

SHARIA LITERACY THROUGH THE ISSUANCE OF SHARIA STOCKS AND SUKUK: MSMEs FUNDING POTENTIAL

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Abstract: *This study aims to determine the factors that influence MSME literacy in SCF Funding through the issuance of Islamic shares and sukuk as an alternative to MSME funding. The research object used in this research is Random Sampling, MSMEs in Central Java Province with 65 MSMEs. The results showed that MSME literacy towards SCF Funding through the issuance of Sukuk and Sharia Sukuk, namely Factors Affecting Financial Literacy Through the Issuance of Shares and Sharia Sukuk: Potential Funding for MSMEs consists of four factors. Skills, Access, Knowledge and Confidence, and the main factors affecting Financial Literacy through the Issuance of Sharia Shares and Sukuk: Potential Funding for MSMEs is Knowledge and Skills. This research has implications for MSMEs' understanding of alternative capital in the form of Sharia Securities Crowdfunding (SCF). This research contributes to the Novelty of MSME Capital Instruments using Sukuk Instruments in the Sharia Capital Market using crowdfunding and how well MSMEs understand and the percentage of use of sukuk instruments for MSME business capital.*

Keywords. Sharia Crowdfunding; Inclusion; Literacy; Sukuk; MSMEs.

1 Introduction

MSMEs play an important role in a country's economy, especially in developing countries. In Indonesia, MSMEs have a significant impact in increasing economic growth.

Reporting from a press release issued by the Minister of Economy of the Republic of Indonesia, 64.2 million, MSMEs contributed 61%. MSMEs are also said to be able to reduce unemployment by absorbing as much as 97% of the workforce of around 120 million people). This fact makes the Indonesian economy an MSME-based economy [1]

Based on data from the Ministry of Cooperatives & MSMEs in 2021, the contribution of MSMEs to GDP is 61.07% or IDR 8,573.89 trillion and absorbs 97% or 117 million workers. MSMEs also contribute 14% to non-oil and gas exports, it is hoped that in 2021 this can increase to 15.2% [2].

However, despite their vital role, MSMEs in Indonesia are still struggling with several problems, namely the lack of technology utilisation, low human resource capability, and limited access to financing for business capital. The last problem point, namely the issue of capital, is a problem that is difficult for MSMEs to overcome independently, because it is intertwined with business actors, investors, and other factors. It was noted that 74% of MSMEs in Indonesia apparently have not or have difficulty in obtaining access to capital

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financin [3]. this is also in line with Adawiyah's research (2014) that MSMEs are quite weak in gaining access to financing, especially in banks.

Research conducted by [4], said that the obstacles faced by MSMEs are about capital, also business capital comes from bank loans which of course apply interest in the lending scheme. [5] said that in running a small business (MSME) in addition to long-term finance, what is no less important to pay attention to is short-term finance because it will be related to the turnover of capital that is run. Capital is an important factor in running an MSME business, apart from financial capital it also includes relational capital [6].

Based on these capital problems, it is necessary to increase literacy and understanding of the problems of access to capital that are being faced by MSME actors. Sharia Securities Crowdfunding (SCF) is a financial technology (Fintech) based innovation that provides an alternative for MSME actors to obtain and obtain funding through the issuance of Islamic shares and sukuk (KNEKS, 2022). With new technology, this SCF has several advantages, namely funding based on partner relationships. Another advantage is that investors have the right to choose the MSMEs they want to fund. Because the SCF funding model is still relatively early, it requires efforts and hard work for MSME actors and investors in the form of literacy and education from various related parties.

The existence of the Islamic capital market should be able to overcome the limited access to capital for the majority Muslim Indonesian community. [7] in his research explained that some people think that transactions in conventional capital markets require large enough funds, people also still lack technical knowledge related to the capital market, and most people have the perception that making transactions in conventional capital markets can cause usury or gambling. So that the existence of Islamic capital markets is vital to provide maximum access to business funding for MSMEs which other financial institutions are unable to fulfil.

Financial Services Authority (2022) The lack of Sharia financial literacy in Sharia capital market instruments according to shows a gap between the level of literacy and the level of inclusion of 38.16 per cent in 2019. Limited capital for MSMEs in Islamic banking so that alternative funding instruments are needed using the Sharia stock and sukuk issuance scheme. Based on the explanation above, this study aims to determine the extent of understanding of MSME actors in Central Java regarding SCF funding through the issuance of sukuk and Islamic shares. Based on these objectives, this research will be analysed using the GAP. Thus the objectives of this study are: 1) to determine how much (%) MSME literacy on Sharia Securities Crowdfunding (SCF), especially the issuance of Sharia stocks and sukuk as an alternative funding for MSMEs; 2) to determine how much (%) MSME Islamic financial inclusion is seen from accessibility, availability and usefulness.

