

**Socialization of Islamic Banks Versus Conventional Bank Products:  
Increasing Knowledge of Santri in Pesantren Nurul Ummah Yogyakarta**

**Shinta Shafa Arwidia**

UIN Sunan Kalijaga, shaaaaff@gmail.com

**Tyas Ayu Rahmita**

UIN Sunan Kalijaga, tyasayurahmitaaa@gmail.com

**Alya Laili Utdkhiati**

UIN Sunan Kalijaga, alya.laili45@gmail.com

**Silvia Amelia Ardani**

UIN Sunan Kalijaga, ardanisilvia@gmail.com

**Asa Usio**

UIN Sunan Kalijaga, asa.usio08@gmail.com

**M Anwar Sadid**

UIN Sunan Kalijaga, anwarsadid30@gmail.com

**Wildan Kurnia Hasan**

UIN Sunan Kalijaga, wildankurniahasan@gmail.com

**Althaf Daffadhila**

UIN Sunan Kalijaga, althafdaffadhila6@gmail.com

**Ibnul Mubarak**

UIN Sunan Kalijaga, mubarakibnul982@gmail.com

**M Joan Ariqa**

UIN Sunan Kalijaga, johanku066@gmail.com

**Abstract**

The practice of usury carried out by several banks became anxious for some people who have a high religious level. Therefore, Islamic banks are established to become institutions for raising funds and financing for the people using sharia principles. But at this time literacy about Islamic banks is still minimal among the public. To increase literacy on Islamic banks in the community, socialization activities on Islamic banks were conducted to the public. The socialization activities were carried out at the Nurul Ummah Islamic Boarding School Student Dormitory. Material for socialization on management of the Islamic banking system with conventional banking. The socialization material was delivered in the form of powerpoints with the support of facilities and infrastructure including; laptops, projectors, screens and consumption. The result, participants of the socialization understand the differences between the management of Islamic banks and conventional banks.

**Keywords:** Counseling, Islamic Banks, Conventional Banks

**Abstrak**

*Praktek riba yang dilakukan oleh beberapa bank menjadi keresahan tersendiri bagi beberapa kalangan masyarakat yang memiliki tingkat religius yang tinggi. Maka dari itu berdirilah bank syariah yang menjadi lembaga pengumpulan dana dan pembiayaan bagimasyarakat dengan prinsip syariah. Namun saat ini literasi tentang bank syariah masih minim di kalangan masyarakat. Untuk menambah literasi tentang bank syariah di*

*kalangan masyarakat, maka dilakukan kegiatan sosialisasi tentang Bank syariah kepada masyarakat. Kegiatan pelaksanaan sosialisasi dilaksanakan di Asrama Pelajar Pondok Pesantren Nurul Ummah. Materi sosialisasi tentang pengelolaan sistem perbankan syariah dengan perbankan konvensional. Materi sosialisasi disampaikan dalam bentuk powerpoint dengan dukungan sarana dan prasarana antara lain; laptop, proyektor, layar, dan konsumsi. Hasilnya, peserta sosialisasi mengerti perbedaan pengelolaan bank syariah dengan bank konvensional.*

**Kata kunci:** *Sosialisasi, Bank Syariah, Bank Konvensional*

### **Introduction**

The practice of colonialism and imperialism by western nations that started from the 16th century to the 20th century has brought the practice of colonialism and imperialism to be the main factor that makes western nations have very high economic growth. People live in prosperity with the abundance of resources obtained because of the practice of colonialism and imperialism. Various types of businesses are growing rapidly which causes western nations to become rich nations and have high capital accumulation, so that conventional banks are formed as places to store and allocate capital to other businesses.

People who have a lot of assets can save it in conventional banks and people who need capital for certain purposes can borrow at conventional banks. Of course, the purpose of the establishment of a conventional bank is to gain profit by utilizing capital from savers that is lent to borrowers with the application of interest (interest) by the conventional bank. With the practice of interest (interest), conventional banks position themselves as parties who always gain and cannot lose, because conventional banks impose interest rates with a certain level to savers as an advantage for saving money in conventional banks and impose higher interest rates. to the borrower in addition to the amount that must be paid along with the principal of the loan.

Although the practice of interest (interest) provides many benefits, especially in terms of business, this practice also has a negative impact when the borrower is unable to repay the loan, so that all remaining assets are confiscated by conventional banks. The public also cannot borrow from conventional banks for consumptive (not business) purposes, because they will have difficulty paying the loan principal plus interest. The practice of interest in conventional banks has two faces, namely providing benefits for savers and exploitation for borrowers. The interest system imposed by conventional banks is an attraction for savers, because the benefits that savers get from the interest system are certain and not risky. This causes people to prefer to save their money in conventional banks than other banks, so that conventional banks continue to develop until now with various variations of interest-based products.

