



Prioritizing Islamic Financial Literacy for MSMEs in Indonesia

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Islamic financial literacy in Indonesia is still quite low, when compared to financial literacy in general. This study aims to determine the priority of Islamic financial literacy in MSMEs in Indonesia. The method used in this research is Delphi, with research data coming from interviews with academics, practitioners and regulators of finance and Islamic economics in general, totaling 11 respondents. The results of the analysis found that there are 14 variables of Islamic financial literacy problems of MSMEs in Indonesia, and all variables have been agreed upon by economic experts. From the results of the calculation using the Delphi method, there are 3 main priorities for Islamic financial literacy of MSMEs in Indonesia, namely increasing the involvement of MSMEs as agents of Shariah financial literacy, expanding MSME access to the Islamic Financial Institutions (IFIs) sector, and encouraging IFI to develop simple and affordable products.

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INTRODUCTION

Islamic financial literacy refers to the knowledge and understanding of Islamic financial principles and practices. It includes the ability to manage financial resources in accordance with Islamic values, such as avoiding interest, speculation, and gambling, and encouraging profit and loss sharing (Setiawati et al., 2018; Ahmad et al., 2020). Islamic financial literacy is very important, not only for each individual but also can have an impact on the economy. This is relevant to the statement from Sari et al (2021) that Islamic financial literacy education aims to influence a person's financial attitudes and behaviors, especially in distinguishing conventional and Islamic financing, understanding financial products and services that are in accordance with Islamic principles, Islamic law, and moral codes. The importance of Islamic financial literacy is also expressed by a number of studies, one of which is research from Widyastuti et al (2020) which states that financial literacy can encourage people to make various financial decisions. In addition, financial literacy is one of the human capitals, which can improve the desired financial behavior of individuals, such as financial planning (Zulaihati et al., 2020), saving, saving decisions for retirement, investment behavior, and making financial decisions (Ahmad et al., 2020).

However, despite the importance of Islamic financial literacy, in Indonesia the level of Islamic financial literacy is still very low. This is based on the results of the National Survey of Financial Literacy and Inclusion (SNLIK) in 2022, where the Islamic financial inclusion index only reached 12.12% while the general financial index reached 85.10% (OJK, 2022; OJK, 2023). Ilfita & Sophisticated (2021) explained that the low level of Islamic financial literacy in Indonesia can be caused by several factors, including many Indonesians who do not understand the principles and practices of Islamic finance, resulting in a lack of interest and involvement in Islamic financial products. Then, there are differences in the way individuals perceive and react to Islamic and conventional financial products, which can hinder the adoption of Islamic financial products. Furthermore, the competence of human resources is still relatively low, the use of technology in the Islamic financial sector is not fully optimized, which may limit the reach and accessibility of Islamic financial products, the regulatory framework and the availability of capital for Islamic financial products and services are not very supportive compared to conventional financial products, which

may hinder investment and innovation in the Islamic financial sector.

Furthermore, Annisa (2021) explains that the Islamic finance industry needs to innovate and become more competitive to attract more customers and increase market share. Sari et al (2024) also argue that there is a need for more comprehensive and targeted financial literacy education to increase understanding and awareness of Islamic finance among the public. To overcome these problems, efforts are made to increase financial literacy and inclusion, improve human resource competencies, and optimize the use of technology in the Islamic financial sector (Ilfita & Canggih, 2021; Annisa, 2021). One of the efforts to increase Islamic financial literacy in Indonesia is carried out in the MSME sector, where MSMEs are significant contributors to the growth and development of the country's economy (Irdiana et al., 2024).

Islamic financial literacy among Micro, Small and Medium Enterprises (MSMEs) in Indonesia is crucial to improving their business decisions and overall performance. Suwarsi et al (2022) found that if MSME players have adequate Islamic financial literacy, then their business and financial decisions will improve over time. However, this study also revealed that the level of Islamic financial literacy among MSMEs in Indonesia is still low, which may hinder their ability to make financial decisions and adopt Islamic financial products. Therefore, financial literacy education to increase understanding and awareness of Islamic finance among MSMEs is very important, as well as the importance of optimizing the use of technology and increasing the competence of human resources in the Islamic financial sector (Suwarsi et al., 2022). Supriadi et al (2023) also emphasized the importance of innovation and Islamic financial literacy in increasing MSME profitability and contributing to the country's overall economic growth.