2 Literature Review

MSMEs have the most important contribution to the Indonesian economy. 14% of national exports in 2021 and can absorb 97% of Indonesia's workforce, besides that MSMEs can also collect 60.4% of total investment. However, MSMEs still have obstacles, both to obtain financing and to develop their businesses. In terms of financing, there are still many MSME actors who experience difficulties in gaining access to capital from other financial institutions, both due to technical constraints, such as not having/lacking sufficient collateral, as well as non-technical constraints, such as limited access to information to banks.

There is information asymmetry between the needs of MSMEs for business capital with certain commodities and banks providing business capital, where MSMEs have limited information, one of which is a financing model with certain commodities. and banks do not yet have information related to MSME commodities that have the potential to be financed.

Therefore, the Sharia capital market is an alternative capital access instrument for MSMEs in Indonesia. However, the low level of Islamic financial literacy towards Islamic capital market instruments and Islamic financial inclusion in Indonesia means that MSMEs have never used capital market instruments as an alternative access to capital for their businesses.

Financial Services Authority (2022), there is a GAP between the literacy rate and the financial inclusion rate of 38.16 percent in 2019. Therefore, further research is needed to find the causes of the GAP in finance literacy and inclusion in Indonesia so that the causal factors and the extent of MSMEs' understanding of the Islamic capital market in Indonesia are known, where the capital market is one of the instruments for increasing business capital besides banking.

According [7] literacy of the Indonesian people towards the capital market is still very low, this is because people still think that participation in the capital market requires considerable capital, lack of knowledge where many people still think that transactions in the capital market are gambling and *riba*. explains the low FI in the region. The results reinforce the argument that improving the level of literacy in a country can contribute greatly to building a financially inclusive society in the Sub sahara afrika [8].

This study shows that social capital (Values and trust, human capital, Financial assets and Production facilities) has an important role in increasing Islamic financial inclusion. Islamic financial inclusion is intended to provide many financing facilities for MSMEs to grow their businesses and improve the overall economy. Not only providing financing facilities, BMT makes supervision efforts and provides training for MSMEs in increasing business capital [9].

[10] explained in his research that the ANP analysis used in this study found that demand (financial literacy, religious commitment, economic and social factors) and supply (human resources, products and services, infrastructure, policy and regulations). Smart Sukuk in particular as a financing alternative also offers relatively better access to financing for MSME actors, considering that the current sources of funds are considered too expensive and some of them are difficult to access As previously stated regarding the experience of BMT Bina Ummah, the existence of Smart Sukuk and its future development opportunities will widen access to financing for MSMEs, in other words, increase inclusiveness. [11].

[12] explained that the main causes of Islamic financial literacy problems are the first Finance of islamic knowledge 29.80%, the second Islamic financial belief factor of 25.75%, the third financial attitude factor of 16.97%, the fourth Islamic financial behavior factor of 17.69%, and the fifth lowest financial skills factor of 9.77%. Furthermore, 27% of respondents agreed that the order of importance of Islamic financial literacy issues are Islamic financial knowledge, beliefs, attitudes, behaviors, and skills.

3 Research Methods

This research is Quantitative research using analytical tools in the form of factor analysis to determine the influencing factors and the main factors that influence Sharia Literacy literacy through the issuance of Sharia Shares and Sukuk: Potential Funding for MSMEs. The sample of this study amounted to 65 MSMEs. Sampling was done by random sampling method. By using 15 indicators in 4 variables (Knowledge, Confidence, Skills and Access).

4 Research and Discussion

4.1 Respondent Identity

Tabel 4.1. by Gender

		Frequency	%	Valid %	Cumulative %
Valid	Man	26	40	40	40
	Women	39	60	60	100
	Total	65	100	100	

Source: data processed (2024)

Based on table 4.1, respondents based on gender for men were 40% and for women were 60% with a total of 65 MSME respondents.

Tabel 4.2 by MSME Sector

		Frequency	%	Valid %	Cumulative %
Valid	Trade	33	50.8	50.8	50.8
	Manufacturing	15	23.1	23.1	73.8
	Agriculture	12	18.5	18.5	92.3
	Services	5	7.7	7.7	100.0
	Total	65	100.0	100.0	

Source: data processed (2024)

Based on the table above, the most common sector is Trade (Trade) at 50.8%, the second is Manufacturing (Processing) at 23.1%, the third and fourth are Agriculture and services at 18.5% and 7.7% respectively.