The various advances of the western nation not only have a good impact on the economy, but also have a bad impact on Muslims who are one of the victims in the practice of colonialism and imperialism. This makes the Islamic nation with its various teaching concepts in the status quo, which is stagnant and undeveloped. As A.J. Toynbee said that since the 16th century western nations have attached lasso ropes to the necks of

Muslims and the ropes are pulled slowly, so that Muslims are only tools used for the progress of western nations regardless of the fate of Muslims.

However, at the end of the 20th century there was World War II which caused many colonies to get their independence, including Muslims. This became the beginning of the rise of Muslims along with the concept of their teachings that cover all areas of life, one of which is the economic field. The rise of Islam in the economic field began with the establishment of the first modern Islamic bank in Dubai in 1975 under the name Dubai Islamic Bank, which was founded by a group of Muslim businessmen with the aim of creating an interest-free banking system, seeing the impact of the interest-free system. increasingly increasing the level of inequality in society, although in terms of GDP (Gross Domestic Product) is experiencing growth.

Sharia Banks are built with the basic concept of cooperation and mutual assistance, so that banks no longer position themselves as parties who always gain, but can also lose. With this concept, Islamic banks continue to develop with the creation of new products that are not only focused on the business sector that aims to earn profits, but also on the consumptive field that aims to help each other. According to Law. No. 21 of 2008, a sharia bank is a bank that carries out business activities based on sharia principles, or as regulated in the fatwa of the Indonesian Ulema Council, which has the aim of directing the economic activities of the community to muamalah in Islam, especially *muamalah* related with banking, in order to avoid the practice of usury or other types of business/trade that contain elements of *gharar* (speculative).

Currently, Islamic banks in Indonesia are still in the development stage, and are supported by the majority of the Indonesian people who are mostly Muslim and various innovations are being pursued by Islamic banks to make them superior to conventional banks as their competitors. Therefore, currently Islamic banks are in the process of becoming superior to conventional banks because the obstacle for Islamic banks is that people are used to conventional bank policies. There are various products provided in Islamic banks, both in the form of cooperation, buying and selling or in the form of financing, such as mudharabah, musyarakah, ijarah, murabahah, salam, and qardh, all of which are implementations of the concept of Islamic economics without interest.

## **Methodology**

Implementation of community service activities at the Pesantren Nurul Ummah in the form of socialization, guidance and discussion. The stages of implementing the activity begin with preparation by determining the target audience of 50 students from the Pesantren Nurul Ummah, Kotagede, with the aim of providing an understanding (socialization) of the Islamic banking management system and conventional banking to the public. The socialization activity was carried out in the Student Dormitory of the Pesantren Nurul Ummah located at Jalan Raden Moggo 982 Kotagede, Yogyakarta.

With the schedule of events; opening (explanation of the aims and objectives), followed by socialization material on the management of the Islamic banking system with conventional banking. The socialization materials were delivered in the form of

powerpoints with the support of facilities and infrastructure, including; laptops, projectors, screens, and consumption.

Socialization is the most appropriate way to provide information or knowledge to the community to strengthen the implementation of activities and the results of socialization. The socialization started from the initial materials which were discussed in detail related to the history of how banking came to Indonesia, then the understanding of Islamic banks and conventional banks then entered into their respective concepts (Islamic and conventional banks) and arrived at their management. To introduce how to manage Islamic banks with conventional banks, where the differences are and the advantages and disadvantages of conventional banks and Islamic banks are also explained in this socialization. At the time of socialization, it was accompanied by discussions to further strengthen the community service activities carried out, which were followed by questions and answers and those who could answer received cash prizes from the presenters.

## **Results and Discussion**

Community service activities have been carried out properly and smoothly. The stages of service activities include the following:

### **1. Stages of service planning activities**

The planning activities that have been carried out are coordination with the administrators of the Pesantren Nurul Ummah dormitory as the host for the implementation of community service activities. The material we convey is the difference between conventional banks and Islamic banks. We raised this material because it has something to do with the lessons they get at school related to contracts. Besides giving examples from the community and banks about the lessons they can learn at school, we also feel that this material is suitable, because at least they can distinguish the basic transactions of Islamic banks and conventional banks. The presenter conveys the aims and objectives to the Pesantren Nurul Ummah management and asks for permission and direction.

