



Enhancing Islamic Microfinance Knowledge and Awareness among University Students Using Online Talk and Mentimeter

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Abstract.

The objective of this paper is to gauge and improve the level of knowledge and awareness of University students on Islamic Microfinance Institutions (MFIs) and functions. Theories in the study of psychology and marketing concur that a person will only adopt a program/new product only after being aware and had attained some knowledge about it. The well-known conventional Microfinance practice or MFIs is a leading tool to eradicate poverty especially in the developing countries like Indonesia but less is known on the level of awareness on the Islamic MFIs (IMFIs) among the university students who will become the future leaders. This study was conducted during an online awareness talk on MFIs in one of the University in West Java, where pre and post questionnaire were shared which were distributed online. Mentimeter, a presentation software was also used during the talk for which their responses were recorded for graphic analysis. Both the statistical and graphic results have indicated high level of knowledge for Islamic Finance concepts but lower awareness among the respondents on IMFIs before the talk. This shows that as a poverty eradication tool, the conventional Microfinance that has the properties of prohibited elements such as *riba* transactions are widely accepted among the population, especially among these young Muslims adults because they are not aware of the existence of the alternative but mandatory to them, which is the Islamic Microfinance Institutions.

Keywords: microfinance, knowledge and awareness level, university students, Mentimeter, online talk

1. Introduction.

Inculcating awareness and knowledge on poverty eradication programs such as the microfinance institutions (MFIs) among the young adults are key for any future causal change in the society. This is especially true in the quest of achieving the first goal of United Nations's SDG (Sustainable Development Goal) to eradicate poverty in the world by the year 2030. The formation of an adult's self-reliance and interdependence must be developed early during the development transitions in the mindsets of young adults (Wang, 2012) between the ages of 10 to 25 years which can directly impact with their expectations for success (Eccles et al., 2003) and it all begins with self-awareness.

Education institution such as the university provides an important platform for the students to develop various skills and theoretical aptitude needed to face the challenges in the world upon graduation. This study would like to concur to the importance of building awareness especially among the university students who can commit better to the understanding of MFIs and in turn my affect changes in behaviours (Wicklund & Duval, 1971, Duval & Wicklund, 1973) in their families and societies.

There are extensive research done on MFIs in Indonesia pertaining to the role of conventional MFIs and Islamic MFIs (Kamaliyah, 2019, Zaied, 2018, Fianto, 2020 & Effendi, 2013) effects, performance and growth (Masyita & Ahmed, 2013, Fianto, 2018, Ginanjar & S. Kassim, 2020, Fithria, 2021 & Rokhman, 2013).



However, studies among university students are still lacking especially in the predominantly Muslim country of Indonesia, and this paper would like to fill this gap. The main objective of the research is therefore to investigate whether a webinar session can improve the knowledge and awareness of the students focusing on the Islamic microfinance terms in Indonesia.

2. Literature References

The paper attempts to apply the self-awareness theory on mindfulness or the “*consequences of focusing attention on the self*” espoused by Duval and Wicklund (1973) within the social brain research. It is by comparing within the condition of the individual’s internal with the standard external condition that eventually calls for a change in conduct to experience either pride or disappointment within oneself. Herewith, their previous opinion and performance will be totally revised (Wicklund & Duval, 1971).

Within the realms of marketing study, Kotler and Keller (2016) conjecture that only with the ability to begin with the awareness which is the first out of five stages in the marketing strategy, a consumer will finally adopt a new product or a program. The act of communicating the product or program to create awareness is essential in making sure the success of the particular project (Kotler, 2013). Knowledge comes with the awareness, which will then influence human actions (McEachern et al., 2008). As stated by Rogers (1962), knowledge can be acquired when an individual is exposed to the service’s existence and attains the understanding of the process.

Poverty is a “*specific ill*” that demands specific solutions instead of a generalized policy for the people (Watts, 1969) because the condition occurs when there are shortages of goods and services at the disposal of the poor (p. 69). This may explain why MFIs is one of the best programs in combating poverty (Tilakaratna & D. Hulme, 2015) and can provide social developments in many of the impoverished communities through “*better health, housing, child schooling and women empowerment*” (Rasel & S. Win, 2020). The services offered by MFIs are essential financial facilities such as savings and loans (Ledgerwood, 1998), which are usually being denied off by the mainstream commercial banks due to the poor having lack of consistent income or non-availability of collaterals to guarantee the debts.