4.2 Validity and reability test

4.2.1 Validity test

In this study, there are 2 factors that will be tested for validity and reliability, namely knowledge, confidence, skills and access factors. This test is carried out by comparing the calculated r value and the r table value. If r count is greater than r table then the question item is declared valid. Based on the statistical table, the r table value for this study is 0.2404.

- a. Knowledge

Tabel 4.3 Knowledge Validity Test

Item	R-count value	Validity
P1	.812	Valid
P2	.825	Valid
P3	.837	Valid
P4	.849	Valid

Source: data processed (2024)

Based on the results of data processing with the SPSS program, it shows that all statement items in the Knowledge variable are declared valid because the calculated r value is greater than the r table, namely 0.2404 so that they can be further analysed.

b. Belief

Tabel 4.4 Validity Test of Belief Variables

Item	R-count value	Validity
Be1	.78	Valid
Be2	.89	Valid
Be3	.874	Valid
Be4	.883	Valid

Source: data processed (2024)

Based on the results of data processing with the SPSS program, it shows that all statement items in the Knowledge variable are declared valid because the calculated r value is greater than the r table, namely 0.2404, so it can be analyzed further.

c. Skill

Tabel 4.5 Validity Test of Skill Variables

Item	R-count value	Validity
S1	.869	Valid
S2	.918	Valid
S3	.841	Valid
S4	.831	Valid

Source: data processed (2024)

Based on the results of data processing with the SPSS program, it shows that all statement items in the Knowledge variable are declared valid because the calculated r value is greater than the r table, namely 0.2404, so it can be analysis further.

d. access

Tabel 4.6 Access Variable Validity Test

Item	R-count value	Validity
As1	.948	Valid
As2	.971	Valid
As3	.97	Valid

Source: data processed (2024)

Based on the results of data processing with the SPSS program, it shows that all statement items in the Knowledge variable are declared valid because the calculated r value is greater than the r table, namely 0.2404, so it can be analyzed further.

4.2.2 Reliability Test

Tabel 4.7 Reliability Test

Variabel	Cronbach's Alpha	Result
Knowledge	.849	Reliabel
Belief	.879	Reliabel
Skill	.887	Reliabel
Access	.96	Reliabel

Source: processed data (2024)

From table 4.7 it can be seen that the Cronbach's Alpha value for Knowledge, Belief, Skills and access is above 0.60. This shows that all of these factors are stated to be reliable or consistent and have reliable quality so that further testing can be carried out..

Analysis of Factors Influencing Literacy Through the Issuance of Sharia Shares and Sukuk: Potential for Funding MSMEs

Tabel 4.8 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.687
Bartlett's Test of Sphericity	Approx. Chi-Square	994.210
	df	153
	Sig.	.000

Source: processed data (2024)

The KMO Measure of sampling Adequacy (MSA) figure is 0.687. Because the value of 0.687 > 0.5 means that the sample is sufficient. The KMO and Bartlett's test figures (which appear in the chi-square value) are 994.210 with a significance value of 0.00. This indicates that there is a correlation between variables and is suitable for further processing. Furthermore, to find out which variables can be processed further and which ones are eliminated, see the Anti-image matrices table below.

Tabel 4.9 Anti Image matrices

Anti Image Correlation	Anti Image Matrices
P1	.750 ^a
P2	.680 ^a
P3	.635 ^a
P4	.675 ^a
Be1	.764 ^a
Be2	.695 ^a
Be3	.638 ^a
Be4	.812 ^a
S1	.620 ^a
S2	.737 ^a
S3	.647 ^a

S4	.587 ^a
As1	.812 ^a
As2	.791 ^a
As3	.810 ^a

Source: data processed (2024)

In particular, the (Anti Image Correlation) section, the MSA variable magnitude figures are visible. The MSA values of all variables are > 0.5 so that the variables can be processed further.

Tabel 4.10 Communalities

	Initial	Extraction
P1	1.	.687
P2	1.	.711
P3	1.	.687
P4	1.	.794
Be1	1.	.715
Be2	1.	.825
Be3	1.	.772
Be4	1.	.777
S1	1.	.831
S2	1.	.858
S3	1.	.762
S4	1.	.703
As1	1.	.856
As2	1.	.914
As3	1.	.906

Source: data processed (2024)

Extraction value > 0.50 then the communality requirement has been met, if we look at the table above where the study used 15 indicators with an extraction value > 0.50, then it can be concluded that all indicators used have a strong relationship with the factors formed.