Then the time and place become a priority for planning and identifying potential participants for community service activities. Pre-implementation coordination was carried out once with the hostel administrator, namely Ahmad Choirul Umam on February 1, 2020.

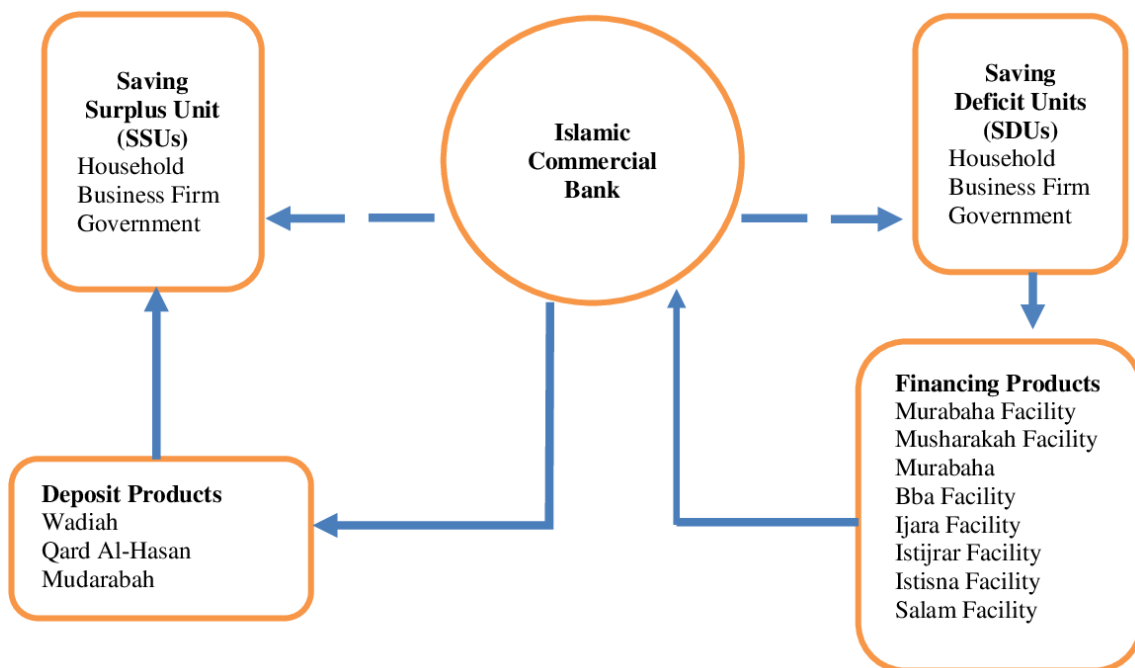
### **2. Stages of service implementation activities**

The service activity was carried out on Wednesday, February 12, 2020 at 16.00 WIB until the end at the Pesantren Nurul Ummah Student Dormitory, Kotagede. The activity was attended by 50 students coordinated by Ibnul Mubarak as the dormitory administrator. The activity was started by Ibnul Mubarak by gathering socialization participants and explaining the aims and objectives of the socialization that would be conveyed by the Faculty of Islamic Economics and Business students of UIN Sunan Kalijaga Yogyakarta.

This socialization began by asking some initial questions to determine the participants' initial understanding, whether they already knew what a conventional bank was and what an Islamic bank was and matters related to both. Then the presenters presented the materials that had been prepared, including the management of conventional banks with Islamic banks, which began with an introduction to the history of the two banks. The history of conventional banks starts from the year of its emergence, what it is allocated for, and various kinds of transactions that are business-oriented and interest-based. Meanwhile, the history of Islamic banks explains the concept that has been formed since the time of the Prophet Muhammad and its development along with the development of Islam and the basic concept of banking in Islam, namely helping each other.

Then continued with the discussion of conventional bank material, (conventional bank concept, conventional bank function and advantages and disadvantages of conventional bank) which was delivered by Shinta Shafa Arwidia. Whereas Conventional Banks according to Law Number 10 of 1998 are banks that carry out conventional business activities which in their activities provide services in payment traffic based on established procedures and provisions. Which aims to help carry out national development to achieve equity, economic growth, and increase people's welfare.

