

## STRATEGIES FOR IMPROVING THE SHARIA FINANCIAL LITERACY INDEX IN THE MILLENNIAL GENERATION IN INDONESIA

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### Abstract

*This study aims to analyze the Islamic financial literacy index and strategies to increase the Islamic financial literacy index in the millennial generation because based on data released by the OJK through the 2019 National Financial Literacy and Inclusion Survey that the level of Islamic financial literacy is relatively low at 8.39%. The methodology in this study is to use qualitative research with a library approach by analyzing the results of a survey conducted by OJK relating to Islamic financial literacy. The results of this study explain that the Islamic financial literacy index for the millennial generation is low so several strategies are needed to increase the Islamic financial literacy index, namely strategies to educate and socialize the importance of Islamic finance in financial management for millennials through social media, strategies for government participation in increasing Islamic financial literacy, strategies for collaboration between the government and educational institutions in providing easy access to Islamic finance with programs for the millennial generation, strategies for utilizing influencer marketing in marketing Islamic banking products and services, and strategies for increasing the Islamic financial literacy index through the participation of Islamic financial institutions by providing rewards for the millennial generation who have utilized sharia financial products and services.*

**Keywords:** *literacy, finance, sharia, generation, millennial*

## INTRODUCTION

The financial crisis and various problems related to the inability to manage finances are increasingly realizing the importance of financial literacy (Patrisia & Abror, 2022). Financial Literacy is a science that every individual must have to avoid financial problems. There are three groups of people who are vulnerable to financial problems "They are young people who have just worked, people with low education, and families who have children.", the first group, or what is known as the millennial generation is the first generation to grow up with computers and the internet. it is easier for millennials to quickly learn the financial sector and apply it to life (Nurohman & Qurniawati, 2022).

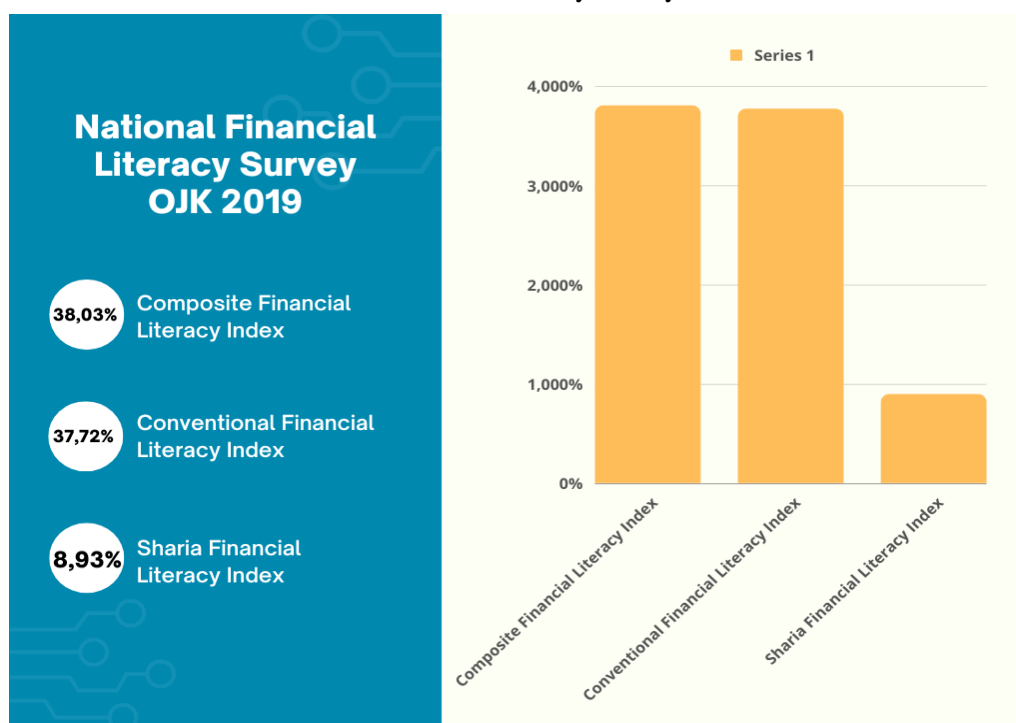
Financial literacy is an important issue in the world. Some countries in the world are even so focused on financial literacy that they include it in their strategic programs, such as the United States, Japan, Singapore, and Malaysia. However, some countries are still lacking in financial literacy research, such as China (Purnama & Yuliafitri, 2019). Not only China, but it also turns out that Indonesia itself is a country with a low level of financial literacy. The Financial Services Authority, through the results of the 2019 National Financial Literacy and Inclusion Survey, stated that only 38.03% of the public was

financially capable or savvy. Meanwhile, Islamic financial literacy is still low at 8.39% (*Department of Financial Literacy and Inclusion OJK, 2021*). Indonesia even lags behind Malaysia, a fellow country in Southeast Asia, whose population is also a Muslim majority.