Tabel 4.11 Total of Variance Explained

Initial Eigenvalues				Extraction Sums of Squared Loadings		
Component	Total	% Variance	Cumulative %	Total	% Variance	Cumulative %
1	6.731	44.873	44.873	6.731	44.873	44.873
2	2.184	14.559	59.432	2.184	14.559	59.432
3	1.776	11.842	71.274	1.776	11.842	71.274
4	1.107	7.377	78.651	1.107	7.377	78.651
5	0.913	6.088	84.739			
6	0.689	4.592	89.331			
7	0.449	2.990	92.321			
8	0.377	2.513	94.834			

9	0.261	1.737	96.571			
10	0.153	1.021	97.592			
11	0.129	0.861	98.452			
12	0.087	0.578	99.031			
13	0.064	0.426	99.456			
14	0.05	0.335	99.791			
15	0.031	0.209	100.000			

Source: data processed (2024)

Based on the table above, it is known that there are only 4 factors formed, namely factor 1 with eigenvalues of 6,731 and variance of 44,873%, factor 2 with eigenvalues of 2,184 and variance of 14,559%, factor 3 with eigenvalues of 1,776 and variance of 11,842%, and factor 4 with eigenvalues of 1,107 and variance of 7,377%. The eigenvalue value describes the relative importance of each factor in calculating the variance of the 15 indicators analyzed.

The total variance if the 15 indicators are extracted into 4 factors is 78.651%. This shows that Sharia literacy through the issuance of Sharia shares and sukuk is influenced by knowledge, beliefs, skills and access as much as 78.651% while the rest is influenced by other variable indicators that are not studied.

It is known that only 4 factors are formed that affect Sharia Literacy through the Issuance of Sharia Shares and Sukuk. The table above also shows the loading factor value of each variable. Loading factor is the amount of correlation between the factors formed and the variables. Based on the loading factor value, the skill indicator is included in factor 1. the loading factor value explains that the access indicator is included in factor 2. the loading factor value explains that the knowledge indicator is included in factor 3. the loading factor value assesses that the confidence indicator is included in factor 4.

	Component			
	1	2	3	4
P1	0.139	0.161	0.791	0.127
P2	0.426		0.681	0.246
P3	0.147		0.763	0.29
P4	0.14	0.209	0.854	
Be1		0.124	0.436	0.714
Be2	0.27	0.438		0.748
Be3	0.331	0.307		0.75
Be4		0.298	0.311	0.767
S1	0.861		0.19	0.229
S2	0.829	0.344	0.224	
S3	0.764	0.38	0.178	
S4	0.786		0.122	0.258
As1	0.202	0.828	0.128	0.335
As2	0.117	0.912		0.246
As3	0.154	0.898	0.104	0.254

Source: data processed (2024)

Tabel 4. 13 Component Transformation Matrix				
Component	1	2	3	4
1	0.516	0.509	0.462	0.511
2	0.373	-0.673	0.591	-0.241
3	-0.752	-0.102	0.518	0.394
4	-0.168	0.527	0.41	-0.725

Source: data processed (2024)

The table above shows the results of varimax rotation. The variables have been distributed to each factor, namely 4 factors formed. The table above also shows that in component 1 the correlation value is $0.516 > 0.5$, component 2: $-0.673 > 0.5$ component 3: $0.518 > 0.5$ and component 4: $-0.725 > 0.5$. Because all components are > 0.5 , the four factors formed can be said to be right in summarizing the fifteen existing indicators.

The factors formed were then named as follows:

- 1) Factor 1: Skills
- 2) Factor 2: Access
- 3) Factor 3: Knowledge
- 4) Factor 4: Beliefs

The research results [12] where the main problem in influencing financial literacy is sharia financial knowledge (sebesar 29,80 persen) Based on the results of data processing, after being extracted into 4 factors, it is known that the factors that influence MSME literacy are Knowledge and Skills. This shows that MSMEs are said to have a high level of financial literacy if MSMEs have very good financial knowledge and are able to create good financial decisions.

5 Conclusion and Implication

Based on the results of the research conducted, the following conclusions can be drawn:

1. Factors that influence Financial Literacy Through the Issuance of Sharia Stocks and Sukuk: Potential Funding for MSMEs consists of 4 factors. Skills, Access, Knowledge and Confidence
2. The main factors that influence Financial Literacy Through the Issuance of Sharia Stocks and Sukuk: Potential Funding for MSMEs are the Knowledge and Skills of MSMEs

in this research has implications for the understanding of MSMEs related to alternative capital in the form of Sharia Securities Crowdfunding (SCF).

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