Furthermore, Irdiana et al (2024) explained that the level of Islamic financial literacy among MSMEs has a positive and significant influence on their income. Thus, MSMEs with better Islamic financial literacy tend to better understand and apply Islamic financing products, such as mudharabah, musyarakah, and murabahah, which can help them develop their businesses and access capital. Also, MSMEs that follow Islamic financial principles can build customer trust and explore new business opportunities, thus contributing to their business growth. This highlights the importance of Islamic financial literacy for MSMEs in Indonesia and the potential benefits of improving

financial literacy and innovation in the Islamic financial sector to support the growth and competitiveness of MSMEs in Indonesia.

The low level of Islamic financial literacy in MSMEs is caused by several factors, including MSMEs often do not have the financial literacy needed to understand and make the right decisions regarding Islamic financial products and services, limited access to Islamic financing which can hinder their ability to expand and develop their business (Perwita et al., 2021), the slow development of MSMEs is partly due to the lack of innovation in Islamic financial products and services, which can limit the growth and profitability of these businesses, lack of understanding or interest in these products can contribute to the low level of Islamic financial literacy (Perwita et al., 2021), the slow development of MSMEs is partly due to a lack of innovation in Islamic financial products and services, which can limit the growth and profitability of these businesses, a lack of understanding or interest in these products can contribute to low levels of Islamic financial literacy (Rahmansyah et al., 2023), and low levels of financial inclusion can potentially limit the adoption of Islamic financial products and services (Harahap et al., 2024).

Based on this explanation, it is important to conduct research to determine the priority of Islamic financial literacy of MSMEs in Indonesia to increase the level of Islamic financial literacy. One of the appropriate methods to research related to this is the Delphi method, which is a group process that involves interaction between researchers and a group of experts related to a particular topic, and through the help of a questionnaire. This method is very useful when the opinions and judgments of experts and practitioners are needed in solving a problem. A number of studies relevant to this topic, namely Nugraha et al (2022) examine the importance of Islamic financial literacy and Islamic fintech to determine the sustainability of MSMEs which must be supported by appropriate government policies. The results of the analysis show that Islamic fintech and government support have a direct influence on the sustainability of MSMEs. This indicates that increasing the use of Islamic fintech will increase the sustainability of MSMEs and government support can increase sustainability by making direct policies towards MSME sustainability and indirect policies by increasing Islamic fintech, while Islamic financial literacy has no direct effect on the sustainability of MSMEs, but has an indirect impact on increasing the use of Islamic fintech.

Rahmansyah et al (2023) explain the role of innovation and Islamic financial literacy of MSME actors in increasing profitability. Micro, Small and Medium Enterprises (MSMEs) have an important role, especially in expanding employment, increasing community income so that they can become drivers of economic development and growth. The slow development of MSMEs is caused by low levels of financial literacy and lack of innovation, causing the welfare of MSMEs or the community to decline. The results of this study found that the development of Islamic financial innovation and literacy in Indonesia is characterized by three main things, namely the growth of the Islamic financial market along with the growth of Islamic financial institutions in the midst of society, the growth of Islamic financial literacy is achieved by increasing the knowledge, skills and confidence of the community so that they are able to carry out financial management wisely and efficiently, and the development of Islamic financial fintech.

Suwarsi et al (2022) analyzed and classified the level of financial literacy of MSMEs, and tested the impact of literacy levels on the development of MSMEs. The results showed that the financial literacy of MSMEs in Yogyakarta was less literate. The effect on business development has a positive and significant effect of 36.1%. With these findings, it is hoped that it can be an input for regulators in the context of planning and implementing policies related to Islamic financial literacy. Supriadi et al (2023) analyzed the role of innovation and Islamic financial literacy in improving the performance of MSME actors in the context of Islamic economics. The results of this study reveal that MSMEs that apply innovation and Islamic financial literacy tend to experience improved performance. Product and process innovation, selection of Islamic financial instruments, and financial management based on sharia principles contribute positively to increasing MSME income, productivity, and operational efficiency.

Hamidah et al (2020) analyzed and tested the effect of financial literacy, fintech (financial technology), and intellectual capital on the performance of MSMEs in Depok City. The results concluded that financial literacy, fintech (financial technology) and intellectual capital have a positive and significant effect on the performance of MSMEs in Depok City. Mujiatun et al (2023) examined the relationship between marketing communication and Islamic financial literacy on Islamic financial inclusion and the performance of MSMEs in the halal tourism sector.

