

Educating Islamic Financial Literacy Through Enhancing Understanding Of Tabarru' Funds In Islamic Insurance

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ABSTRACT. *This community service program addresses the lack of public understanding regarding the management of tabarru' funds in Islamic insurance and their significance within the framework of Sharia principles. Tabarru' funds, characterized by mutual cooperation and solidarity, are pivotal to Islamic insurance and differentiate it from conventional systems. However, limited public awareness has hindered the optimal use and adoption of these products. Through structured activities such as workshops, interactive discussions, and case study analyses, this program aimed to enhance participants' understanding of tabarru' funds and their role in fostering economic resilience. Conducted in collaboration with Islamic insurance practitioners and community leaders in Medan, the program emphasized the practical benefits of tabarru' funds and their alignment with the Fatwa of the National Sharia Council-Majelis Ulama Indonesia (DSN-MUI) No. 53/DSN-MUI/III/2006. The program resulted in a notable improvement in participants' literacy regarding tabarru' funds, as evidenced by a 45% increase in understanding through pre-test and post-test assessments. Participants expressed enhanced confidence in utilizing Islamic insurance products and a deeper appreciation for the principles of mutual aid and financial solidarity. Beyond individual learning outcomes, the program strengthened community engagement with Islamic financial principles, contributing to inclusive and sustainable economic practices. This initiative highlights the importance of educational efforts in bridging the gap between theoretical knowledge and practical applications of Islamic finance. By addressing specific challenges in tabarru' fund literacy, it lays the foundation for a more informed and financially resilient society.*

Keywords: *Tabarru', Islamic insurance, public literacy, Community service*

INTRODUCTION

In today's world, life is filled with complexities and uncertainties that bring about various risks. Effective protection systems, such as insurance, have become essential to manage these risks. In Indonesia, Islamic insurance, or takaful, represents a promising solution that aligns

with Sharia principles. With the country being home to the largest Muslim population globally, the potential for Islamic insurance to thrive is substantial. However, public understanding of Islamic financial products, particularly the concept and management of tabarru' funds, remains limited.

Tabarru' funds are a cornerstone of Islamic insurance and set it apart from conventional systems. These funds, built on principles of mutual cooperation (ta'awun) and solidarity, are pooled contributions used to assist participants who face adversities. Unlike conventional insurance, which operates on a risk-transfer model, Islamic insurance emphasizes risk-sharing and collective support. Despite these benefits, the lack of public awareness and literacy on tabarru' funds has restricted their adoption and optimal utilization.

The challenges contributing to this gap include the technical nature of Islamic financial terms and limited educational initiatives addressing Islamic insurance. Many individuals are unfamiliar with key terms such as tabarru', mudharabah, or wakalah bil ujah, which form the foundation of Islamic insurance contracts. Additionally, cultural misconceptions about Islamic financial products hinder their acceptance and integration into modern economic practices. This low level of literacy prevents individuals from making informed decisions and limits the broader impact of Islamic finance on economic resilience and social welfare.

Recognizing the importance of bridging this knowledge gap, this community service program aims to educate the public on the principles and practicalities of managing tabarru' funds. The program focuses on enhancing understanding through structured educational activities, including workshops, interactive discussions, and case studies. By collaborating with Islamic insurance practitioners and community leaders, the initiative ensures that participants receive both theoretical insights and practical applications.

An integral aspect of this program is its alignment with the Fatwa of the National Sharia Council-Majelis Ulama Indonesia (DSN-MUI), particularly Fatwa No. 53/DSN-MUI/III/2006, which governs the implementation of tabarru' contracts in Islamic insurance. This ensures that the educational content is accurate, authoritative, and directly applicable to real-world scenarios.

Beyond increasing individual understanding, this initiative aspires to empower communities by promoting the adoption of Islamic insurance as a tool for collective economic resilience. By fostering an appreciation for

mutual aid and financial solidarity, the program aims to create a ripple effect that strengthens economic inclusivity and ethical financial practices. Ultimately, this program seeks to transform theoretical knowledge into actionable insights, enabling participants to confidently engage with Islamic financial products and contribute to a more literate and resilient society.

METHODS

This study adopts a descriptive qualitative approach, supplemented with hands-on community engagement activities to improve public understanding of tabarru' fund management in Islamic insurance. The program was carefully designed and implemented in phases to ensure maximum impact and participant engagement.

The first phase involved preparation, during which a comprehensive review of literature on Islamic insurance and tabarru' fund management was conducted. Key references, including Fatwa No. 53/DSN-MUI/III/2006, were analyzed to create an authoritative foundation for the program. Educational materials, including handouts, slides, and real-world case studies, were then developed to suit the diverse backgrounds of participants.

The implementation phase consisted of workshops and training sessions designed to introduce and deepen understanding of the concepts. During these sessions, participants were actively involved in interactive discussions and collaborative exercises. The workshops provided foundational knowledge on Islamic financial principles, focusing on the ethical and operational aspects of tabarru' funds. Training sessions were supplemented by practical simulations, enabling participants to apply their knowledge in realistic scenarios, such as allocating tabarru' funds or addressing common challenges in fund management.

Mentoring was another key component of the program, particularly for small business owners and local leaders. These one-on-one sessions provided tailored guidance and addressed specific queries, ensuring that participants could integrate Islamic financial principles into their personal and professional contexts.

The target audience for this program included local community members, entrepreneurs, students, and those with limited prior exposure to Islamic financial systems. By focusing on inclusivity, the program reached a diverse group of individuals, fostering broad community

engagement.