The Islamic financial literacy index in Indonesia based on the results of the National Survey in 2019 was 8.93%. The results of this survey indicate that Islamic financial literacy is low, different from the composite financial literacy results, which is 38.03%, indicating that there are about 38 people in 100 people in Indonesia who have knowledge or understanding of financial institutions and financial service products. In the survey, the number of respondents studied was more than the number of respondents in the 2016 and 2013 surveys, namely 12,773 people aged 15 years and over in 34 provinces and 67 districts/cities. In contrast to the number of survey respondents in 2016 which was 9,680 people and in 2013 there were 8,000 people (*Department of Financial Literacy and Inclusion OJK, 2021*). Since 2019 until now, The Financial Services Authority has yet to release the latest national survey related to the financial literacy and inclusion index. The table below shows the results of a national survey in the composite financial literacy index category, conventional financial literacy index, and Islamic financial literacy index.

#### Graph 1

#### Results of the 2019 National Financial Literacy Survey



Source: Financial Services Authority, 2019

The data illustrates that the majority Muslim population of Indonesia does not understand Islamic banking products and services. This phenomenon is very ironic because Islamic banking is banking with sharia principles and the contracts used are in Arabic, but

the majority of Muslims in Indonesia do not understand Islamic finance, especially the millennial generation.

According to data from the National Socio-Economic Survey (Susenas), BPS in 2017 that the number of millennials reached around 88 million people or 33.75 percent of the total population of Indonesia (Badan Pusat Statistik, 2018). A large number of millennials today can be both a challenge and an opportunity for Indonesia, especially for Indonesia's target to penetrate the status of a high-income country in 2045 and provide a higher standard of living for the community. (Nurohman & Qurniawati, 2022). For this reason, understanding and knowledge of financial literacy are very important for the community, especially the millennial generation, so that people have adequate knowledge and understanding in making financial decisions in everyday life. In addition, the millennial generation has a strategic role as the spearhead in the Indonesian economy.

Many factors make the millennial generation not understand Islamic financial literacy. One of the factors is that in Islamic economics, transactions must use contracts in Arabic, such as *ijarah* (rent/service), *mudharabah* (profit sharing), *musyarakah* (partnership), *murabahah* (buying and selling), *qardh* (loans), *wadi'ah* (deposit), *wakalah* (representing the transaction) (Mukhlisin et al., 2019). Understandings of Islamic economics like this are less understood by millennials and even the public so Islamic financial literacy is still far from sufficient. Another factor is that the millennial generation thinks that Islamic economics and finance are intended only for Muslims and do not know that Islamic economics and finance can be intended for all Muslims and non-Muslims alike (Nurohman & Qurniawati, 2022). The next factor is that there are still many millennials who also think that Islamic financial products are intended for parents. Another factor is that the millennial generation still thinks that Islamic financial products are the same as conventional financial products that have been renamed with Arabic terms, for example, deposits with profit sharing are called *mudharabah*. (Puspita et al., 2021).

Millennials were born in an era with easy access to financial institutions. Millennials are the first generation to grow up with computers and the internet, so it will be easier for millennials to quickly learn the financial sector and apply it to life. Millennials are the generation born between 1980-2000. A dynamic lifestyle coupled with a lack of financial management knowledge makes it difficult for millennials to manage their finances. Some millennials are also still having difficulty managing their finances according to priority scales. The millennial generation or commonly referred to as Generation Y is familiar with computers and the internet so it can be said that they have natural intelligence and skills in using new technology. Each generation has a different lifestyle. This generation is accustomed to always up-to-date goods, more concerned with holidays to fulfill wishes.

Based on the 2020 Population Census of the Central Bureau of Statistics (BPS), millennials are already dominant. With a total of 69.38 million, millennials now make up 25.87% of Indonesia's population. With large numbers, making Islamic financial literacy very important for the millennial generation to be able to manage finances well and wisely. Islamic financial literacy can also invite the millennial generation to adopt a thrifty lifestyle

and utilize technology-based financial solutions that support lifestyles. Islamic financial literacy can also provide knowledge for the millennial generation in understanding differences in needs and wants and cultivating saving before shopping (Patrisia & Abror, 2022). The current millennial generation will play an important role in the era of Indonesia's demographic bonus in 2030. The era when people of productive age dominate compared to those of non-productive age so the millennial generation must be prepared to face this era, including in terms of Islamic financial literacy. Islamic financial literacy is an urgent matter for millennials. Islamic financial literacy related to Islamic finance must be strengthened in society, especially for the millennial generation. Islamic financial literacy in question is to provide an understanding of the functions of Islamic banking, namely managing zakat, endowments, Islamic insurance, contracts in Islamic banking, and so on (Saifurrahman & Kassim, 2021).