The results found a positive and significant relationship between Islamic financial inclusion and business performance. This study also found a positive and significant relationship between Islamic financial literacy and Islamic financial inclusion. Marketing communication and Islamic financial inclusion have a positive but insignificant relationship. This research implies that to build a halal tourism ecosystem for long-term development in Indonesia, commercial actors must provide full support. This research shows that they can develop when MSMEs in the halal tourism ecosystem are supported by Islamic banking and Islamic BPR.

Based on a number of these studies, there is no research that specifically examines the priority of Islamic financial literacy of MSMEs in Indonesia to improve Islamic financial literacy in Indonesia. Therefore, this study aims to analyze the priority of Islamic financial literacy of MSMEs in Indonesia using the Delphi method.

DATA AND METHODOLOGY

This study aims to determine the priority of Islamic financial literacy of MSMEs in Indonesia. The data used are the results of interviews with academics, practitioners and regulators of Islamic finance and economics in general. The total number of expert respondents is 11 experts. The *software* application used as a tool is Microsoft Excel. The method used is the Delphi technique which is a qualitative method based on interviews with experts.

The Delphi method is a group process that involves interaction between a researcher and a group of experts related to a specific topic, and through the help of a questionnaire. This method is used to gain common ground on future trends using a structured information gathering process. This method is useful when the opinions and judgments of experts and practitioners are needed in solving problems.

This research will use 3 statistical indicators that are most widely used in the application of the Delphi method, namely the *mean* value (average), standard deviation value, and *interquartile range* or IR value. The first measure of convergence assessment is when the answers or assessments of all respondents have a standard deviation value of less than 1.5 (<1.5). The standard deviation notation formula as already known is as follows.

$$S = \sqrt{\frac{\sum(x_i - \bar{x})^2}{n-1}} \quad \text{or} \quad \sqrt{\frac{\sum x_i^2 - \frac{(\sum x_i)^2}{n}}{n-1}}$$

where:

x = respondent A's answer to the instrument n

$\bar{x}$ = average of respondents' answers to the instrument n

The next measure of consensus or convergence assessment is when the answers or assessments from all respondents have an *Interquartile Range* (interquartile range) or IR value of less than 2.5 (<2.5). The calculation of the IR value is the difference between the upper quartile and the lower quartile (IR = Q3 - Q1), where the quartile value formula is as follows.

$$Q_1 = \frac{x_{(\frac{n-1}{4})} + x_{(\frac{n+3}{4})}}{2}$$

$$Q_2 = x_{(\frac{2(n+1)}{4})}$$

$$Q_3 = \frac{x_{(\frac{3n+1}{4})} + x_{(\frac{3n+5}{4})}}{2}$$

The measurement to declare convergence or the level of consensus on all variables is when the standard deviation value is <1.5 and the *interquartile range* value is <2.5. If one of the indicators does not meet the requirements, then the variable is declared not converging or not agreed upon (divergent). Meanwhile, for variables that have reached the requirements, the next step is to rank with the highest average value for each variable that reaches consensus (convergent).

RESULTS AND DISCUSSION

Based on literature studies, there are at least 14 Islamic financial literacy of MSMEs in Indonesia, namely: (1) Increasing MSME knowledge of the Islamic Financial services sector, (2) Increasing MSME confidence in the IFI sector, (3) Strengthening Islamic financial literacy infrastructure, (4) Encouraging MSMEs to have financial planning, (5) Encouraging MSMEs to have the right financial goals, (6) Increasing MSME financial management capabilities, (7) Expanding MSME access to the IFI sector, (8) Provision of IFI products that suit the needs of MSMEs, (9) Provision of IFI services that suit the needs of MSMEs, (10) Training & socialization related to Islamic financial literacy for MSMEs, (11) *Joint products* (co-branding) of IFI with MSME associations, (12) Encouraging IFI to develop simple & affordable

products, (13) Increasing the involvement of MSMEs as agents of Islamic financial literacy, (14) *Digital based* IFI products for MSMEs.

From the 14 Islamic financial literacy of MSMEs in Indonesia above, the following are the complete answers in the form of weights given by the 11 expert respondents.

