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Islamic Financial Literacy And Inclusion In Islamic Boarding Schools Of Rabithah Of Ma'ahid Islamiy (RMI) Of Nahdlatul Ulama DKI Jakarta

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ABSTRACT

This study aims to measure the index of Islamic financial literacy and inclusion in Islamic boarding schools with a case study at RMI NU DKI Jakarta and analyze the effect of Islamic financial literacy and inclusion on welfare framed by Maqashid Sharia. Primary data were analyzed with descriptive statistics to measure the Islamic financial literacy and inclusion index and SEM-PLS to analyze the effect of Islamic financial literacy and inclusion on welfare. The results showed that 34% of respondents had well-literate Islamic financial literacy and inclusion index, 57% is sufficient literate, and 9% is less literate. Islamic financial literacy significantly affects welfare. Meanwhile, Islamic financial inclusion has a positive but insignificant effect. The government and Islamic financial institutions must increase the socialization of Islamic financial literacy in Islamic boarding schools and increase access to finance by building adequate supporting infrastructure.

Kata Kunci: Literasi

Keuangan Syariah, Inklusi Keuangan Syariah, Kesejahteraan, Maqashid Syariah, Pesantren

ABSTRAK

Penelitian ini bertujuan untuk mengukur indeks literasi dan inklusi keuangan syariah di pesantren dengan studi kasus RMI NU in DKI Jakarta dan menganalisis pengaruh literasi dan inklusi keuangan syariah terhadap kesejahteraan yang dikerangkakan oleh *Maqashid* Syariah. Data primer dianalisis dengan statistik deskriptif untuk mengukur indeks literasi dan inklusi keuangan syariah; dan SEM-PLS untuk menganalisis hubungan antara literasi dan inklusi keuangan Islam terhadap kesejahteraan. Hasil penelitian menunjukkan bahwa 34% responden memiliki indeks literasi dan inklusi keuangan syariah yang *well-literate*, 57% *sufficient literate*, dan 9% *less literate*. Literasi keuangan syariah berpengaruh positif signifikan terhadap kesejahteraan. Sedangkan, inklusi keuangan syariah berpengaruh positif namun tidak signifikan. Pemerintah dan lembaga keuangan syariah perlu meningkatkan sosialisasi literasi

keuangan syariah di Pondok Pesantren dan meningkatkan akses keuangan dengan membangun infrastruktur pendukung yang memadai.

INTRODUCTION

The National Financial Literacy and Inclusion Survey (FLIS) conducted by the Financial Services Authority (FSA) in 2019 showed that the financial literacy index reached 38.03%, and the financial inclusion index reached 76.19%. This figure has increased compared to the results of the FSA survey in 2016, which showed a financial literacy index of 29.7% and a financial inclusion index of 67.8% (Otoritas Jasa Keuangan, 2019b). Thus, in the last three years, there has been an increase in public financial understanding (literacy) of 8.33%, as well as an increase in access to financial products and services (financial inclusion) of 8.39%. However, the relatively high level of conventional financial literacy and inclusion above starkly contrasts the low level of Islamic financial literacy and inclusion. The National Financial Literacy and Inclusion Survey (FLIS) conducted by the Financial Services Authority (FSA) in 2019 showed that the Islamic financial literacy index was only 8.93%, and the Islamic financial inclusion index was only 9.1%. The Islamic financial literacy index has increased by only 0.83%, while Islamic financial inclusion has decreased by 2% (Otoritas Jasa Keuangan, 2019).

The low level of Islamic financial literacy and inclusion correlates with the country's still common market share of Islamic economics and finance. Global sharia banking market share in 2020 only reached 2.1%, far below Malaysia, which reached 11.4% (IDEAS, 2022). At the national level, it only reached 7.03% (Otoritas Jasa Keuangan, 2022). This is very ironic with the fact that Indonesia is a country with the largest Muslim population in the world. Especially when compared to other Muslim countries, such as Malaysia, with a population of around 30 million people and a proportion of the Muslim population is only 60% of the total population, the Islamic banking market share has reached 23% since 2018 (Adenan et al., 2021). This condition is exacerbated by the emergence of various modes of online loans (financial loans) with high-interest rates and yields; and illegal investments that lure people with high-profit levels, when in fact, these investments are only deceiving the public or even a mode of draining people's finances, aka fake and do not have a permit and are supervised by the FSA. Illegal online loans and investments target community groups with a low level of financial literacy.