Islamic financial literacy is a person's understanding or knowledge of finance that is based on sharia principles in its use and management. In Islamic economics, there are several underlying foundations, namely; (1) the principle of justice, meaning that Islamic financial institutions must share profits based on real sales according to the contribution and risk of each party; (2) the principle of partnership, meaning that Islamic financial institutions place their customers on an equal footing as business partners who synergize to gain profits; (3) transparency, meaning that Islamic financial institutions open their financial reports on an ongoing basis so that investor customers can know the condition of their funds; and (4) universality, meaning that Islamic financial institutions are by Islamic principles as *rahmatan Lil 'Alamin*. The level of financial literacy is strongly influenced by the demographics of the individual. Women, minorities, and low income groups tend to have low levels of financial literacy. The low level of financial literacy is triggered because the financial industry is increasingly complex but is not accompanied by a good understanding of financial concepts. So that it has an impact on difficulties in making decisions that benefit their economic welfare (financial well-being), such as being trapped in excess debt through online loans (Setiawati et al., 2018).

Islamic finance in Indonesia has enormous potential (Diba et al., 2020). The great potential of Islamic finance is inseparable from Indonesia's record as the largest Muslim in the world, with 222 million or more than 87% of the total population of Indonesia. But unfortunately, the large number of Muslims in Indonesia is not comparable to the number of Muslims who do understand Islamic finance. The low literacy of Islamic finance makes the potential less than optimal (Adiyanto & Purnomo, 2021). Understanding and knowledge of financial literacy are very important for the community, especially for the millennial generation. A dynamic lifestyle coupled with a lack of financial management knowledge makes Indonesian millennials find it difficult to manage finances (Dike Widhiyaastuti & Ariawan, 2018).

The problem of low literacy can be caused by various things, including a lack of socialization and education (Yusfiarto et al., 2020). Financial socialization refers to a person's financial skills that develop through social interactions in their environment. The

market share of Islamic finance which has not reached all regions in Indonesia, especially very remote areas, makes the government needs to actively increase Islamic financial literacy to get the best alternative. The problem of low literacy can be caused by various things, including a lack of socialization and education (Dinc et al., 2021). Financial socialization refers to a person's financial expertise that develops through social interaction in their environment. The market share of Islamic finance has not reached all regions in Indonesia, especially very remote areas, making the government needs to actively increase Islamic financial literacy to get the best alternative. Based on data from the Financial Services Authority (OJK), the level of financial literacy and Islamic banking in Indonesia is still far behind that of conventional financial and banking literacy, which is 40 percent, even though Indonesia is a country with a majority Muslim population (Mukhlisin et al., 2019). This causes Islamic financial inclusion to be also low, namely only 9.1 percent. Far behind conventional financial inclusion which reached 76.72 percent. When compared to other countries such as Saudi Arabia, which has reached a 63 percent level of Islamic financial literacy. Likewise, Brunei Darussalam has reached 57 percent. Of course, this is a challenge for the development of Islamic financial institutions in Indonesia

This study aims to analyze the strategy for increasing the Islamic financial literacy index in the millennial generation because based on data released by the Financial Services Authority through the 2019 National Financial Literacy and Inclusion Survey that the composite financial literacy rate is 38.03%, the conventional financial literacy index is 38.03%. 37.72%, and the Islamic financial literacy index of 8.93%. The low level of Islamic financial literacy in Indonesia is the reason why this research needs to be done. Good financial management can help the economy which will have an impact on the welfare of a country (Widityani et al., 2020). In particular, in the future it is estimated that the number of Indonesian Muslim millennial generations will increase, the purpose of Islamic financial literacy for the millennial generation is to be able to make financial decisions using sharia principles that are halal and profitable, properly understand the benefits and risks, know the rights and obligations, and believe that The chosen Islamic financial system can improve their welfare (Rahman et al., 2018).

## **METHODS**

### **Research Approach**

This study used a qualitative research method with a library research approach. The research study is related to the Islamic financial literacy index which refers to data submitted by the Financial Services Authority in the form of survey results. Study literature is research that is carried out using literature (library), either in the form of books, notes, or reports on the results of previous research. This technique is carried out to strengthen facts to compare differences and or similarities between theory and practice which the author is currently researching regarding the strategy of increasing the Islamic financial literacy index for the millennial generation.

### **Data Source**

The primary data in this study uses data from the National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority in 2019, the 2021-2025 Indonesian Financial Literacy National Strategy (SNLKI), and other documents related to Islamic financial literacy in Indonesia and strategies that can be implemented to increase the Islamic financial literacy index in the millennial generation. This study analyzes the results of the 2019 National Financial Literacy and Inclusion Survey and then the data is processed and interpreted into a table related to the Islamic financial literacy index which is low compared to conventional financial literacy indexes. Secondary data in this study were obtained from several literary sources such as documents, clippings, news, websites, policies, and others, then these data were analyzed and combined into ideas and thoughts that were innovative and useful in contributing ideas in solving literacy problems. low Islamic finance by creating several strategies that can be implemented to help increase the Islamic financial literacy index for the millennial generation in Indonesia.