Table 1. Results of Expert Respondents' Answers

MSMEs Islamic Financial Literacy Strategies	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11
Improved MSME knowledge of the IFI sector	5	8	8	9	9	8	8	8	8	9	7
Increased MSME confidence in the IFI sector	6	7	8	8	9	5	6	7	7	8	7
Strengthening Islamic financial literacy infrastructure	7	6	7	7	8	7	5	7	6	7	7
Encouraging MSMEs to have financial planning	6	7	7	8	7	5	8	7	7	7	8
Encourage MSMEs to have the right financial goals	7	8	5	9	8	5	8	8	8	8	8
Improved financial management skills of MSMEs	8	8	8	7	6	8	7	8	7	8	7
Expansion of MSME access to the IFI sector	7	9	9	9	7	8	9	8	8	9	8
Provision of IFI products that meet the needs of MSMEs	8	8	8	8	6	7	7	7	8	8	8
Provision of IFI services that meet the needs of MSMEs	6	7	8	7	6	6	8	7	7	7	7
Training & socialization related to financial literacy for MSMEs	6	8	8	7	7	8	9	8	8	8	8
<i>Joint product</i> (co-branding) of IFI with MSME association	5	7	7	6	8	4	8	7	7	7	7
Encourage IFI to develop simple & affordable products	8	9	9	8	7	8	7	8	8	8	8
Increased involvement of MSMEs as Financial literacy agents	9	8	8	9	6	9	8	9	8	9	9
<i>Digital based</i> product IFI for MSMEs	7	6	5	4	4	7	5	6	7	7	7

In the application of the Delphi method, there are 3 statistical indicators that are most widely used, namely the *mean* (average) value, standard deviation value, and *interquartile range* or IR value. Based on the

results of data processing that has been carried out, the calculation of the priority of Islamic financial literacy of MSMEs in Indonesia is as attached in the following table.

Table 2. Results of Delphi Calculation of Islamic Financial Literacy of MSMEs

MSMEs Islamic Financial Literacy Strategies	Q1	Q2	Q3	IR	STDEV	CONSENSUS		MEAN	RANK
						IR	STDEV		
Improved MSME knowledge of the IFI sector	8	8	8,5	0,5	1,083	Convergent	Convergent	7,909	4
Increased MSME confidence in the IFI sector	6,5	7	8	1,5	1,083	Convergent	Convergent	7,091	8
Strengthening Islamic financial literacy infrastructure	6,5	7	7	0,5	0,75	Convergent	Convergent	6,727	11
Encouraging MSMEs to have financial planning	7	7	7,5	0,5	0,853	Convergent	Convergent	7	9
Encourage MSMEs to have right financial goals	7,5	8	8	0,5	1,233	Convergent	Convergent	7,455	6
Improved financial management skills of MSMEs	7	8	8	1	0,656	Convergent	Convergent	7,455	6
Expansion of MSME access to the IFI sector	8	8	9	1	0,75	Convergent	Convergent	8,273	2
Provision of IFI products that meet the needs of MSMEs	7	8	8	1	0,656	Convergent	Convergent	7,545	5
Provision of IFI services that meet the needs of MSMEs	6,5	7	7	0,5	0,668	Convergent	Convergent	6,909	10
Training & socialization related to Islamic financial literacy for MSMEs	7,5	8	8	0,5	0,75	Convergent	Convergent	7,727	7
Co-branding of IFI with MSME association	6,5	7	7	0,5	1,15	Convergent	Convergent	6,636	12
Encourage IFI to develop simple products	8	8	8	0	0,603	Convergent	Convergent	8	3
Increased involvement of MSMEs as Financial services literacy agents	8	9	9	1	0,881	Convergent	Convergent	8,364	1
<i>Digital based</i> product IFI for MSMEs	5	6	7	2	1,164	Convergent	Convergent	5,909	13

Based on Table 2, in general, of the 14 variables of Islamic financial literacy of MSMEs, 14 variables have been agreed upon by experts, there are no variables that are not agreed upon by experts.

Meanwhile, the order of the most important variable issues in determining Islamic financial literacy in Indonesia are: (1) Increasing the involvement of MSMEs as agents of FINANCIAL SERVICES literacy, (2) Expansion of MSME access to the IFI sector, (3) Encouraging IFI to develop simple & affordable products, (4) Increasing MSME knowledge of the IFI sector, (5) Provision of IFI products that suit the needs of MSMEs, (6) Encouraging MSMEs to have the right financial goals, (6) Increasing MSME financial management skills, (7) Training & (7) Training & socialization related to Islamic financial literacy for MSMEs, (8) Increasing MSME confidence in the IFI sector, (9) Encouraging MSMEs to have financial planning, (10) Provision of IFI services that suit the needs of MSMEs, and (11) Strengthening Islamic financial literacy infrastructure, (12) *Joint product* (co-branding) IFI with MSME associations, (13) *Digital based product* IFI for MSMEs.

