

## Enhancing Awareness of the Role of the Sharia Supervisory Board Amid the Digitalization Revolution in Sharia Financial Products

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### Article Info

Volume 2 Issue 1  
Maret 2024

### Article History

Submission: 07-01-2024

Revised: 23-01-2024

Accepted: 23-01-2024

Published: 31-03-2024

### Keywords:

Sharia Supervisory Board (DPS), Digitalization Revolution, Service Learning, Financial Literacy, Community Empowerment

### Kata Kunci:

Dewan Pengawas Syariah (DPS), Revolusi Digitalisasi, Service Learning, Literasi Keuangan, Pemberdayaan Masyarakat



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### Abstract

*This community service aims to increase understanding of the role of the Sharia Supervisory Board (DPS) in facing the digitalization revolution of sharia financial products. The method used is service learning, where active interaction between students and the community is involved in understanding the DPS concept. Through needs mapping, program planning, and implementation involving competent resources, this activity integrates learning and service to achieve these goals. The evaluation results show an increase in participants' understanding, both regarding DPS concepts and digital literacy, as a positive impact of this activity. Therefore, this service makes a positive contribution to sharia financial literacy in the digital era and empowers the community to face changes in the sharia financial industry.*

### Abstrak

Pengabdian masyarakat ini bertujuan meningkatkan pemahaman peran Dewan Pengawas Syariah (DPS) dalam menghadapi revolusi digitalisasi produk keuangan syariah. Metode yang digunakan adalah Service Learning, di mana interaksi aktif antara mahasiswa dan masyarakat dilibatkan dalam pemahaman konsep DPS. Melalui pemetaan kebutuhan, perencanaan program, dan implementasi dengan melibatkan narasumber berkompeten, kegiatan ini mengintegrasikan pembelajaran dan pelayanan untuk mencapai tujuan tersebut. Hasil evaluasi menunjukkan peningkatan pemahaman peserta, baik terkait konsep DPS maupun literasi digital, sebagai dampak positif dari kegiatan ini. Dengan demikian, pengabdian ini memberikan kontribusi positif pada literasi keuangan syariah di era digital dan memberdayakan masyarakat untuk menghadapi perubahan dalam industri keuangan syariah.

## 1. INTRODUCTION

Globalization has opened the door to creating an increasingly connected world, and this change cannot be separated from its impact on the financial system. Islamic banking, as an integral part of the financial system, also cannot escape the wave of digital transformation. Increasing the accessibility of information technology and shifting consumer behavior are key factors in motivating Islamic banking to continue to innovate and adapt to change (Prabowo et al., 2023).

Digitalization brings a number of challenges and opportunities that need to be faced wisely. In this case, the Supervisory Board has a strategic role in ensuring that there is alignment between technological innovation and sharia principles. Challenges such as security, privacy

and ethical risks need to be addressed so that the sustainability of Islamic banking products is maintained (Septiana et al., 2022).

On the other hand, digitalization also opens up new opportunities. The use of technology can increase operational efficiency, expand the range of services, and accelerate economic growth. Through this outreach, it is hoped that participants can understand how the Supervisory Board can bridge these challenges and opportunities to ensure sustainable development based on sharia principles. The Supervisory Board has the main task of ensuring that sharia banking products and services comply with sharia principles. In this era of digitalization, the role of the supervisory board is increasingly urgent. They not only need to understand technology and innovation but also must ensure that every step taken by Islamic financial institutions remains in accordance with Sharia values (Ilyas, 2021).

Public awareness, especially among students as the next generation, has an important role in understanding and supporting the role of the supervisory board in facing digitalization in sharia banking products. Lecturers, observers, and practitioners of sharia financial institution activities are also the main stakeholders who need to be actively involved in understanding and supporting the role of the Supervisory Board.

Through this outreach activity, it is hoped that there will be increased awareness and mutual understanding regarding the urgency of the role of the Supervisory Board. Students, as agents of change and young thinkers, are expected to be able to bring this understanding into the practices of daily life and perhaps develop an interest in being involved in the world of sharia banking.

The importance of the involvement of universities in socializing the role of the supervisory board also creates opportunities for better synergy between educational institutions and sharia financial institutions. Kediri, as a center for education and economic growth in East Java, has the opportunity to become a center for innovation in facing digitalization in sharia banking products.

This activity is expected to strengthen relations between universities, the Supervisory Board, and sharia financial institutions in the City and Regency of Kediri. Strengthening this synergy can make a positive contribution to creating an ecosystem that supports the development of sharia banking in the era of digitalization.