Microfinance or MFIs was introduced in the 1970s by Mohammed Yunus through the Grameen Bank in Bangladesh where it allows for the low-income communities to have access to small debts or capitals to set up small enterprises (Yunus, 2007). Nevertheless, the effectiveness of the program has been heavily critiqued by researchers (Tilakaratna & D. Hulme, 2015, World Bank, 2015, Jose & J. Chacko, 2017) since over time the conventional MFIs resort into profit-making institutions charging exorbitant interest rates to their desperate clients and putting them in a debt-shame position that resulted some to harm themselves or suicides (Engel & D. Pedersen, 2019). The very essence of market failures (failure to reach the poor families) that stems to the birth of the microfinance (Morduch & B. Armendariz, 2005) now becomes its own poison.

High poverty rates in developing countries continue to occur despite majority of the funding for microfinance (MFs) programs is available there (Memon et al., 2020). In fact, over 44,000 various types of MFIs have been established in Indonesia but the disparity between the rich and poor is still wide (Kikkawa & Y. Xing, 2014 & Maulana, et al., 2018). There are still over 90 million or 30 percent of the Indonesian population who are remain vulnerable of falling back into poverty (living below USD1.90 per day) as reported by the World Bank (2015).

Islamic microfinance (IMFIs) has been evidently becomes more prevalent and popular to replace the conventional MFIs due to the fact that more customers perceived IMFIs which abide by the shariah law forbidding *riba*-based transactions and promoting charity-based schemes (such as zakat, *sadaqah* and hibah) (Naveed, 2014) to be less arduous among its clients (Abbas & N. Shirazi, 2015). Maulana, Razak (2018) also find that clients perceive IMFIs as efficient in services delivery and staff competency.

Nevertheless, there are still studies that conclude many of the clients or the community do not understand or aware of the financing products provided by the IMFIs (Masyita & H. Ahmad, 2013). In fact, there are some findings that finds lower participation in IMFIs with higher awareness levels (Maulana et al., 2018).

3. Methods and data sampling

The data for this study was gathered from a one-day Islamic Microfinance Talk that was held via online seminar session to university participants from an Indonesian University in West Java. A web based presentation using Mentimeter (www.mentimeter.com) was used to show the slides created by the presenter to the audience. Mentimeter is an active and discussion-driven tool that has been shown to improve online audience responses especially in higher education (Mayhew et al, 2020).



For the purpose of this study, an online questionnaire adapted from Alfin and Saad (2018) was shared to them before and after the talk to gauge their level of knowledge and awareness consisting of three sections; demographic profile, 5-Likert scale to identify the level of awareness with 9 items and 'yes', 'maybe' or 'no' scale to identify their level of knowledge with 8 items. The five-point Likert scale was arranged from 'very disagree' until 'very agree'. An additional open-ended question for post-survey was added as well for overall feedback of the workshop. Consents for voluntary participations were obtained to ensure their confidentiality and anonymity are being addressed.

Out of the 128 attendees, a total of 114 or 89 percent responded to the survey. However, only 80 participants or 63 percent were completed with post survey data which can be used for the main analysis using a Wilcoxon Signed-Rank Test to determine the change in the level of knowledge and awareness between before and after the workshop has been done. An effect size had been measured for each item by dividing the absolute z value with the square root of the number of pairs as follows:

$$r = \frac{Z}{\sqrt{n}} \quad (1)$$

The use of this formula is to compute the strength of the difference between two populations median. According to Cohen's classification, the cut-offs of 0.1 shows a small effect, while 0.3 is a medium effect, 0.5 and above shows a large effect (Cohen, 2013).

4. Results and Discussion

(A) Demographic results

In terms of demographic data presented in Table 1, more females had answered the survey at 82 people or 72 percent, while most of the respondents (90 percent) are aged between 18 to 25 years of age. This fits the criteria of adolescents for this study. Not surprisingly as well, most of them are single (90 percent) and studying at either degree (43 percent) or masters (14 percent) level.