Therefore, cooperation and collaboration are needed from various Islamic economic and financial stakeholders, namely industry and Islamic economic and financial business actors; government as regulator (Central Bank of Indonesia, Financial Service Authority, National Sharia Economy and Finance Committee), National Sharia Council-Indonesian Ulema Council, customers, NGOs, universities, media, and the public. With the cooperation of various parties, it is hoped that it will give birth to innovations to solve sharia economic and financial problems that impact society. Collaboration or partnership involving elements of higher education is known as the triple helix (College, Business/Industry, and Government), Quadruple Helix (Universities, Business/Industry, NGOs, and Government), Penta Helix (Universities, Business/Industry, NGOs, Mass Media, and Government) (Praswati, 2017).

The symbiosis of mutualism between Islamic boarding schools and the Islamic finance industry can contribute to solving the problem of low Islamic financial literacy and inclusion. As an Islamic educational institution, Pesantren can be an element in this collaboration. So far, pesantren are known as educational institutions focusing more on traditional Islamic scholarships such as fiqh, aqidah, morality, and tasawuf. At the same time, efforts to strengthen the economy have received little attention. In fact, as one of the sub-cultures of Muslim society in Indonesia, Islamic boarding schools have a strategic role in empowering the people's economy and increasing Islamic financial literacy and inclusion. Given Indonesia's many Islamic boarding schools and students, the Islamic finance industry can benefit from increasing Islamic financial literacy and inclusion. In addition, the Islamic finance industry can benefit from the strategic role of Islamic boarding schools, both passive roles as potential customers of the Islamic economic and financial industry and active roles as prospective preachers, prospective managers, and potential partners in Islamic economics and finance. Meanwhile, Islamic boarding schools can benefit from increased Islamic financial literacy and inclusion, which impact the level of welfare.

Access to finance can increase investment and facilitate public consumption in the health and education sectors. Therefore financial inclusion significantly impacts human development, which is synonymous with welfare (World Bank, 2015). If there is a shift from a saving-oriented society to an investment-oriented society, it will not only improve individual welfare but also the nation's welfare will also increase. The government can optimize public investment funds to finance development to reduce dependence on foreign debt.

In Islam, Ghazali explained that the welfare of all human beings lies in the protection (hifz) of religiosity (al-diin), life (al-nafs), intellectual (al-aql), family (al-nasl), and wealth (al-maal). These five goals of sharia are called Maqashid Sharia (Chapra, 2001). Religious protection is placed first because it provides a worldview that influences life: behavior, lifestyle, tastes, human preferences, attitudes towards humans, resources, and the environment. This dramatically affects the nature, quantity, and quality of material needs, psychological needs, and how they are satisfied. Sharia requires a decent and prosperous life. The Shari'a can be appropriately implemented if humans have a prosperous life and do not want humans to experience suffering and extinction due to a lack of wealth. Therefore, the maintenance of assets is one of the objectives of the Shari'a, in the sense of encouraging people to acquire and regulate their use (Chapra, 2001; Haq, 2007). In the 20th century, writers on Maqashid developed a theory of protecting family (al-nasl) with the theory of family formation; protection of intellectual (al-aql) by way of propaganda of scientific thinking; life protection (al-nafs) with the protection of human dignity and protection of Human Rights (HAM); and protection of wealth (al-maal) is transformed into economic development, a well-being society, and eliminates disparities between economic classes (Auda, 2008).

Several studies have examined the effect of financial literacy and inclusion on human development in general and material-based indicators. Salsabila & Hapsari (2022) researched how financial literacy affects family welfare in Kolomayan Village, Wonodadi District, Blitar. The results of his research show that financial literacy has a significant impact on family welfare. Then, Pradinaningsih & Wafiroh (2022) found that financial literacy affects the financial management of housewives. This means that the knowledge base owned by homemakers is getting better, making housewives' financial management better.