### **Data Analysis Technique**

In this study, data analysis techniques were used by Miles and Huberman who stated that the activities in qualitative data analysis were carried out interactively and continuously until completion so that the data was saturated. The measure of data saturation is indicated by the absence of new data or information. Data analysis techniques performed include three methods, namely Data Reduction, Data Presentation, and Drawing Conclusions/Verification. In conducting this research, researchers carried out several stages, namely;

1. Data Collection
2. The data that researchers collect is data related to Islamic financial literacy, such as data from the National Financial Literacy and Inclusion Survey (SNLIK) conducted by OJK in 2019 and other data.
3. Data reduction
4. Data reduction is the process of summarizing, sorting, and selecting the main things, focusing on the important things obtained from the field. In this study, analyzing the results of the survey and sorting data related to the millennial generation, and focusing on the problem of low Islamic financial literacy in the millennial generation
5. Data Presentation
6. The presentation of data is made to be understood by others by providing a simpler conclusion. Presentation of data can be in the form of brief descriptions, tables, charts, relationships between categories, flowcharts, and the like.
7. Drawing Conclusions
8. In concluding, researchers have made reductions and are supported by the main documents in the data collection stage so that researchers can provide conclusions as a result of the research.

## **RESULTS AND DISCUSSION**

### **Results of This Research**

#### **Strategy for Increasing the Islamic Financial Literacy Index for the Millennial Generation**

The millennial generation is a young generation who likes to use technology to facilitate all their activities, including shopping activities and accessing the world of banking and finance, even the millennial generation is very familiar with gadgets and their applications, including digital payments both with mobile banking, Virtual Accounts, payments through retail outlets, QR code, e-money, internet banking, e-wallet, credit card, pay later, and Direct Debit so that there is a transformation of financial digitization (Nurfalah & Rusydiana, 2019). Therefore, there is a need for a strategy to increase Islamic financial literacy for the millennial generation by adopting several strategies both online and offline (Ansori, 2016).

The number of millennials in Indonesia is classified as very large, which is around 28 to 30 percent of the total population, coupled with generation Z which numbers more than 27 percent. The millennial generation is a combination of two generations that have an age range between 11-41 years, currently reaching 145.39 million people or 53.81% of the total population in Indonesia. Currently, the millennial generation is the object of a financial literacy campaign being promoted by regulators. Financial Services Authority (OJK), Indonesia Stock Exchange (IDX), and Bank Indonesia (BI). The current millennial generation will play an important role in Indonesia's demographic bonus era in 2030. Therefore, strategies are needed to increase the Islamic financial literacy index for millennials (Nurohman & Qurniawati, 2022).

#### **Islamic Financial Literacy Index for Millennials in Indonesia**

The potential for sharia economic growth in Indonesia is still very large, therefore it is necessary to commit to continuing socialization, especially for the growing millennial generation. By initiating the millennial generation, it is hoped that later millennial children will dominate the economy. The Islamic financial literacy index for the millennial generation is in a low category, so steps are needed to support increasing Islamic financial literacy in the millennial generation in Indonesia. The potential for large Islamic economic growth is not supported by a good level of Islamic financial literacy so this growth potential can be constrained and hampered.

Demographic bonuses and changes in millennial Muslim behavior can become a large market potential for the development of the Islamic finance industry if accompanied by an optimal strategy from stakeholders. Millennials are indeed expected to be the key to the development of Indonesia's sharia economy. For this reason, it is necessary to build massive awareness for the millennial generation of Islamic financial institutions so that Islamic financial institutions involve more young people in the future. Therefore, Islamic financial literacy needs to be increased to create a millennial generation that understands Islamic economics and finance in Indonesia.

Islamic financial literacy is very beneficial for all people, including the millennial generation, namely, with Islamic financial literacy, the millennial generation can choose and sort out which Islamic financial products and services can be useful according to their needs (Albaity & Rahman, 2019). Another benefit of Islamic financial literacy is being able to have the ability to analyze Islamic financial planning better so that you can manage finances wisely. The next benefit is that with Islamic financial literacy, one can avoid various kinds of unclear investment activities and even avoid usury-based investments. The next benefit is having skills in understanding the world of finance will help someone in making decisions in the business world. The benefits of financial literacy from a macroeconomic perspective are also very important because the level of public financial literacy has a positive correlation with the utilization of financial products and services which will ultimately encourage overall economic growth (Patrisia & Abror, 2022).