## **2. METHODS**

This service method will adopt a collaborative approach through holding a seminar entitled "Sustainable Economy: Collaboration of Financial Institutions, Universities, and Business Actors." This seminar will be initiated by FEBI-IAIN Kediri by inviting local financial institutions, business The service method adopted, namely service learning, follows systematic steps to have a positive impact on public understanding of the role of the Sharia Supervisory Board (DPS) in facing the digitalization revolution of Islamic financial institution products. In the initial stage, community needs mapping was carried out by identifying needs through initial visits and interviews with related parties. After that, program planning and design are prepared by determining the appropriate form of activity and designing a program that integrates learning and community service.

The next step is to collaborate with related parties, such as sharia financial institutions, academics, and sharia financial practitioners, to support the implementation of activities. Interactive learning approaches such as seminars, panel discussions, and workshops were chosen to ensure understanding of DPS concepts and the digitalization of Islamic financial institution products. Program implementation involves student participation as agents of change by providing materials, modules, and guides as learning guides.

Evaluation and reflection are carried out at the final stage to measure the effectiveness of the program and make improvements for future activities. Material preparation involves preparing learning materials about the role of DPS, a module that guides the steps on the role of DPS in digitalization, as well as the readiness of human resources and supporting media. Visual documentation via a camera or recorder is an important element to visualize activities, while documentation tools for evaluation results and feedback help in improving the overall quality of the program. With careful preparation, it is hoped that this service learning can make a significant contribution to public understanding regarding the role of DPS in facing the digitalization revolution in sharia financial institutions.

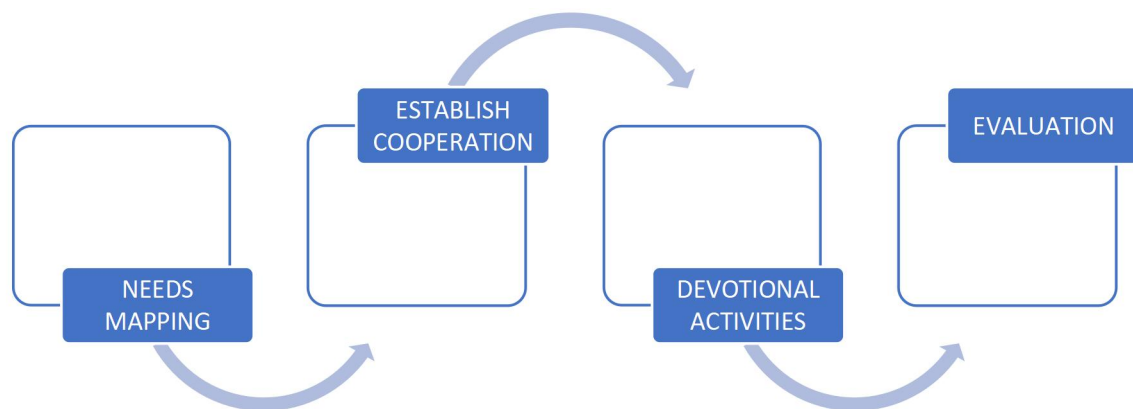


Figure 1. Devotion method

### 3. RESULTS AND DISCUSSION

The aim of this community service is to provide cost accounting training to pioneering and beginner MSMEs in determining the cost of production and the cost of goods sold. MSMEs have an important role in the economy but often face obstacles in managing financial aspects, especially in determining the correct cost of production and the cost of goods sold. This training aims to provide a better understanding of cost accounting concepts and methods to MSMEs so that they can optimize business decision-making. The method used in this training is an interactive and practical approach. Held at the Unwaha Jombang campus on June 16, 2023, and attended by 34 pioneering and beginner MSMEs. The training material covers basic concepts of cost accounting, methods for calculating the cost of goods manufactured, and the cost of goods sold. The training is also equipped with real-life examples and case studies that are relevant to start-ups and start-up MSMEs to help participants relate concepts to their business situations.

Discussions and question-and-answer sessions are provided to increase participant interaction and clarify their understanding. Evaluation results and feedback from participants show that this training succeeded in providing significant benefits. Most participants reported a good understanding of cost accounting concepts and the ability to apply them in their businesses. They also expressed satisfaction with the relevance of the training materials and

delivery methods used. This training also has a positive impact on the participants' businesses by increasing their ability to determine the cost of production and the cost of goods sold, as well as increasing profits and the financial efficiency of their businesses.