Sarma & Pais (2012). Umar (2017) and Ali, Sakti, & Devi (2019) analyzed the relationship between Islamic financial inclusion and social welfare as represented by the human development index (IPM) indicator in Indonesia. Their research found a positive and significant correlation between the Islamic financial inclusion index and the human development index (IPM). Puspitaningrum (2021) conducted the same research. However, the data used for welfare variables are the GDP Index, Gini Index, Poverty Index, Life Expectancy Index, Education Index, Family-Social Index, and Religiosity Index. The results of his research show that Islamic financial inclusion has a significant effect on people's welfare in Indonesia. As indicated by third-party funds and financing in Islamic banking, an increase in Islamic financial services will increase human welfare. Adzimatunur & Manalu (2021) researched to analyze the effect of Islamic banking financial inclusion on economic growth in Indonesia, Iramayasari & Adry (2020) analyzed the effect of Islamic banking financial inclusion on economic growth in ASEAN, Kim, Yu, & Hassan (2018) analyzed financial inclusion on economic growth in the Organization of the Islamic Conference (OIC) countries. The results of their research show that financial inclusion has a significant positive effect on economic growth.

In Islamic Boarding School, Nuraini, Alfani, & Hamzah (2020) shows that the literacy of Islamic boarding school teachers in Pekanbaru City regarding Islamic banking products is classified as sufficiently literate (good enough) as shown by the large percentage of respondents' answers of 43.34%. Ramdhani, Ibrahim, Masruhen, & Fadhiyah (2022) found that the community's level of Islamic financial literacy assisted by the Daarut Tauhid Regency Islamic boarding school is in the less literate category (not good). Hambali & Dewi (2019) found that Islamic financial literacy positively affects the financial behavior of the community around Islamic boarding schools.

No previous studies have examined more deeply the effect of Islamic financial literacy and inclusion on the level of welfare proxied by Maqashid Sharia, especially in Islamic boarding schools. Thus, this study aims to fill the gaps in previous research, namely to measure the index of Islamic financial literacy and inclusion in Islamic boarding schools and to analyze the relationship between Islamic financial literacy and inclusion on the welfare proxied by Maqashid Sharia.

The case study studied Islamic boarding schools that are members of Rabithah of Ma'ahid Islamiy of Nahdlatul Ulama (RMI NU) in DKI Jakarta. This case study is chosen because RMI NU is an association of NU pesantren in DKI Jakarta as the nation's capital, which is the barometer of the archipelago. The form of Islamic financial literacy at RMI NU is a seminar and socialization aimed at increasing Islamic financial literacy in Islamic boarding schools, especially related to literacy regarding Islamic banking, Islamic capital markets, and management of Islamic financial institutions in Islamic boarding schools, especially BMT (Baitul Maal wa Tamwil).

The author hopes this research can be used to consider Islamic finance industry policies in increasing literacy and Islamic finance in Indonesia, particularly in Islamic boarding schools. With an increase in Islamic financial literacy and inclusion in Islamic boarding schools, it is hoped that it will impact the welfare of the students, ustadz, ustadzah, kyai, and nyai. An increase in welfare is expected to increase the internalization of the practice of religious values.

LITERATURE REVIEW

Islamic Financial Literacy

Financial literacy is a range of financial information and skills that a person needs to use and manage a certain amount of money to improve their standard of living and achieve financial well-being (Lusardi & Mitchell, 2014). Financial literacy plays a role in the economic progress of a country. Because of this, one's demands on economic needs and financial products will become more complex. People must have financial literacy to control their finances (Yushita, 2017). Islamic financial literacy is an individual's preference for using Islamic financial services, which can be determined by the knowledge and understanding, ability, and individual confidence to meet their financial needs (Mason & Wilson, 2000; Mansyur & Ali, 2022). Meanwhile, Islamic financial literacy is a person's ability in terms of knowledge, attitudes, and behavior of Islamic finance to manage finances based on Islamic principles. Overall, the knowledge aspect of Islamic economics contributes the most to Islamic financial literacy. This aspect includes knowledge or understanding of sharia economic values or beliefs, which include usury, profit sharing, maysir or speculation, hoarding, and zakat (both fitrah and maal), as well as knowledge of voluntary infaq (Beik & Arsyianti, 2020).

