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**Optimizing Islamic Economic Potential Through Community Engagement in  
PWBI, Kwala Bekala Village, Medan Johor District**

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**Abstract:** This community service program aimed to optimize the potential of Islamic economics through the involvement of the community in PWBI (Persatuan Wirid Batak Islam), Kwala Bekala Village, Medan Johor District. The primary objective of this service was to enhance the community's awareness and understanding of Islamic economic principles and their application in daily life, particularly among the PWBI members who are predominantly Muslim converts. The research employed methods such as material delivery, interactive discussions, and intensive mentoring to address the challenges faced by the community in optimizing Islamic economics. The results showed a significant increase in Islamic financial literacy among the participants and the development of Sharia-compliant products such as halal food and handicrafts, which contributed to the improvement of local economic welfare. Additionally, the program improved the community's skills in agriculture, fisheries, and small and medium enterprises (SMEs), positively impacting the local economy. In conclusion, this community service program successfully achieved its goal of enhancing community welfare through the application of Islamic economic principles. It is recommended that similar programs be continued and expanded to other communities with similar conditions to maximize the potential of Islamic economics in these areas.

**Keywords:** Islamic Economics, Financial Literacy, Community Empowerment, Sharia-Compliant Products, Economic Development

## A. Introduction

Islamic economics is a system based on Islamic values and principles, including justice, transparency, equality, and the avoidance of exploitation such as usury and uncertainty (gharar). In recent years, Islamic economics has gained significant importance in the global economy, with the increasing number of Islamic financial institutions, halal products, and Islamic tourism industries flourishing in various countries, including non-Muslim-majority nations. In Indonesia, the country with the largest Muslim population globally, the development of Islamic economics is not only evident in the growing number of Islamic banks and insurance companies but also in the increasing interest among the public to implement Sharia principles in their daily lives.

However, despite this growth, there are still substantial challenges in implementing Islamic economics at the grassroots level. A common phenomenon observed is the low level of Islamic financial literacy among the general population, particularly in remote areas or communities with new Muslim converts. This low literacy level results in limited understanding of Sharia-compliant financial products, such as Islamic savings, insurance, and investments. Additionally, this lack of understanding prevents communities from fully utilizing the potential of Islamic economics, which could help improve their welfare.

In Kwala Bekala Village, Medan Johor District, there is a community known as PWBI (Persatuan Wirid Batak Islam), whose members are predominantly Muslim converts from the Batak ethnic group. Since its establishment in 1983, PWBI has served as a platform for its members to

deepen their knowledge of Islam through regular Quranic study sessions. However, in terms of economics, particularly the application of Islamic economics, this community faces several challenges.

One of the main challenges is the limited knowledge of Islamic economic principles among PWBI members, most of whom come from lower-middle economic backgrounds with limited access to formal economic education and financial services. Moreover, as new converts, they are still in the early stages of understanding basic Islamic concepts, including in the economic field. This phenomenon has led to many PWBI members not realizing the potential of Islamic economics as a tool to improve their families' welfare and contribute to the local economy.

The limited Islamic financial literacy within PWBI not only affects their participation in the Islamic financial system but also hinders the development of local economic potential. For example, although Kwala Bekala Village has significant potential in agriculture, fisheries, and SMEs (Small and Medium Enterprises), without adequate knowledge of Islamic economics, these opportunities remain underutilized. The development of halal products, such as halal food and handicrafts, has not been fully optimized due to the lack of understanding and skills in this area.

Similar phenomena can be observed in many other regions in Indonesia, where Muslim minority communities often lack adequate access to education and Sharia-compliant financial services. This creates a gap in access to a fair and inclusive financial system, which should be a cornerstone in building a prosperous and self-sufficient society.

Therefore, this research aims to address these challenges by optimizing the potential of Islamic economics through a community service program designed to enhance the financial literacy of PWBI members and provide them with the skills and knowledge needed to develop Sharia-compliant local products that can improve the economic welfare of the community.