Islamic financial literacy is very important for all parties, including the millennial generation for several reasons, namely the millennial generation plays a critical economic role because the number of the millennial generation is very large and dominates in Indonesia (Sosianika & Amalia, 2020). The next reason is that the millennial generation is very vulnerable financially because many spend money just for fun rather than saving and investing to add assets. The next reason is that the millennial generation is more easily fooled by influencers so many are trapped in fraudulent investments because they are promised very large interests so that many young people are deceived. These are some of the reasons that make Islamic financial literacy very important and useful for millennials.

## Diagram 2

### Islamic Financial Literacy for the Millennial Generation



Source: Patrisia & Abror, 2022



### **Factors Influencing The Islamic Financial Literacy Index in Indonesia**

According to Mochamad Reza and Arie Setyo in their research, they state that the level of Islamic financial literacy has a positive influence on interest in using Islamic bank products (Adiyanto & Purnomo, 2021). This study illustrates that Islamic financial literacy plays a major role in increasing the growth of Islamic finance in Indonesia. Several factors also affect the Islamic financial literacy index as has been studied by Diana Djuwita and Ayus Ahmad Yusuf that the factors that influence Islamic financial literacy in MSME actors are age, education, income, type of business, and length of business (Djuwita & Yusuf, 2018). Therefore, there is a need for a concrete solution to be able to increase the Islamic financial literacy index in Indonesia, especially for the millennial generation (Yushita, 2017).

This millennial generation is a critical economic player who can play a role in accelerating the growth of the Shariah network finance (G. Ahmad et al., 2020). This is supported by the growth of digitalization as a new lifestyle in millennial generation transactions. Indonesia has a very high Islamic economic and financial potential, and a large population, namely around 230 million people are adherents of Islam. However, the majority of Indonesia's population are Muslims, but they are not familiar with Islamic financial products. Meanwhile, the millennial generation, which is a large number, will only have a significant impact on the development of Islamic finance if it has an adequate level of Islamic financial literacy. Member of the Board of Commissioners of the Financial Services Authority (OJK) Tirta Sagara said. the effort that must be made to boost the growth of Islamic finance in Indonesia is to encourage the millennial generation

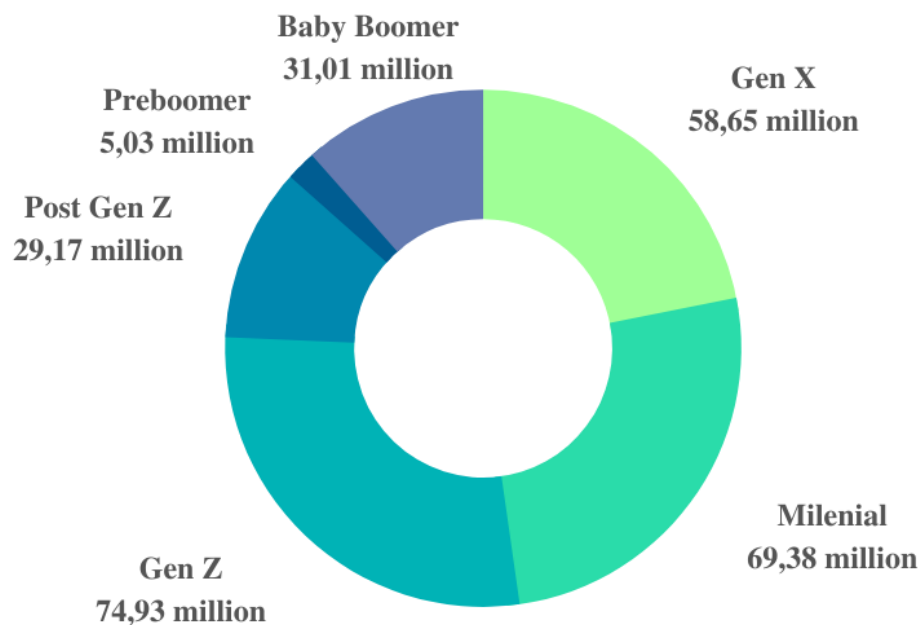
William Strauss and Neil Howe are the authors who introduced the term millennial in 1987. Alexis Abramson, an expert on generation grouping, stated that the millennial generation is the first generation that can be called digital natives. (<https://www.kompas.com/>, 2021). Even Jean Twenge, author of "Generation Me: Why Today Young Americans Are More Confident, Assertive, Entitled and More Miserable Than Ever Before" states that millennials are the same generation as Generation X who are younger and are part of Generation Me. (<https://www.gramedia.com/>, 2022). Member of the Board of Commissioners of the Financial Services Authority (OJK) Tirta Sagara stated that the number of millennials is very significant, namely around 28 to 30 percent of the total population, coupled with Generation Z which accounts for more than 27 percent and generally they already have financial capabilities. The millennial generation is a combination of two generations that have an age range between 11-41 years, currently reaching 145.39 million people or 53.81% of the total population in Indonesia.