This study's Islamic financial literacy indicators refer to Hidayah (2022): knowledge, skills, and attitudes. The knowledge is financial knowledge, including products, institutions, and Islamic financial concepts. Skills are abilities in money management and financial planning. Meanwhile, attitude is a person's attitude in making economic decisions to sharia principles. In more detail, the question items in this study include sharia financial planning, sharia financial management, sharia investment planning and management, sharia insurance planning and management, zakat and tax planning, and planning and management of pension funds, inheritance, and endowments.

The level of financial literacy in Islamic boarding schools still needs to be higher (Farida, 2022; Rohim, Priyatno, & Sari, 2021; Ahyar & Fakultas, 2018). If there is an increase in the quality and ability of financial literacy in individuals, their financial well-being will increase. Financial literacy has a significant impact on the financial behavior of the community around Islamic boarding schools (Hambali & Dewi, 2019), financial management (Pradinaningsih & Wafiroh, 2022), and family welfare (Salsabila & Hapsari, 2022).

Islamic Financial Inclusion

Financial inclusion is the availability of access to various financial institutions, products, and services to the needs and capabilities of the community to improve people's welfare (Otoritas Jasa Keuangan, 2019b). Meanwhile, Islamic financial inclusion is an effort to facilitate open access, availability, and use of Islamic financial products and services at affordable prices for the community. Financial inclusion aims to encourage people to access the formal financial system to access financial services ranging from savings, payments, financing, insurance, and other financial services (Hannig & Jansen, 2010). Every layer of society, especially the lower middle class, must have easy access to financial services. Ease of public access to the financial system, especially banking, will increase the country's economic growth (Jayengsari & Husnaeni, 2020).

The Islamic financial inclusion indicators used in this study refer to Sarma (2012), namely the dimensions of accessibility, use, and quality of Islamic financial services are used. The access dimension measures the availability of Islamic financial services that make it easier for someone to carry out financial transactions, such as costs or the physical affordability of financial services (bank

offices, ATMs, etc.). The usage dimension measures the ability to use financial products and services, including those related to regularity, frequency, and duration. The quality dimension measures convenience in transactions and the ease of procedures for Islamic financial services.

Financial inclusion affects a country's economic growth (Adzimatunur & Manalu, 2021; Iramayasari & Adry, 2020; Kim et al., 2018). Thus, increasing financial inclusion must continue to be encouraged to increase the country's economic growth, including increasing the inclusion of Islamic finance in Islamic boarding schools. Islamic financial inclusion, which includes the dimensions of accessibility, availability, and use of banking services in Indonesia, has a positive and significant correlation to well-being, as represented by the Human Development Index (Sarma & Pais, 2012; Umar, 2017; Ali et al., 2019). As indicated by third-party funds and financing in Islamic banking, an increase in Islamic financial services will increase human welfare (Puspitaningrum, 2021).

Welfare in the Maqashid Sharia Perspective

Maqashid Sharia is a principle that prioritizes the benefit of the people. Everything done must benefit and protect humanity in this world and hereafter. The concept of Maqasid Syariah aims to promote the value of welfare and benefits (Jalb al-Masalih) and overcome adversity (Dar'al-Mafasid) (Ibrahim & Ismail, 2020). Maqashid Sharia is the implementation of sharia that prospers life on earth, maintains order in it, continuously maintains the stability of the benefit of nature with human responsibility to create a healthy environment, act reasonably, and carry out various actions that can benefit humans (Kartika, Kiryanto, & Cahyaningtyas, 2022). Maqashid Sharia consists of five sharia objectives, namely hifdzu diin (religiosity protection), hifdzu nafs (life protection), hifdzu 'aql (intellectual protection), hifdzu-nasl (family protection), and hifdzu-maal (wealth protection) (Purwanto, Miyasto, & Mardani, 2021).