The system of bank is to collect funds from the public and channel the funds back to other people who need it and the concept is as shown in the picture below:

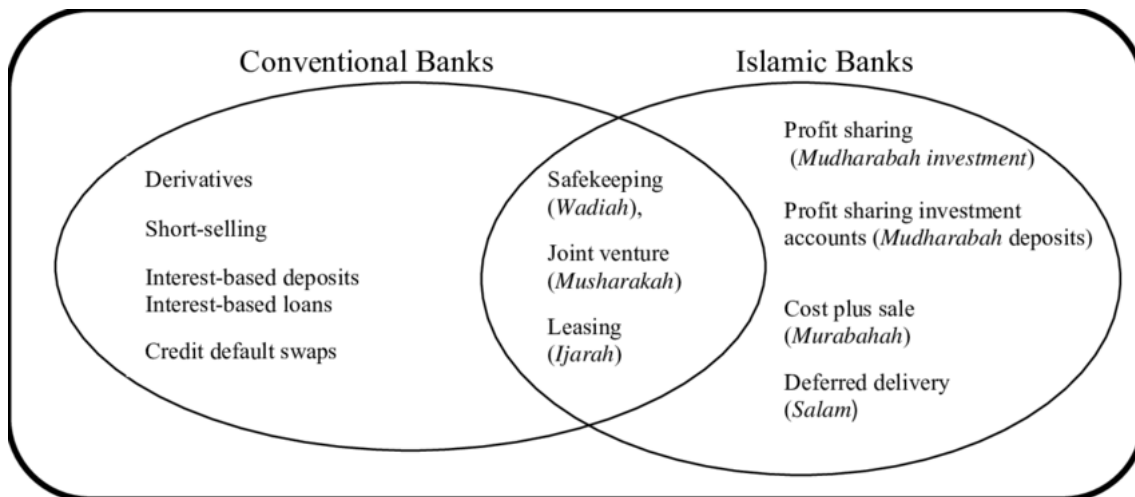


Source: Obaidullah (2008)

**Figure 1. Blueprint of Islamic Commercial Bank System**

One of the advantages and disadvantages is that conventional banks are more creative in creating products and customers are used to the interest system compared to

the profit-sharing system, while the disadvantage is that speculation is too ambitious and without calculations. After that, there is an explanation about Islamic banks, the objectives of Islamic banks and the advantages of losses that will be conveyed by Wildan Kurnia Hasan. Based on Law Number 21 of 2008 Islamic banks are banks that carry out business activities based on sharia principles, or those stipulated in the fatwa of the Indonesian Ulema Council. Islamic banks aim to direct the economic activities of the people to convert to Islam, especially in banking to avoid the practice of usury or other types of business that contain elements of gharar. As for one of the advantages and disadvantages of this Islamic bank itself, namely the advantage that Islamic banks use a profit and loss sharing system or it can be called a drawback, namely because Islamic banks use a profit-sharing system, banks need professionals who are more reliable than conventional banks.