Table 1: Demographic profile of respondents

Variable		
	Frequency	Percentage (%)
Gender		
Male	32	28.1
Female	82	71.9
Age		
18 - 25 Years	90	78.9
26 – 30 Years	1	0.9
31 - 35 Years	5	4.4
36 - 40 years	9	7.9
41 - 45 years	5	4.4
More than 45 Years	4	3.5
Marital Status		
Married	23	20.2
Single	90	78.9
Widowed	1	0.9
Highest Educational Level (or studying now)		
High School	37	32.5
Diploma	7	6.1
Degree	49	43.0
Master	16	14.0
PhD	5	4.4



Occupation		
Not Working	7	6.1
Working	25	21.9
Students	82	71.9
Monthly Income		
under 150 USD	82	71.9
151 - 300 USD	15	13.2
301 - 450 USD	3	2.6
451 - 600 USD	4	3.5
601 - 750 USD	2	1.8
Over 750 USD	8	7.0

(B) Level of awareness pre and post talk session



Figure 1: Distribution of the most used words on describing “Microfinance” on Mentimeter software

During the talk, the audience was asked to describe and write on the Mentimeter presentation software, the first thought in their mind upon hearing the word “Microfinance” which is displayed in Figure 1. Most of them wrote “small”, “money” “Usaha Mikro, Kecil, dan Menengah (umkm)” (translated as small, medium enterprises) and even “complicated”. The responses from them indicate quite a high level of awareness among the respondents on the role of microfinances.

Meanwhile, for the statistical analysis on the survey outputs, Table 2 shows the overall result for the level of knowledge and awareness by using Wilcoxon Signed-Rank Test. It had been used in place of the paired t-test since the normality assumption was not fulfilled. According to the table, both p-values were less than 0.05 indicating that there is enough evidence to conclude that the difference between pre and post webinar talk on Islamic Microfinance has been statistically significant.

Table 2: Wilcoxon Signed-Rank Test on the Level of Knowledge and Awareness of Islamic Microfinance

	Knowledge	Awareness
z	-4.801	-4.368
p-value (2-tailed)	0.000	0.000

Based on the Wilcoxon Signed-Rank test upon measuring the pre and post awareness levels for Islamic MFIs (IMFIs) showed that 6 items were found to be statistically different shown in Table 3. There was an indication from the respondents that they were not aware of the similar roles of IMFIs with the conventional MFIs before the session. The overall awareness of IMFIs has proven to be significantly higher after the talk where the mean of pre-workshop was 3.99 ± 0.770 , while post-talk was 4.24 ± 0.846 .

The highest effect was for item “IMFIs can provide funding for small business” ($r = 0.55$, large effect). The smallest effect of the workshop is awareness of the IMFIs is that is also provides insurance/takaful ($r =$



0.25) facilities to their clients. Only one item on “IMIFs providing savings and fund transfer” which was not significantly different ($p > 0.05$) that means their awareness level and the Mentimeter responses earlier are matched. In summary, the results indicate that though the respondents are aware of the basic concept of microfinance, their level of awareness for IMIFs was improved significantly after the session.

Table 3: The difference on the level of awareness pre and post IMIFs talk

	Before ^a (n = 114)	After ^a (n = 80)	Z value	p-value	Effect Size
	Mean (SD)	Mean (SD)			
Islamic Microfinance is Shariah-compliant and free from interest.	4.23 (0.799)	4.46 (0.762)	-3.239	0.001	0.36
It is a difference between Islamic Microfinance and conventional microfinance.	4.25 (0.726)	4.49 (0.729)	-2.962	0.003	0.33
Islamic Microfinance undertakes Islamic underlying contracts (Qardhasan, Musharaka, Mudharaba, etc.)	4.04 (0.745)	4.35 (0.781)	-4.037	0.000	0.45
Islamic Microfinance is about financing in a small amount.	3.73 (0.915)	4.05 (1.005)	-3.332	0.001	0.37
Islamic Microfinance is about financing micro business.	3.72 (0.888)	4.21 (0.837)	-4.876	0.000	0.55
Islamic Microfinance is about savings.	3.82 (0.771)	3.96 (0.863)	-1.744	0.081	-
Islamic Microfinance is about providing insurance	3.56 (0.893)	3.74 (0.990)	-2.277	0.023	0.25
Islamic Microfinance is about fund transfer	3.63 (0.801)	3.85 (0.995)	-1.925	0.054	-
Overall awareness of Islamic Microfinance is reasonable.	3.99 (0.770)	4.24 (0.846)	-3.309	0.001	0.37

^a Responses based on the following scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

^b Based on negative ranks.

(C) Level of knowledge pre and post talk session

Antara yang berikut, yang manakah menerangkan ciri-ciri pembiayaan mikro?

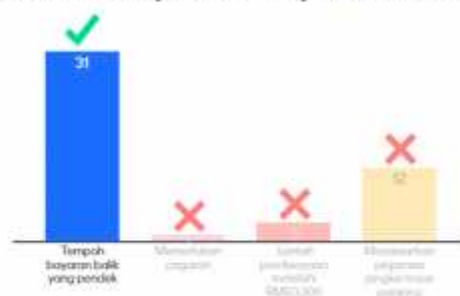


Figure 2: Distribution of results: “Which of the following describes the characteristics of Microfinance?”