The service process begins with the community needs mapping stage, where, through visits and interviews, needs related to understanding DPS in the context of digitalization are identified in depth.

The next step in this activity is program planning and design. In this stage, forms of activities that suit community needs are carefully designed. Learning and service to the community are integrated to ensure that activities not only provide theoretical understanding but also provide real benefits for the community. Apart from that, collaboration with related parties, such as sharia financial institutions, academics, and sharia financial practitioners, is an important step to support and optimize the implementation of activities.



Figure 2. Live service activities on Youtube <https://www.youtube.com/@febiday>

An interactive learning approach was chosen as the main strategy for this activity. Seminars and panel discussions are a means to present material and ensure understanding of the DPS concept and its relevance to the context of the digitalization of sharia financial products. The next step is program implementation, which involves students as agents of change. In this phase, materials, modules, and guides are prepared to guide the learning process and ensure participants can apply the concepts they have learned.

The material provided in this activity covers various aspects of the role of the Sharia Supervisory Board in facing the digitalization revolution. Theoretical concepts relevant to sharia banking supervision and technological developments in the financial sector are integrated into the learning material. The theory of the role of DPS as a sharia supervisory entity that adapts to technological advances and ensures compliance with sharia principles is the main focus (Rachman et al., 2023).

The human resources involved in this activity come from academics, practitioners, and DPS members. By involving various parties, this activity ensures that participants gain a comprehensive perspective and in-depth understanding from various competent sources. The support team that helps with the learning process is also an important part of the success of this activity.

In the aspect of supporting media, the use of presentation tools such as projectors, screens, and flip charts ensures that the material can be delivered effectively. Access to online platforms is also provided to facilitate the conduct of online sessions if necessary. Visual documentation via a camera or recorder helps to record moments of activity, which can later be used as a means of promotion, evaluation, and documentation of results.



**Figure 3.** Offline participants

In the evaluation and reflection stage, the level of community understanding is the main indicator of the success of this activity. By using various evaluation methods, such as questionnaires and question-and-answer sessions, it can be measured to what extent participants understand the role of DPS in the context of digitizing Islamic financial products. Reflection with students also provides a forum for hearing experiences, challenges, and suggestions that can become valuable input for improving future activities.

After participating in this service activity, participants experienced a number of positive changes that reflected their increased understanding of the role of the Sharia Supervisory Board (DPS) in facing the digitalization revolution of sharia financial products. Significantly, participants reported increased understanding of DPS concepts and how DPS is adapting to technological advances. They now have deeper insight into the challenges and opportunities facing the Sharia Supervisory Board amidst digital transformation in the financial sector (Fitroh & Syakarna, 2023).

Additionally, participants also reported an increase in their digital literacy. The materials provided, including the latest information on technological developments in the Islamic finance industry, provide a better understanding of how technology influences Sharia financial products (Ansori, 2019). Participants now feel more confident in dealing with technological changes and can understand their impact on sharia principles.

The evaluation results show that this activity provides real added value for participants by encouraging active participation and in-depth discussions. Participants reported positive changes in their mindset regarding the DPS role. They were able to apply the theoretical concepts they learned in practical situations, demonstrating a better understanding of how DPS can play an active role in supervising Islamic financial products that are increasingly digitalized (Rafsanjani, 2021).

As a result of direct interactions with sources from academics, practitioners, and DPS members, participants also achieved changes in their perceptions of the complexity of DPS tasks. They become more appreciative and understand the challenges faced by the Sharia Supervisory Board in maintaining the conformity of sharia financial products with sharia principles amidst rapid technological change (Alvi Khikmatin & Putri Setianingsih, 2021).

Overall, this service activity not only provides theoretical knowledge but also creates a learning experience that triggers positive changes in participants' attitudes, understandings, and skills. By looking at these changes, the success of this activity lies not only in the delivery of the material but also in the transformation of deep thoughts and knowledge that each participant takes home.

#### **4. CONCLUSION**

Through the service learning method, this activity achieves its objectives by providing participants with an in-depth understanding of the responsibilities of DPS in ensuring compliance with sharia principles in the digital era. The evaluation results showed a significant increase in participants' understanding, not only regarding the role of DPS but also their digital literacy. Interactive discussions, case studies, and student participation as agents of change create an effective learning experience. Thus, this activity not only provides theoretical knowledge, but also stimulates positive changes in participants' attitudes and understanding of the role of DPS in supervising sharia financial products which are increasingly digitalized.

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