The first priority to improve Islamic financial literacy in Indonesia is to increase the involvement of MSMEs as agents of FINANCIAL SERVICES literacy. This is because MSMEs are significant contributors to the growth and development of the country's economy (Irdiana et al., 2024). According to Irdiana et al (2024) Islamic financial literacy is very important for MSMEs to understand and follow Islamic financial principles, which can lead to better financial management, increased access to Islamic financing, and increased customer confidence. In turn, increasing Islamic financial literacy among MSMEs can also increase their income and contribute to financial inclusion, which is a priority for the Indonesian government (Idris et al., 2021). In addition, improved financial literacy has a positive influence on the level of GDP per capita, suggesting that improved financial literacy among MSMEs can contribute to overall economic growth (Maulana et al., 2021). Increasing Islamic financial literacy for MSMEs can also reduce the lack of access to financing through banks, which around 60%-70% of the entire MSME sector does not have (Bank Indonesia, 2015). Increasing the involvement of MSMEs in Islamic financial literacy can be done through education and development of Islamic financial skills for MSME actors. The government and the financial sector can encourage the development and strengthening of the MSME sector as the people's

economic motor and one of the backbones of MSME empowerment (Junaidi, 2023).

Then the second rank is the expansion of MSME access to the IFI sector. Maulana et al (2021) revealed that expanding MSME access to Islamic financial services can lead to better financial management, increased access to Islamic financing, and increased consumer confidence in MSMEs that understand and follow Islamic financial principles. This reinforces the opinion of Disli et al (2023) and Irdiana et al (2024) that Islamic financial literacy plays an important role in encouraging the development of MSMEs, especially in the context of a sharia-based economy. MSMEs that understand Islamic financial literacy can better follow Islamic principles in their operations, so as to increase customer trust and wider market access. MSMEs can also understand the available Islamic financing products, such as mudharabah, musyarakah and murabahah, which can help them more effectively apply for loans or financing to expand their business. Increased access to Islamic financing can also contribute to the diversification of products and services offered by MSMEs. By developing products that comply with Islamic principles, such as halal food, Islamic fashion, or Islamic financial services, MSMEs can attract customers who care about ethics and adherence to their religious teachings (Irdiana et al., 2024).

In the third rank is encouraging IFI to develop simple & affordable products. This is because IFI play an important role in determining the sharia conformity of products and services through fatwa institutions (Khan, 2019). In addition, product development in IFI is one of the key elements of overall economic performance (Dinc, 2020). The IFI products developed should be designed to appeal to a wide range of consumers, including consumers who are new to Islamic finance and those who may not have the financial resources to invest in more complex products. Such product development can be facilitated by a number of strategies, namely hybrid contracts, where the application of hybrid contracts, which combine multiple contracts into a single product, can increase the efficiency and flexibility of IFI offerings (Setiawan et al., 2022). This can make Islamic financial products more attractive to a wider audience. Then, the application of Maqasid al-shariah, which is the goal of Islamic law, in product development can ensure that the product is aligned with the principles of Islamic finance and contribute to the overall development of the Islamic finance industry (Hayatudin & Adam,

2020). In addition, the use of financial technology can also help SFIs to develop and innovate their products, making them more accessible and convenient for customers (Yuspita et al., 2019). This can increase the appeal of Islamic financial products to a wider audience.

The fourth ranking is increasing MSMEs' knowledge of the IFI sector. Fathah et al (2023) explained that MSMEs play an important role in the economy but face challenges in accessing capital due to lack of financial reporting. Therefore, the Financial Services Authority (OJK) in Indonesia has been actively promoting a sharia-based financial system to encourage sustainable and inclusive economic growth, in which case the OJK's role includes overseeing financial institutions' compliance with Sharia principles and advocating for awareness and understanding of Sharia finance through education and training programs (Hibatullah et al., 2023). In addition, to increase MSMEs' knowledge of the Islamic Financial Services sector in an effort to improve Islamic financial literacy, several strategies can be implemented, including Islamic microfinance institutions can provide loans to MSMEs while effectively educating and equipping their clients with relevant entrepreneurial knowledge and skills. This not only helps MSMEs access capital but also improves their business development (Isfianadewi, 2024). Then, increasing Islamic FinTech innovations that can meet the needs of the Muslim community, including MSMEs. Adopting Sharia FinTech can have a positive impact on the sustainability of halal MSME businesses and improve their brand image (Alfarizi & Ngatindriatun, 2022). Rodliyah et al (2020) added that collaboration between banks and fintech institutions can increase MSME access to Islamic financial service products and facilitate financing applications without the need for physical visits to branches.