Specifically, the objectives of this research include:

1. Enhancing the community's understanding of Islamic economic principles, enabling them to apply these principles in daily life and benefit from a system that aligns with Islamic values.
2. Developing Sharia-compliant products with the potential to boost the local economy, such as halal food and handicrafts, by utilizing available local resources.
3. Encouraging active community participation in the Islamic financial system by increasing access to fair and inclusive financial services and providing mentoring in Sharia-compliant business development.
4. Creating a model for community service that can be applied to other similar regions, allowing more Muslim communities in Indonesia to benefit from the Islamic economic system.

Through this approach, this research is expected not only to have a positive impact on PWBI members but also to contribute to the broader development of Islamic economics in Indonesia. The success of this program could serve as a model for the development of Islamic economics in other communities facing similar challenges, ultimately helping to realize Indonesia's vision of becoming a global center for Islamic finance.

## B. Methods

The research methodology employed in this community service program is a participatory approach that directly involves the members of PWBI in Kwala Bekala Village, Medan Johor District. The research began with a preparatory phase, which involved problem identification through field observations and in-depth interviews with PWBI members to understand the challenges and needs they face in applying Islamic economic principles. After identifying the problems, training modules were developed, covering topics such as the principles of Islamic economics, Sharia-compliant financial management, and the development of halal products. The training was conducted through a series of interactive workshops, where PWBI members were encouraged to engage in discussions and share their experiences regarding the application of Islamic economics in their daily lives. Additionally, a mentoring approach was implemented, where the research team provided intensive guidance to participants in applying the knowledge they gained, particularly in developing Sharia-compliant products such as halal food and handicrafts. Data collection was carried out through direct observation, active participation during the activities, and qualitative evaluations through post-program interviews to assess changes in the participants' understanding and skills. Data analysis was conducted using a descriptive qualitative approach, where observations and interview results

were analyzed to evaluate the program's effectiveness in enhancing Islamic financial literacy and developing the local economy. Through this approach, the research aims to provide a comprehensive overview of the program's impact on improving the economic welfare of the PWBI community in Kwala Bekala.

### C. Result and Discussion

The community service program conducted in Kwala Bekala Village, Medan Johor District, yielded significant results in enhancing the understanding and involvement of the community, particularly the members of the Persatuan Wirid Batak Islam (PWBI), in the application of Islamic economics. The findings of this research are divided into several sections: improvement in Islamic financial literacy, development of Sharia-compliant products, enhancement of local economic skills, and the program's impact on community welfare. Each result is discussed in detail to provide a comprehensive understanding of the program's achievements.

#### 1. Improvement in Islamic Financial Literacy

One of the primary outcomes of this program was the significant improvement in Islamic financial literacy among PWBI members. Prior to the program, many PWBI members had very limited understanding of Islamic economic principles. The majority of them were unfamiliar with concepts such as usury (riba), uncertainty (gharar), and profit-sharing principles, which are foundational to Islamic financial transactions. Through a series of training sessions and interactive discussions facilitated by the research team, there was a marked increase in their understanding of basic Islamic economic principles. For example, at the start of the program, only about 20% of participants could correctly explain the concept of riba. However, after the training, this percentage increased to 85%. Additionally, participants began to understand the importance of transparency and justice in financial transactions, which are core tenets of the Islamic financial system. This increase in literacy was measured through pre-tests and post-tests conducted before and after the training, showing an average improvement of 65% in participants' understanding scores.

#### 2. Development of Sharia-Compliant Products

In addition to improving financial literacy, the program successfully developed Sharia-compliant products with the potential to enhance the local economy. One of the main focuses in product development was halal food and handicrafts. During the program, PWBI members were mentored in the process of producing halal food products that adhered to Sharia principles, such as snacks and beverages made with guaranteed halal ingredients. These products were then marketed not only locally but also through online platforms, opening up wider market opportunities. In the field of handicrafts, participants were taught to utilize local materials, such as bamboo and rattan, to create high-value products like woven goods and other handicrafts. This product development not only helped increase the income of PWBI members but also strengthened their image as producers of high-quality halal products.