Based on the Population Census, the total population of Indonesia in 2020 is 270.20 million people. The composition of the population by generation consists of several classifications, namely Generation Z, Millennials, Generation X, Post-Gen Z, Preboomers, and Baby Boomers. Generations that dominate the Indonesian population are Generation Z (27.94%) and Millennials (25.87%). This generation is a productive generation that can contribute to Indonesia's economic growth. The millennial generation is also a valuable asset who is very familiar with digital-based financial services, so not if the results of a

survey conducted by the Youth Finsight Survey in 2018 stated that millennials have great potential in digital financial services where 95% have smartphones and 49% have used internet banking.

**Diagram 1**

**Population Composition by Generation**



Source: Indonesian Financial Literacy National Strategy (SNLKI) 2021-2025

The diagram above illustrates that the Indonesian population is dominated by the younger generation which is a demographic bonus as well as opportunities and challenges for global economic growth so the role of the millennial generation in increasing the growth of Islamic finance in Indonesia through Islamic financial literacy is very important.

Even the Chairman of the OJK Board of Commissioners, Mahendra Siregar, explained that there is a large gap in the financial literacy and financial inclusion index in Indonesia based on the results of a survey conducted by OJK. ([https:// money.kompas.com/](https://money.kompas.com/)). Thus, a person's level of Islamic financial literacy can influence determining the required Islamic financial products and services, so there is a need for efforts to utilize financial technology (fintech) as a way to improve the understanding of Islamic financial literacy for the millennial generation. Islamic financial literacy can also encourage public awareness in managing their finances wisely so that people's financial goals can be properly fulfilled, and the community can avoid harmful things such as illegal entities that currently often occur in society (Setiawati et al., 2018).

The millennial generation is becoming the object of a financial literacy campaign being promoted by regulators. The Financial Services Authority (OJK), the Indonesia Stock Exchange (IDX), and Bank Indonesia (BI) are the parties that are most vocal about the

importance of financial literacy for millennials. Likewise, practitioners of Islamic financial institutions pay special attention to the millennial generation to increase the Islamic financial literacy index because it can provide great potential for the development of Islamic financial institutions in Indonesia. Bank Syariah Indonesia (BSI) in developing Human Resources (HR) in its company provides opportunities for the millennial generation to make contributions and brilliant ideas for the progress of BUMN and the State, one of which is through the opportunity to become management ranks in several BUMNs. This is proof that the millennial generation is the dominant group in developing the Islamic finance industry in Indonesia. The Global Islamic Economy Report 2018-2019 by Thomson Reuters also states that the Islamic economy is growing steadily due to the increasing Muslim millennial population and is expected to reach three billion people by 2060.

### **Discussion in This Research**

Strategies to increase Islamic financial literacy for the millennial generation can be done by several methods, including education and socialization about the importance of Islamic finance in financial management for the millennial generation through social media, such as Facebook, Instagram, Twitter, Youtube, and others. Education and socialization can also be done in collaboration with various marketplaces offering various sharia financial products and services (Dewi & Mahyuni, 2022). The next method is by collaboration between the government and educational institutions, community organizations, and private institutions in providing easy access to Islamic finance with programs for the millennial generation. The use of influencer marketing in marketing Islamic banking products and services provides rewards for the millennial generation who have utilized Islamic financial products and services. Below are various strategies to increase the Islamic financial literacy index among the millennial generation;

#### **1. Strategy for Increasing Islamic Financial Literacy Index through Social Media**

Based on data from the We Are Social institution, social media users in the world reach 4.20 billion people. The number of social media users jumped by more than 13 percent over the past year. On average, more than 1.3 million new users joined social media every day during 2020, equivalent to about 15½ new users every second. The institute has also researched the internet and social media users in Indonesia. The results of this research state that internet and social media users in Indonesia have a large number of around 15% internet penetration or 38 million more internet users (<https://wearesocial.com/>). The research also reveals that internet users in Indonesia spend an average of about 3 hours accessing social media via gadgets. Active users of social media 130 million, active internet users are 143.30 million, and the number of borrowers from financial institutions is 17.2% (<https://www.ekonomisyariah.org/>). In general, social media can be used for the promotion mix, namely advertising (advertising), sales promotion (sales promotion), personal selling (personal selling), public relations and publicity (publicity and public relations), and direct selling (direct selling) (Padmasari et al., 2021).

Today's social media has become a very familiar medium used by the majority of Indonesian people, especially among the millennial generation. Internet-based social media is experiencing a revolution in the role and work of disseminating and receiving information (Saputra, 2019). Social media is also often used to facilitate interaction between individuals and groups efficiently. Social media is growing so rapidly as a new public relations media in society and changing things. Social media is a medium of persuasion that can change public perception or behavior (A. Ahmad, 2020). Therefore, this can also be used to increase the financial literacy index with a more modern and lighter approach, so that it will be easily accepted by the millennial generation.