The fifth rank is the provision of IFI products that suit the needs of MSMEs. Islamic Financial Institutions such as cooperatives can be an alternative source of capital for MSMEs, helping them to grow and contribute to the development of the Islamic or sharia economy (ISEF, 2023). MSMEs often face challenges in accessing traditional financial services, such as high interest rates, strict collateral requirements, and limited understanding of financial products (Alfarizi, 2022). Islamic Financial Services can address these challenges by offering products that comply with Islamic principles, such as profit sharing and risk sharing, and are tailored to the specific needs of

MSMEs. In addition, Islamic Financial Services can contribute to the financial empowerment of MSMEs, which is important for their growth and sustainability (Alfarizi, 2022). In addition, Sharia Financial Services can help MSMEs to comply with Sharia principles, which is important for reputation and social responsibility (Tarantang & Astiti, 2023).

The next ranking is encouraging MSMEs to have the right financial goals. Encouraging MSMEs to have the right financial goals is very important to improve Islamic financial literacy, which in turn can improve SME performance and contribute to long-term competitive advantage. This is supported by research that shows a positive relationship between Islamic financial literacy and SME performance (Srisusilawati et al., 2021). Furthermore, a number of studies have highlighted the importance of innovation and Islamic financial literacy in improving the performance of SMEs, suggesting that financial literacy can be used to manage finances for future prosperity (Nugraha et al., 2022; Supriadi et al., 2023). The role of Islamic financial literacy is particularly important in the context of MSMEs, which often face challenges in accessing traditional financial services and could benefit from sharia-compliant financing options. Governments and financial institutions can play an important role in promoting Islamic financial literacy and innovation, which can help MSMEs achieve sustainability and growth (Nugraha et al., 2022).

Then, followed by improving the financial management capabilities of MSMEs and training & socialization related to Islamic financial literacy for MSMEs. The slow development of MSMEs is often caused by low levels of financial literacy and lack of innovation, which can adversely affect the welfare of MSMEs and society (Rahmansyah et al., 2023). To address this challenge, it is important to provide training and socialization programs that focus on Islamic financial literacy, which can help MSMEs better understand and apply Islamic financial principles in MSME operations. Gunawan & Pulungan (2023) explain that integrating financial literacy and financial technology into training programs to help MSMEs better manage their finances and utilize digital tools for financial management.

In addition, other strategies that can be carried out to improve the financial management capabilities of MSMEs and training & socialization related to Islamic financial literacy for MSMEs can be carried out by collaborating with educational institutions to provide easy access to Islamic financial programs for MSMEs.

This can include partnerships with universities, vocational schools, and other educational institutions to offer Islamic financial literacy courses and training (Rachman et al., 2022). Rachman et al (2022) added that other strategies include utilizing influencer marketing to promote Islamic financial products and services. This could involve partnering with social media influencers and other thought leaders in the MSME community to promote the benefits of Islamic financial services. Then, providing rewards for MSMEs that utilize Islamic financial products and services. This can be in the form of discounts, bonuses, or other incentives that encourage MSMEs to adopt Islamic financial services.

The next step is to increase MSME confidence in the IFI sector. The slow development of MSMEs is often caused by low levels of financial literacy and lack of innovation, which can have a negative impact on the welfare of MSMEs and society. By increasing MSMEs' confidence in Islamic financial services, they can better understand and apply Islamic financial principles, thus leading to improved financial management and increased profitability (Rahmansyah et al., 2023). Nugraha et al (2022) emphasized that Islamic financial literacy and Islamic fintech are crucial in determining the sustainability of MSMEs, as they can help MSMEs manage their finances better and increase their productivity. Therefore, increasing MSMEs' trust in the Islamic Financial Services sector is critical to improving financial management capabilities, promoting financial inclusion, and encouraging business model innovation among MSMEs. This can lead to improved financial management, increased profitability, and the development of Islamic financial services that meet the needs of MSMEs (Iswanto et al., 2022; Rahmansyah et al., 2023).

