. This enhancement was evident not only in their conceptual knowledge but also in practical skills and growing interest in applying Islamic financial principles. Participants demonstrated greater awareness of how to allocate ZISWAF funds appropriately, manage resources responsibly, and integrate Sharia-compliant financial planning into their personal and organizational activities. The positive transformation observed shows that structured guidance and participatory learning approaches are highly effective in increasing financial literacy within Islamic community organizations. Moreover, the program highlighted the strategic importance of ZISWAF as a tool for socio-economic development and encouraged participants to optimize its utilization for broader community benefit. Going forward, it is strongly recommended that such mentoring and empowerment activities be continued on an ongoing basis. Sustained implementation will ensure that the knowledge gained becomes embedded in daily practice, further enhancing the community's capacity to manage finances in a Sharia-compliant and sustainable manner. Continuous strengthening of ZISWAF literacy will ultimately support long-term financial resilience and contribute to the welfare and empowerment of the wider Muhammadiyah community in Kubu Raya.

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## Author's Contributions

All authors collaboratively designed the program, conducted field activities, analyzed findings, and prepared the manuscript, with each contributing equally to strengthening Islamic financial literacy and ZISWAF empowerment initiatives.

## Conflicts of Interest

All authors declare no conflict of interest.

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