The protection of religiosity in this study relates to the contribution of Islamic financial literacy and inclusion to one's beliefs and maintaining religious practices. The protection of life referred to in this study is the contribution of Islamic financial literacy and inclusion to help a person be guaranteed his health, free from disease, and free from psychological disorders. The protection of intellectuality is the difference between humans and other creatures. With intellect or reasoning ability, humans can distinguish between good and bad. A good human will use his mind to seek good knowledge as well. The protection of intellectuality referred to in this study is the contribution of Islamic financial literacy and inclusion to access to educational facilities and sources of knowledge. The protection of family referred to in this study is the contribution of Islamic literacy and finance to family welfare and resilience. The protection of wealth referred to in this study is the contribution of Islamic financial literacy and inclusion to increasing one's economic level and ensuring that the assets obtained are halal.

METHOD

This study uses a quantitative approach. The data source used is primary data in the form of direct answers from respondents. Data collection is carried out through the dissemination of questionnaires through Google Forms. The population in this study were Islamic boarding schools belonging to Rabithah of Ma'ahid Islamiy of Nahdlatul Ulama (RMI NU) in DKI Jakarta. The sampling technique used was purposive sampling with the criteria of students, ustadz, ustadzah, kyai, and nyai at the Islamic boarding school. The sample used was 35 respondents. In this study,

there are three variables to be examined (Sugiyono, 2015). According to Roscoe, an appropriate sample size in research is 30 to 500. If the study uses multivariate analysis (correlation or regression), the sample members are at least ten times the variable under study. (Sugiyono, 2015) So, the number of samples 35 has fulfilled the research requirements.

The author will measure the literacy and inclusion index of Islamic finance based on the categories used by the OJK, namely the categories of well literate (good), sufficient literate (good enough), less literate (less good), and not literate (not good). Then, the data were analyzed using descriptive statistics to measure the Islamic financial literacy and inclusion index. Meanwhile, to analyze the relationship between Islamic financial literacy (X1) and Islamic financial inclusion (X2) to Maqashid Sharia (Y) using the Structural Equation Modeling-Partial Least Square (SEM-PLS) analysis technique with the help of Smart-PLS Software. SEM-PLS is a multivariate analysis technique that combines factor analysis and regression analysis to examine the relationship between variables in a model, indicators and variables, and the relationship between variables (Santoso, 2014). In the SEM-PLS analysis technique, there are two main stages of testing, namely the evaluation of the measurement model (outer model), which consists of a validity test and a reliability test, and the evaluation of the structural model (inner model), which aims to determine the R-Square value and test the hypothesis (path coefficient).

So, the hypothesis in this study is:

H1: Islamic financial literacy has a significant positive effect on welfare proxied by maqashid sharia

H2: Islamic financial inclusion has a significant positive effect on welfare proxied by maqashid sharia.

RESULT AND DISCUSSION

Characteristics of Respondents

Table 1. Number of Respondents Based on Gender

Gender	Quantity	Frequency
Male	24	69%
Female	11	31%

Source: primary data processing, 2022

Table 1 shows 24 respondents, or 69% male, and 11 respondents, or 31% female.

Table 2. Number of Respondents Based on Last Education

Educational status	Quantity	Frequency
Diploma/S1/S2/S3	29	83%
SMA	5	14%
SMP	1	3%
SD	0	0%

Source: primary data processing, 2022

Table 2 shows 29 83% of respondents with Diploma/S1/S2/S3 education. There were five respondents, or 14%, with a high school education and one respondent, or 3%, with a junior high school education.