Then, encouraging MSMEs to have financial planning. Encouraging MSMEs to do financial planning is critical to their success and overall economic development. The importance of financial management for SMEs was highlighted in a study by Nkwinika & Akinola (2023) that analyzed challenges and best practices, emphasizing the need for SMEs to have a robust financial management system. Another study identified factors that affect the financial situation of SMEs, suggesting that effective financial planning can help mitigate the impact of these factors (Zayed et al., 2022). Financial literacy among SME managers is also an important factor in the success of these businesses. A study by Eniola & Entebang (2017) that examined the level of financial literacy among SME

business owners and managers found that higher levels of financial literacy were associated with better financial performance. In addition, innovation practices can play an important role in the survival of SMEs, and financial planning is a key component of such practices (Adam & Alarifi, 2021).

Next is the provision of IFI services that suit the needs of MSMEs, and the strengthening of Islamic financial literacy infrastructure. This is because financial literacy is a critical component of financial inclusion, and it is especially important for MSMEs, which often lack the resources and expertise to navigate the complex financial landscape. Strengthening Islamic financial literacy infrastructure can help MSMEs to better understand financial concepts, make informed decisions, and manage their finances more effectively. This in turn can lead to improved financial performance and increased economic empowerment of MSMEs (Marheni et al., 2022). Marheni et al (2022) also explained that financial management is an important aspect in the economic empowerment of MSMEs, and essential for their growth and sustainability. By providing Islamic financial services that support financial planning and management, financial institutions can help MSMEs to better understand their financial situation, set financial goals, and develop strategies to achieve those goals. This can lead to improved financial performance, increased profitability, and better sustainability of MSMEs in the long run. Tanjung & Nawawi (2022) added that financial planning and management is also important for a country's overall economic development, as MSMEs are often the backbone of the economy. By supporting the financial planning and management of MSMEs, the government and other stakeholders can help create a more sustainable and inclusive economic environment, which can contribute to the country's overall economic development.

Then, the *joint product* (co-branding) of IFI with MSME associations. Joint products (co-branding) of Sharia Financial Institutions with MSME associations can improve Islamic financial literacy by providing financial services tailored to the unique needs of MSMEs operating in a sharia-compliant environment. This can lead to a better understanding of the principles of Islamic finance and improved financial performance, which is critical to the sustainability and growth of these businesses (Nugraha et al., 2022). Rohiman (2023) explains that co-branding can help promote Islamic financial products and services to a wider audience, including MSMEs, who may not yet

know the benefits of Islamic finance. This can increase awareness and understanding of Islamic financial principles and products, thus contributing to increased financial literacy among MSMEs. Supriadi et al (2023) also explained that co-branding can help drive financial inclusion by giving MSMEs access to Islamic financial services tailored to their needs, and help strengthen Islamic financial literacy infrastructure by encouraging financial education and training programs for MSMEs. This can have an impact on improving the financial performance and increasing the economic empowerment of MSMEs, as well as contributing to the country's overall economic development.

Finally, the *digital-based* product IFI for MSMEs. Alam et al (2019) explained that the digitalization of Islamic finance has played an important role in increasing financial inclusion, especially in Indonesia, where the government has promoted the use of fintech to increase financial inclusion. Digital-based products can also increase transparency and choice for customers, which are key assets when delivering faith-based and ethical banking products. Puspita et al (2020) also stated a similar point, where digital-based products can help improve financial inclusion by providing access to more convenient and accessible financial services. Furthermore, with the existence of digital platforms, MSMEs can expand the marketing and sales reach of their products. They can use social media or e-commerce platforms to market their products to more people. Digital products can also improve transparency in MSME financial transactions. All transactions made through digital platforms will be clearly recorded, making it easier for MSMEs to track and manage their finances.

CONCLUSIONS

This study aims to analyze the priority of Islamic financial literacy for MSME groups in Indonesia using the Delphi method. Based on the results of the calculation of the results of interviews with relevant experts, in general, of the 14 variables of the problem of Islamic financial literacy of MSMEs in Indonesia, all variables have been agreed upon by economic experts. From the results of the calculation using the Delphi method, the 3 main priorities of Islamic financial literacy for MSMEs in Indonesia are (1) Increasing the involvement of MSMEs as agents of Financial services literacy, (2) Expanding MSME access to the IFI sector, (3) Encouraging IFI to develop products that are simple and affordable.

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