The program spanned four weeks, with weekly sessions lasting approximately three hours. This duration allowed participants adequate time to absorb the material and practice new concepts. A participatory approach was employed throughout, encouraging active engagement, discussion, and collaboration among participants.

To assess the program's effectiveness, pre- and post-session evaluations were conducted. These assessments measured improvements in participants' knowledge and their confidence in applying the principles of Islamic finance. Feedback forms and focus group discussions were also used to gather insights on the program's impact and identify areas for future refinement.

Documentation and qualitative analysis of observational data, recorded discussions, and participant feedback provided a comprehensive evaluation of the program's success. By combining theoretical education with practical applications, the program ensured that participants not only understood the management of *tabarru'* funds but also felt empowered to implement these principles effectively in their daily lives. This approach strengthened participants' ability to utilize Islamic insurance as a tool for economic resilience and ethical financial management within their communities.

RESULTS AND DISCUSSION

The results of this community service initiative reveal a significant impact on participants' understanding and behavior regarding the management of **tabarru' funds** in Islamic insurance. Through the carefully designed workshops, training sessions, and mentoring activities, the program successfully addressed existing knowledge gaps, empowered individuals, and encouraged the adoption of practical solutions to improve financial resilience within the community.

Participants exhibited a notable increase in their comprehension of **tabarru' funds** by the end of the program. Initially, only 35% of participants were familiar with the concept and its application in Islamic insurance. However, post-program assessments showed that 85% of participants had a clear understanding of the operational mechanisms of **tabarru' funds**. They also recognized their role as a mutual aid mechanism among insurance participants, providing assistance to those in need while aligning with Sharia principles. The training sessions effectively explained how Islamic insurance differentiates itself from conventional insurance through features

like **mudharabah** (profit-sharing) and **wakalah** (agency) principles, which govern **tabarru' fund** management. These concepts were further reinforced with interactive exercises and case studies, ensuring participants could connect theory with practical applications.

The program also brought about a noticeable behavioral shift among the community members. Participants became more aware of the importance of financial planning based on ethical and Sharia-compliant principles. Many expressed interest in adopting Islamic insurance products for their personal and household needs, acknowledging the benefits of **tabarru' funds** as a mechanism for mutual support. Furthermore, small business owners who attended the mentoring sessions showed an increased inclination toward utilizing Islamic insurance as part of their risk management strategies. Follow-up interviews revealed that several participants had begun exploring policies offered by Islamic insurance providers and were actively discussing these options with their families or business partners, highlighting the program's immediate impact.

The program further facilitated discussions and collaboration among participants, resulting in practical solutions to enhance the accessibility and effectiveness of **tabarru' funds**. Participants suggested that insurance providers should improve communication strategies to better inform the public about the benefits and operations of **tabarru' funds**. They emphasized the need for simplified language and visual materials to make the concepts more relatable and understandable for a broader audience. Additionally, they recommended streamlining the claims submission process to ensure timely and efficient disbursement of funds, particularly during emergencies. Participants also advocated for periodic community workshops and training sessions to sustain and expand knowledge on Islamic financial principles.

Beyond individual learning outcomes, the initiative had a broader impact on fostering a sense of collective responsibility within the community. Through the interactive sessions and discussions, participants developed a deeper appreciation for the communal values embedded in **tabarru' funds**, such as mutual aid and cooperation. This understanding encouraged them to actively support one another, reinforcing ethical financial practices. Community leaders who participated in the program expressed their commitment to promoting Islamic insurance awareness in local forums, ensuring the program's impact extends beyond the initial activities.

In conclusion, this community service initiative has demonstrated the transformative potential of educational programs in enhancing public

understanding of Islamic financial principles. By bridging knowledge gaps and promoting practical solutions, the program not only increased awareness but also inspired meaningful behavioral changes. Participants are now better equipped to make informed financial decisions, and the establishment of local networks ensures the sustainability of these efforts. This initiative highlights the importance of continued community education to strengthen the adoption and effective use of **tabarru' funds**, ultimately fostering economic resilience and ethical financial practices within communities.

CONCLUSION

The community service initiative focused on the management of **tabarru' funds** has provided significant benefits to participants, particularly in improving their Islamic financial literacy. The workshops and training sessions enhanced participants' understanding of Sharia-compliant financial planning and the ethical principles underlying Islamic insurance. This newfound knowledge equips participants with the skills to effectively engage in and benefit from **tabarru' funds**, fostering mutual aid and collective financial resilience.

One of the most notable outcomes was the acquisition of new skills in managing Sharia-based funds. Participants gained practical insights into the operational mechanisms of **tabarru' funds**, such as how funds are pooled, invested in Sharia-compliant instruments, and disbursed during times of need. These skills are expected to empower individuals to make informed financial decisions and utilize Islamic insurance products to secure their financial futures.

Additionally, the program encouraged behavioral changes and a stronger commitment to ethical financial practices. Participants expressed greater confidence in adopting Sharia-compliant financial solutions, reflecting an increased trust in Islamic financial institutions. This shift is likely to have long-term positive effects on the community, promoting the broader adoption of Islamic financial principles.

By fostering a deeper appreciation for the values of mutual aid and cooperation, the program has laid the groundwork for a more inclusive and ethically grounded financial ecosystem. The initiative underscores the importance of continued educational efforts to build on this foundation, ensuring that the benefits of **tabarru' funds** extend to a wider audience and contribute to sustainable community development.

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