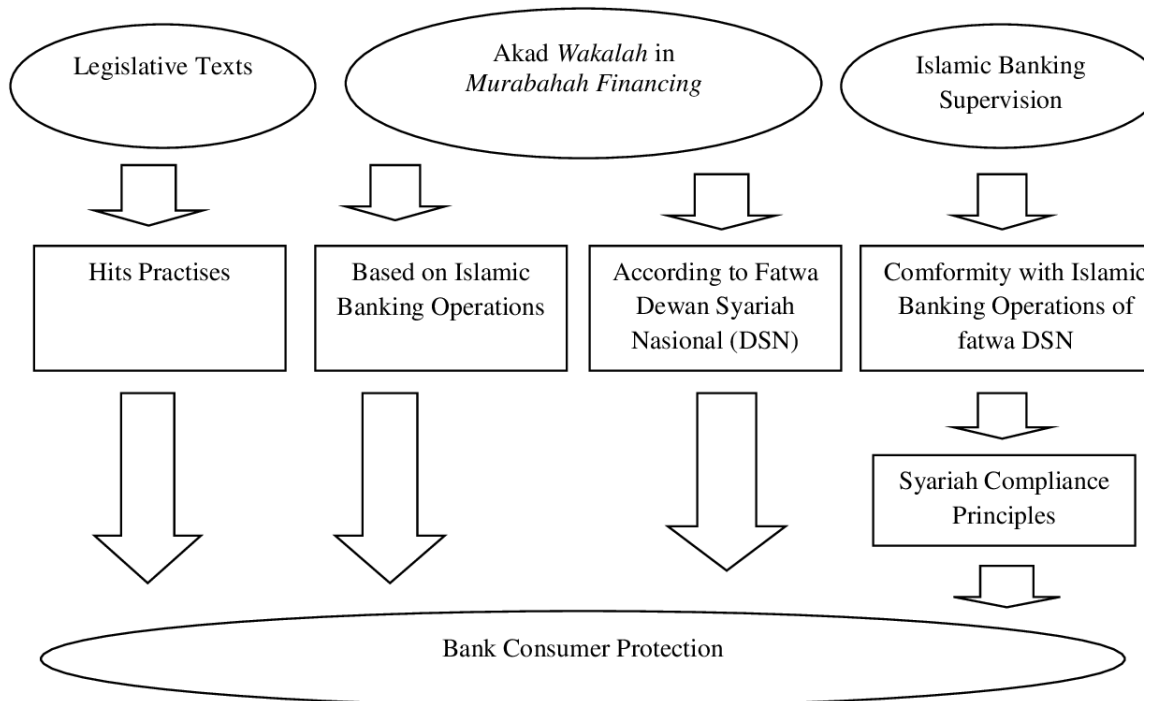


**Figure 2. Difference Between Conventional Bank and Islamic Bank**

Continuing the discussion about the differences in products from conventional banks and Islamic banks. Conventional Banks themselves have several products including; Bailout Fund, Equity, Leasing, Working Capital, Project Financing, Agriculture Financing, Asset Acquisition and Export Financing. Meanwhile, Islamic Bank products include; Qardh, Musyarakah, Ijarah Wa Itqina, Murabahah, Bai As Salam, Ijarah Muntahyabittamilk, and Mudharabah. Of the 16 products of conventional banks and Islamic banks, each presenter gets 4 materials.

1. Ibnul Mubarak (Speaker), explained about Qardh and Musyarakah products (Islamic Banks), Bailout Funds and Investments (Conventional Banks).
2. Tyas Ayu Rahmita (Speaker), explained the products of Ijarah Wa Itqina and Murabahah (Islamic Bank), Leasing and Working Capital (Conventional Bank).
3. Alya Laili Utdkhiati (Speaker), explained the products of Bai As Salam (Islamic Bank) and Product Financing and Agricultural Financing (Conventional Bank).

4. Followed by Silvia Amelia Ardani (Speaker), who explained the products of Ijarah Muntahyabittamilk and Mudharabah (Islamic Bank) as well as Asset Acquisition and Export Financing (Conventional Bank).



**Figure 3. Sharia Compliance on Islamic Banks**

Before the socialization activity ended, the presenters asked questions about the material that had been presented. Some of the socialization participants had sufficient understanding of the management of conventional banks and Islamic banks. For participants who can answer questions and can conclude, each participant will get a door prize in the form of cash starting from 10,000 to 20,000 rupiah. The team in charge of consumption is Anwar Sadid and the documentation team is Altaf Daffa and the operator is run by M. Joan Ariqa.

3. Stages of service evaluation activities

The evaluation of this service activity is carried out with the aim of evaluating the process of service activities that have been carried out then to evaluate the increase in participants' understanding of increasing understanding of the concepts of Islamic banks and conventional banks which have been explained in the socialization of service activities. Evaluation of the service activity process has been carried out by looking at the number of participants present, the seriousness of the participants in participating in the activity, and the support from Pesantren Nurul Ummah.

All indicators show that this service activity can be carried out successfully and smoothly. Pesantren Nurul Ummah has shown support by providing facilities and

communicating with potential participants. The community service team has carried out a second evaluation regarding increasing understanding of the concepts of conventional banks and Islamic banks. By comparing the initial understanding before the presentation of the material and after the presentation. The results show a significant increase in participants' understanding of the basic things that differentiate between conventional banks and Islamic banks, the products that are the difference between Islamic banks and conventional banks.

In general, the implementation of this service activity can run well. This is due to the support provided by Pesantren Nurul Ummah. The activity was carried out in a very adequate place and was attended by quite a lot of participants. The available facilities can support the implementation of community service activities. The implementation of community service activities in general can run well. This is due to the support provided by Pesantren Nurul Ummah. The activity was carried out in a very adequate place and was attended by quite a lot of participants. The available facilities can support the implementation of service activities. Participation of activity participants is also one of the success factors of this service activity, indicated by the presence and active participation during the process of implementing service activities.

## **Conclusion**

This community service activity resulted in the following conclusions:

1. Implementation of community service activities goes well and smoothly. This is because of the support provided by PP Nurul Ummah students. This community service activity was carried out in a very adequate place and was attended by 50 participants. The available facilities can support the implementation of community service activities. Participation by activity participants is also one of the success factors as shown by the presence and active participation of PP Nurul Ummah students during the process of implementing community service activities.

2. Community service activities can increase literacy about the differences in the management of conventional banks and Islamic banks. This is indicated by the increasing understanding of participants regarding the differences in the management of Islamic banks and conventional banks based on discussions that have been carried out during community service activities.

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