Level of Islamic Financial Literacy and Inclusion in the Islamic Boarding School Community: A Case Study of RMI NU DKI Jakarta

Table 3. Islamic Financial Literacy and Inclusion Index

Index	Quantity	Frequency
Well Literate	12	34%
Sufficient Literate	20	57%
Less Literate	3	9%
Not Literate	0	0%

Source: primary data processing, 2022

The literacy and inclusion index is taken based on the answers to the questionnaire to measure the level of Islamic financial literacy and inclusion. Then it is categorized based on the level of Islamic financial literacy and inclusion index. Based on Table 3. it is known that 34% of respondents have Islamic financial literacy and inclusion levels in the well-literate (good) category, which means having knowledge and confidence about financial service institutions and financial service products, including features, benefits and risks, rights and obligations related to financial products and services, and have skills in using financial products and services; 57% in the category of sufficient literate (good enough) which means having knowledge and confidence about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services; and 9% in the less literate category, meaning they only know financial service institutions, financial products, and services.

The Influence of Islamic Financial Literacy and Inclusion on Maqashid Sharia in the Islamic Boarding School Community: A Case Study of RMI NU DKI Jakarta

Outer Model (Validity Test and Reliability Test)

Evaluation of the measurement model is carried out to test the validity and reliability of the indicators in the research model, which aims to determine whether the research can be continued.

Table 4. Loading Factor and Cross-Loading Values

Indicator	Islamic Financial Literacy (X1)	Islamic Financial Inclusion (X2)	Maqashid Sharia (Y)
X1.1	0,723		
X1.2	0,710		
X1.3	0,748		
X1.4	0,713		
X1.5	0,720		
X2.1		0,869	
X2.2		0,849	
X2.3		0,864	
X2.4		0,755	
X2.5		0,728	
Y1.1			0,738

Y1.2			0,877
Y1.3			0,766
Y1.4			0,837
Y1.5			0,736
Y1.6			0,706
Y1.7			0,810
Y1.8			0,801
Y1.9			0,880
Y1.10			0,724
Y1.11			0,826
Y1.12			0,860
Y1.13			0,706
Y1.14			0,866
Y1.15			0,787
Y1.16			0,839

Source: SmartPLS processing, 2022

The convergent validity test is assessed based on the loading factor value. According to Ghozali (2016), convergent validity is declared high if the value of the loading indicator with a construct score is above 0.7. Of the 43 questions, 26 questions met these criteria. Based on Table 4, the loading factor values of all items are above 0.7, so the indicators in the research model have fulfilled the convergent validity test requirements. Then, the correlation of each indicator to the variable is higher than the correlation of the indicator to other variables. That is, the research model shows a good discriminant validity test.

Table 5. Reliability Test Results

Variable	Cronbach Alpha	Composite Reliability	AVE
Islamic Financial Literacy (X1)	0.881	0.898	0.520
Islamic Financial Inclusion (X2)	0.888	0.911	0.538
Maqashid Sharia (Y)	0.962	0.966	0.640

Source: SmartPLS processing, 2022

Cronbach's alpha and composite reliability values are used to determine the reliability of each variable. Table 5. showed that the composite reliability and Cronbach's alpha values for all variables were above 0.7. This means that it meets the reliability requirements. Meanwhile, the Average Variant Extracted (AVE) value shows that latent variables can explain more than half of the indicators' variance. All variables have an AVE value above 0.5 so that research can be continued to the next stage.

Inner Model (R-Square and Path Coefficient)

Structural model evaluation was carried out to determine the R-Square value and see the relationship between the constructs of the research model. The R-square value can be used to assess the effect of the independent variables on the dependent variable.

Table 6. R-Square Value

Variable	R-Square
Maqashid Sharia (Y)	0.573

Source: SmartPLS processing, 2022

Based on Table 6, the R-Square value of Maqashid Sharia (Y) is 0.573. That is, Islamic financial literacy (X1) and Islamic financial inclusion (X2) can explain Maqashid Sharia (Y) of 57.3%, and variables outside the research model explain the rest.