Chairman of the Financial Services Authority (OJK) Mahendra Siregar stated that digitizing financial literacy is one way to increase the millennial generation's ability to invest sustainably because digitizing investment literacy through social media can provide good explanations and is always accessed easily and without any distance and time limit (Liputan6.com, 2022). Even the millennial generation is a generation that always accesses social media with their gadgets. Gadgets are no longer limited to technology but have become friends who are always taken wherever they go and wherever they are. Gadgets and social media are interrelated in the life of the millennial generation. According to Anang Sugeng Cahyono, social media has a positive impact on the millennial generation such as the ease of obtaining information socially and economically. (Betaubun, 2022). Therefore, the Islamic financial literacy strategy through social media is one effective way to increase understanding and knowledge of Islamic financial literacy among the millennial generation. (A. Ahmad, 2020).

## **2. Strategy to Increase Sharia Financial Literacy Index through Government Participation**

The influence of the government is also not spared in this strategy because the government will channel network access to remote villages where this must be utilized in improving financial literacy so that the dissemination of internal information through technology media can be carried out thoroughly. Governments in villages as well as in cities must conduct periodic counseling related to financial literacy so that the community can be thoroughly educated related to financial literacy (El-Ikhwan, 2019). The government together with Islamic financial institutions need to strive for an understanding of Islamic finance literacy among the Indonesian people. One of the efforts to increase Islamic financial literacy is financial education.

The government's participation in improving Islamic financial literacy is contained in the Indonesian Financial Literacy and Inclusion National Strategy (SNLKI) 2021 – 2025. Several forms have been carried out by the government, namely by digitizing financial education, intensifying literacy and accelerating Islamic financial products, developing strategies for implementing educational activities and financial literacy following priority targets and based on risk-based consumer protection, the introduction of generic financial products and strategic alliances with other Ministries/Institutions (Adiyanto & Purnomo,

2021). In addition, the government has also developed a digital financial literacy and education infrastructure Massive Open Online Course (MOOC) through the development of a Learning Management System (LMS), strategic alliances through religious leaders and financial literacy ambassadors and outreach ambassadors, providing dashboards/tools as a tool in making financial decisions, developing financial literacy data centers, compiling financial literacy and education modules based on 3 levels, namely Basic, Intermediate and Advanced and based on consumer complaint data (*Department of Financial Literacy and Inclusion OJK, 2021*).

The strategy to increase the Islamic financial literacy index through government participation can be carried out through education related to Islamic economics and finance to the Indonesian people carried out by Bank Indonesia, the Financial Services Authority, the Ministry of Religion, and the Ministry of Education and Culture through their respective work units. However, based on the book National Strategy for Development of Educational Materials for Improving Economic Literacy and Islamic Finance in Indonesia published by the National Committee on Islamic Finance, states that the education that has been carried out has not been carried out fundamentally to the individual and family level, is not sustainable, and is not based on individual needs. and family. Therefore, it is necessary to have a sustainable strategy to increase public awareness and literacy in the field of sharia economics and finance (Mukhlisin et al., 2019).

### **3. Strategy for Increasing Islamic Financial Literacy Index through Participation of Educational Institutions**

Based on the 2020 Islamic Finance Development Indicator (IFDI) Report that Indonesia is ranked number 1 in the world in the category of the number of Islamic finance education providers. Many educational institutions have established Islamic economics and Islamic banking study programs and even educational institutions are institutions that have an important role in producing quality and competitive graduates in the field of Islamic finance. However, education in the Islamic economy and finance family in Indonesia still has challenges and problems that arise from various aspects (<https://knks.go.id/>).

This problem arises because of the dualism of the education system in Indonesia. Education providers are under two different ministries, namely the Ministry of Education, Culture, Research, and Technology (Kemendibud Ristek) and the Ministry of Religion (Kemenag) so that it has an impact on regulatory aspects related to curriculum development, science, lecturer competence, graduate competence, and educational support infrastructure facilities. Islamic economics and finance in Indonesia.

Broadly speaking, educational institutions in Indonesia have implemented strategies to increase sharia financial literacy with several programs, including opening a sharia economics study program, sharia banking study program, halal industry study program, sharia accounting study program, sharia insurance study program, and many more. Another nomenclature related to Islamic financial literacy in Indonesia. Based on KNEKS data in 2021, the number of organizers of the Sharia Economics and Finance Study Program in

Indonesia ranges from 858 to 818 study programs from PTKI. (<https://knks.go.id/>). Of course, these educational institutions are prepared to be able to educate the millennial generation to be able to understand and understand Islamic financial literacy.

#### **4. Strategy to Increase Islamic Financial Literacy Index through Influencer Marketing**

The sharia economy in Indonesia has contributed to increasing Indonesia's economic growth, even the sharia economy has good resilience. The development of the sharia economy in Indonesia can be seen from the number of financial assets and the sharia non-bank financial industry (IKNB) which continues to increase, as well as the contribution income of business units which grew 11.5% (YoY) in the first semester of 2022. The Islamic economy in Indonesia is still not optimal. One of the factors that cause Islamic economic growth is not optimal is the low literacy of Islamic finance in Indonesia (Campbell & Farrell, 2020).