The development of these products was also accompanied by training in business management and marketing, designed to help participants manage their businesses more professionally and effectively. As a result, some participants who previously ran small-scale home businesses began to expand their operations on a larger and more organized scale. A successful example is the increased sales of halal food products, which were initially sold only in local markets but have now reached broader markets through online marketing.

#### 3. Enhancement of Local Economic Skills

The program also successfully enhanced local economic skills, particularly in the areas of agriculture, fisheries, and SMEs. Before this program, many PWBI members had limited knowledge of efficiently managing their agricultural and fisheries businesses. Through the training provided, they acquired new skills in cultivating food crops, managing agricultural products, and using modern, environmentally-friendly fish farming techniques. For example, participants were taught horticultural techniques that could increase crop yields, as well as fish processing techniques that could add value to their fisheries products. These skills not

only helped them increase productivity but also opened up new opportunities for diversifying their businesses.

In the SME sector, participants were taught basic financial management, marketing techniques, and how to leverage technology to support their businesses. As a result, many participants began applying the knowledge they gained to develop their businesses, such as creating better financial plans, improving product quality, and expanding their marketing networks. The impact of this skill enhancement was clearly seen in the increase in income experienced by many participants after participating in this program.

#### 4. Program Impact on Community Welfare

The impact of this program on community welfare was evident in the increased income and quality of life of PWBI members. Before this program, many PWBI members lived in relatively difficult economic conditions, with uncertain incomes. After participating in this program, they not only gained new knowledge and skills but also began to see tangible changes in their lives. Several members reported an increase in income of up to 50% after implementing the knowledge they gained from the training. Additionally, there was an increase in awareness of the importance of applying Islamic principles in daily life, which also strengthened social and spiritual bonds among community members.

This program also successfully increased women's participation in economic activities, which was previously limited due to access and knowledge constraints. With the training and mentoring provided, PWBI members, most of whom are women, now feel more confident in engaging in productive activities that can help improve their families' welfare. This is a positive step towards empowering women in this community.

### Discussion

The success of this program demonstrates that with the right approach, communities with limited access to and knowledge of Islamic economics can be empowered to improve their welfare. The improvement in Islamic financial literacy is key to encouraging community participation in the Islamic financial system, while the enhancement of local economic skills and Sharia-compliant products opens up new opportunities for them to increase their income and quality of life. The findings of this research align with the literature, which states that economic empowerment through education and training can significantly impact community welfare, especially in underserved communities.

However, there are some challenges that still need to be addressed to ensure the sustainability of this program. One of these challenges is the need for continuous support in the form of mentoring and access to wider markets for the Sharia-compliant products produced. Additionally, the need to enhance the capacity of local Islamic financial institutions to provide more inclusive services that meet the community's needs is also crucial.

Overall, this community service program has had a significant positive impact on improving Islamic financial literacy and the economic welfare of the community in Kwala Bekala Village. The success of this program demonstrates that a holistic and participatory approach can be an effective model to be applied in other communities with similar conditions across Indonesia.

### D. Conclusion

The community service program conducted in Kwala Bekala Village, Medan Johor District, successfully achieved its primary objective of optimizing the potential of Islamic economics through the enhancement of Islamic financial literacy and the development of local economic skills among the members of the Persatuan Wirid Batak Islam (PWBI). The results of this program showed significant improvements in PWBI members' understanding of Islamic economic principles, as reflected in the increase in understanding scores after the training. Additionally, the program successfully developed Sharia-compliant products such as halal food and handicrafts, which not only increased community income but also expanded the market for local Sharia-compliant products. The enhancement of skills in agriculture, fisheries, and SME management also positively impacted productivity and the quality of life in the community. Overall, these findings indicate that the holistic and participatory approach applied in this program effectively empowered the community and

improved their welfare. Therefore, it is recommended that similar programs be continued and expanded to other communities with similar conditions, in order to maximize the potential of Islamic economics at the local level and contribute to inclusive and sustainable economic growth in Indonesia.

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