Table 7. Path Coefficient

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Islamic Financial Literacy (X1) -> Maqashid Sharia (Y)	0.512	0.582	0.208	2.468	0.014
Islamic Financial Inclusion (X2) -> Maqashid Sharia (Y)	0.278	0.240	0.218	1.276	0.203

Source: SmartPLS processing, 2022

The magnitude of the relationship between latent variables, namely Path Coefficients, is done by bootstrapping using a statistical value of alpha 5% and T-statistics of 1.96. In Table 7, it is known that the relationship between Islamic financial literacy (X1) and Maqashid Sharia (Y) has an original sample value of 0.512 with a T-Statistic value of 2.468 which is greater than the T-Table value (1.96) and a P-Values of 0.014. Islamic financial literacy positively and significantly affects welfare proxied by Maqashid Sharia (Y). So, H1 is accepted. The positive and significant effect of financial literacy on welfare proxied by Maqashid Sharia shows that if there is an increase in Islamic financial literacy, it will increase the welfare proxied by Maqashid Sharia of students, ustadz, ustadzah, kyai, and nyai at Islamic boarding schools who are members of Rabithah of Ma'ahid Islamiy of Nahdlatul Ulama (RMI NU) in DKI Jakarta, especially the respondents in this study. The influence of financial literacy is significant or strong.

Lusardi & Mitchell (2014) explained that good financial literacy would give positive impact of increasing living standards and welfare, similar with the purpose of Islamic financial literacy, which is to improve the welfare of the people. This study's results align with the purpose. Good Islamic financial literacy can be determined by knowledge, skills, and individual attitudes toward Islamic finance, which encourages them to use Islamic financial products and services to meet their financial needs (Hidayah, 2022). Good knowledge of Islamic finance, good Islamic financial

management and planning skills, and the attitude of making good economic decisions based on Islamic principles will be the basis for that person to improve their welfare proxied by Maqashid Syariah. Conversely, if someone does not know about Islamic finance, does not have skills in Islamic financial management and planning, and does not have the attitude to make economic decisions based on Islamic principles, it will be challenging to achieve a welfare proxied by Maqashid Syariah. The results of the previous literacy index measurements show that the respondents in this study already have good Islamic financial literacy. 34% of respondents have Islamic financial literacy and inclusion levels in the well-literate and 57% in the category of sufficient literacy.

A good level of Islamic financial literacy will increase a person's religious protection level, such as the level of belief and worship practice. Good Islamic financial literacy will make someone more disciplined in managing their money. Not only in meeting daily needs but also in allocating them for savings in the afterlife, for example, by paying zakat, infaq, alms, and waqf. Good Islamic financial literacy also increases life protection for a person. Someone will be more aware of the importance of protecting themselves from all risks that endanger life, such as preparing health insurance through Islamic insurance and an emergency fund for use when sick.

A good level of Islamic financial literacy will increase intellectual protection for a person, such as improving access to educational facilities and increasing sources of knowledge. With a good level of intellect, one can distinguish between good and bad. In addition to self-protection, good Islamic financial literacy will affect family protection, such as maintaining family welfare or resilience. Parents will be more aware of meeting the needs of their children into adulthood, and children will be aware of meeting the needs of their parents when they are old. Finally, good Islamic financial literacy will increase the protection of one's wealth, such as working to make ends meet and improve the level of the economy, earning money in a halal way, and spending money to buy halal goods and services.

Then, Table 7 shows the relationship between Islamic financial inclusion (X2) and Maqashid Sharia (Y) has an original sample value of 0.278 with a T-Statistic value of 1.276 which is smaller than the T-Table value (1.96) and a P-Values of 0.203. This means Islamic financial inclusion has a positive but insignificant effect on welfare proxied by Maqashid Sharia (Y). So, H2 is rejected. The positive but not significant effect of financial inclusion on welfare proxied by Maqashid Sharia shows that if there is an increase in Islamic financial inclusion, it will increase the welfare proxied by Maqashid Sharia of students, ustadz, ustadzah, kyai, and nyai at Islamic boarding schools who are members of Rabithah of Ma'ahid Islamiy of Nahdlatul Ulama (RMI NU) in DKI Jakarta, especially the respondents in this study. Not all respondents may feel good access, use, and quality of Islamic financial services. So Islamic financial inclusion has a weak influence on welfare, which Maqashid Syariah proxies.