Figure 2 above displays a distribution result on a basic question asked during the session on the audiences’ knowledge (“Which of the following describes the characteristics of Microfinance?”) showed that 66% of the



answer responded correctly (short payment period), while there are still 34% who believe that its role is like a bank. (Needs collateral (1 person), Financing amount exceeded RM50,000/USD12000 (3 persons), Offering long term loans (12 persons). As for the survey outputs, the pre and post survey results on the differences of knowledge on IMFIs for the respondents are shown in Table 4. All the items are statistically significant different ($p < 0.05$) except for the item on “*I know about the term riba*”. Indicating that the respondents are knowledgeable on the concept of Riba.

However, the existence of IMFIs and the concepts of Murabaha, Musharaka, Mudaraba, Ijara and Qard Hassan were less known to them before the talk. From the measurement of effect size, the highest impact is on the knowledge of Qard Hassan. The results had proven that the talk contributed significantly to the acquiring of new knowledge where it had shown a higher difference after they attended the workshop, 2.73 ± 0.527 than before with a mean of 2.26 ± 0.81 .

However, the smallest impact is the knowledge of Musharaka with a moderate effect of 0.29. Then followed by Mudaraba ($r = 0.33$), Murabaha ($r = 0.36$) and Ijara ($r = 0.36$) were detected to have a moderate effect. The knowledge of the Riba term was not measured since it was not significantly different before and after the workshop.

Table 4: The difference pre and post the IMFIs talk: Level of knowledge

	Before ^a (n = 114)	After ^a (n = 80)	Z value ^b	p-value	Effect Size
	Mean (SD)	Mean (SD)			
I know about the existence of Islamic Microfinance	2.51 (0.682)	2.90 (0.302)	-4.493	0.000	0.50
I know that return on Islamic microfinance is based on gift and profit-sharing instead of interest	2.53 (0.694)	2.86 (0.381)	-4.255	0.000	0.48
I know about the term Riba	2.85 (0.426)	2.89 (0.356)	-1.941	0.052	-
I know about Murabaha	2.58 (0.677)	2.83 (0.414)	-3.220	0.001	0.36
I know about Musharaka	2.47 (0.743)	2.75 (0.516)	-2.598	0.009	0.29
I know about Mudaraba	2.57 (0.678)	2.79 (0.469)	-2.985	0.003	0.33
I know about Ijara	2.52 (0.719)	2.75 (0.516)	-3.241	0.001	0.36
I know about Qard Hasan	2.26 (0.81)	2.73 (0.527)	-4.914	0.000	0.55

^a Responses based on the following scale: 1 = No, 2 = Maybe, 3 = Yes.

^b Based on negative ranks.

The respondents were also asked on their personal experience on the workshop itself. Most of the feedback were positive citing having fun while learning especially with the Socratic method of teaching. Some of the feedbacks were “*It was fun, and I have learnt many things from this event*”; “*It is already quite good about the speaker, the sound, the activity. It is all really fun.*”. Use of language in which the speaker was speaking mostly in Bahasa Melayu and Indonesia, mixed with English to make sure the audience understand the contents (“*Overall, the event was giving a lot of information about microfinance and the language that has been used was easily understand*”) while some are hoping to have a similar event in the future (“*The event is good and interesting, I hope there will be more events like this in the future.*”).

5. Discussion and Conclusion

The main objective of this paper is to discuss the findings on the awareness and knowledge level of an Indonesian university students on the Islamic Microfinance Institutions (IMFIs) and its functions. These students who were also taking some courses in Islamic Finance studies have no difficulties in answering the knowledge of Islamic Finance concepts. Nevertheless, the statistical and graphic results indicated that though they were aware on the basic concept of microfinance, their level of awareness for the existence and functions of Islamic Microfinance Institutions (IMFIs) were less before the talk was conducted. This is a worrying indicator.

As more developing countries are benefitting the rewards of lessening poverty through the success of the microfinance project across the world, the mandatory Islamic finance principles such as avoiding riba transactions must not be neglected. Muslims must adhere to the fundamentals of the Islamic Syariah rulings



especially so in the journey to improve their economic status. Therefore, policy makers and industries in the Islamic Finance field must be able to organise and conduct more information and awareness strategies to inculcate more young adults to be fully aware of the existence and benefit of IMFIs as opposed to the conventional MFIs. The online talk conducted in the university based on this paper had proven that objective can be met.

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