The role of Islamic financial literacy is very important in providing education and understanding how Islamic economics and finance provide benefits for every individual (Albaity & Rahman, 2019). Considering the number of millennials are the generation that dominates the population of Indonesia. Therefore, there is a need for innovation in strategies to increase Islamic financial literacy in Indonesia, namely by socializing through influencer marketing in cyberspace. (Vrontis et al., 2021). Moreover, the number of internet users in Indonesia is very high. This is a great opportunity to be able to increase Islamic financial literacy through influencer marketing with positive content that leads to invitations, education, promotions, regulations, data, and research related to Islamic financial literacy in Indonesia and even the world (Triani & Mulyadi, 2019).

The research of S. Venus Jin, Aziz Muqaddam, Ehri Ryu illustrates that posts made by influencer marketing are considered more trustworthy so that they can influence consumers to follow them. (Jin et al., 2019). Influencers can use many media to market their products, including YouTube, Instagram, Twitter, and other platforms (Jin et al., 2019). It becomes a form of collaboration that can be initiated. Through influencer marketing, the government, educational institutions, and other Islamic financial institutions can promote Islamic banking products and services or provide education to the millennial generation because the presence of influencer marketing is increasing in promoting products and services. (Campbell & Farrell, 2020).

#### **5. Strategy to Increase Sharia Financial Literacy Index through Participation of Sharia Financial Institutions**

A high financial literacy index will boost a country's economic growth (Setyowati et al., 2018). Islamic financial literacy is one of the capitals of the millennial generation in influencing Islamic financial behavior (Rahman et al., 2018). In developing Islamic financial literacy, Islamic bank financial institutions should be able to work together with other Islamic financial activists such as associations, academics, the Islamic finance industry, the

Financial Services Authority, and Bank Indonesia to be able to develop planned education and socialization programs to increase public knowledge and understanding and use of Islamic financial products and services. Several ways have been done to increase the Islamic financial literacy index which is still low, even the Financial Services Authority has compiled a book with the title National Strategy for Indonesian Financial Literacy 2021-2025 as a response to the results of the national survey of Indonesian financial literacy. The book serves as a guide for all financial service institutions and their stakeholders to optimize the participation of financial service institutions and financial service industry associations to improve public welfare.

In addition, there is a need for a sharia financial literacy movement for the Indonesian people, especially the millennial generation, which is organized by Islamic financial institutions in Indonesia. This movement is an absolute necessity that must be carried out in a planned and sustainable manner with strategic plans and initial steps in the form of an action program involving all elements of society, especially Islamic finance stakeholders and financial regulators (Financial Services Authority). One form of this movement is to form of Islamic finance associations. Islamic finance industry associations play a very important role in the Islamic financial literacy movement, such as ASBISINDO (Association of Sharia Banks in Indonesia), AASI (Association of Indonesian Sharia Insurance), ABSINDO (Association of BMTs in Indonesia), Islamic Economic Community (MES), Association of Experts Indonesian Islamic Economy (IAEI) and other organizations related to Islamic financial institutions, although not professional association organizations.

Through the Islamic financial literacy movement, it is hoped that the millennial generation will gain understanding and knowledge about Islamic financial institutions, both banks, and non-banks, related to Islamic financial products and services, and can have the ability and skills in selecting and sorting out the use of Islamic financial products and services according to their needs. Various Islamic Financial Literacy Movements carried out by the Financial Services Authority and other Islamic Financial Institutions, it is targeted to increase the literacy rate of the community, especially the millennial generation so that later they will be able to encourage increased use of financial products and services that suit the needs of Muslims in particular and the Indonesian people in general.

## CONCLUSION

This research shows that the Islamic financial literacy index in Indonesia is still relatively low among all groups, including the millennial generation, which affects the slow growth of the Islamic economy and finance in Indonesia, so it needs to be handled comprehensively and sustainably. The results of this study are limited to qualitative data, not quantitative data, so further research is needed to analyze in depth related to Islamic financial literacy in the millennial generation in Indonesia, which was carried out by researchers by taking primary data sources from the millennial generation questionnaire. The low literacy of the millennial generation is a problem that must be resolved by

implementing several strategies to increase the Islamic financial literacy index, especially for the millennial generation. Several strategies can be carried out and are expected to be a solution to these problems are the first strategy with education and socialization of the importance of Islamic finance in financial management for the millennial generation through social media. The promotion strategy uses the role of influencer marketing as a mediator and marketer in promoting products, services, regulations, data, and research on Islamic economics and finance. A partnership strategy was carried out with the participation of the government, the participation of educational institutions, and the participation of Islamic financial institutions in Indonesia.

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