The Financial Services Authority (2019) explains that financial inclusion aims to improve people's welfare, likewise to the purpose of Islamic financial inclusion, which is to improve the welfare of the people. This study's results align with the purpose. Good Islamic financial inclusion can be seen from the accessibility, use, and quality of Islamic financial services for the community to access financial services ranging from savings, payments, financing, insurance, and other sharia financial services (Sarma, 2012). Good accessibility, use, and quality of Islamic financial services will be the basis for someone to improve their welfare proxied by Maqashid Syariah. Conversely,

if someone does not have the accessibility, use, and quality of Islamic financial services, achieving welfare proxied by Maqashid Syariah will be difficult.

Indeed, to implement behavior that reflects a good level of financial literacy, access to Islamic financial institutions is needed, use of Islamic financial products and good quality of Islamic financial services or referred to as Islamic financial inclusion. For example, to make it easier for someone to pay zakat, infaq, sadaqah, and waqf, one needs an application or website that is easy to understand and provides a wide selection of payment methods; to make it easier for someone to have sharia insurance, an insurance institution whose management is based on sharia principles and can be trusted is needed; and to encourage one's enthusiasm for saving requires an Islamic bank, so that the savings are invested in halal goods and services. Thus, increasing Islamic financial literacy and inclusion is crucial, including in Islamic boarding schools.

This study's results align with research conducted by Hambali & Dewi (2019), who found that the level of Islamic financial literacy positively affects financial behavior in the community around Islamic boarding schools. The community's financial behavior around Islamic boarding schools will improve if Islamic financial literacy levels increase. Financial literacy significantly impacts family welfare (Salsabila & Hapsari, 2022). If there is an increase in the quality and ability of financial literacy in individuals, their financial well-being will increase. Then, the results of this study are in line with Sarma & Pais (2012), Umar (2017), and Ali, Sakti, & Devi (2019), who found that the relationship between Islamic financial inclusion and social welfare is represented by Human Development Index (IPM) with a positive and significant correlation. The high level of Islamic financial inclusion leads to an increase in human development capacity. The existence of Islamic finance in Indonesia makes a positive contribution to prosperity and economic growth. However, the results of this study are not in line with the results of the research of Ramdhani, Ibrahim, Masruhen, & Fadhiyah (2022), who found that Islamic financial literacy does not affect the financial behavior of the people assisted by the Daarut Tauhid Islamic boarding school in Bogor.

CONCLUSION

This research examined the effect of Islamic financial literacy and financial inclusion on welfare framed by Maqashid Sharia in the Islamic Boarding School community members of Rabithah of Ma'ahid Islamiy of Nahdlatul Ulama (RMI NU) in DKI Jakarta. The results showed that the respondents' Islamic financial literacy and inclusion index were 34% in the well-literate category, 57% in the sufficient literate category, and 9% in the less literate category. The hypothesis test shows that Islamic financial literacy (X1) positively and significantly affects welfare as framed by Maqashid Sharia (Y). Meanwhile, Islamic financial inclusion (X2) has a positive but insignificant effect on Maqashid Sharia (Y). That means the higher the level of Islamic financial literacy and inclusion, the higher the level of welfare of students, ustadz, ustadzah, kyai, and nyai in Islamic boarding schools, the respondents in this study.

There are still several respondents with a poor level of Islamic financial literacy, and some respondents have a reasonably good level of literacy. This means Islamic financial literacy in boarding schools can still be improved to promote into the good category. Thus, the government must pay serious attention to increasing Islamic financial literacy and inclusion, especially in Islamic boarding schools. This can be undertaken through regulations and supporting infrastructure; cooperation between Islamic financial institutions and Islamic boarding schools in conducting socialization regarding Islamic financial literacy; and conduct training on personal finance that will

help increase knowledge and ability to have better financial behavior. The Islamic finance industry must play more significant roles in increasing access to finance for the community, especially in Islamic boarding schools, by providing adequate supporting infrastructure so everyone can easily access the services. Future researchers can increase the number of research samples and conduct in-depth interviews with students, ustadz, ustadzah, clerics, and nyai at Islamic boarding schools to have more rigorous results.

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