

CRITICAL REVIEW OF THE APPROACH AND FINANCING SYSTEM OF ISLAMIC EDUCATION IN INDONESIA

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ABSTRACT

Islamic education in Indonesia has unique characteristics with the dualism of formal and non-formal systems, each of which faces challenges in learning approaches and financing mechanisms. This study aims to critically examine the approach and financing system of Islamic education in Indonesia and evaluate its effectiveness in supporting the quality of education. The method used is a qualitative approach through literature study, by analyzing various sources of academic literature, national education policies, and empirical data from Islamic education institutions. The results of the study show that the learning approach in many Islamic educational institutions is still traditional and not fully able to answer the demands of the times. In addition, the available financing system, although supported by government programs such as the School Operational Assistance (BOS) and the Pesantren Operational Fund, still faces obstacles in equitable distribution, management transparency, and capacity gaps between institutions. This study concludes that Islamic education reform needs to be directed towards the integration of a contextualized curriculum approach and more equitable, accountable and sustainable financing. Key recommendations include the need for synergy between the state, society and the private sector in building a quality Islamic education system that is responsive to global challenges.

Keywords: *Islamic education, learning approaches, education financing, education policy, Indonesia*

INTRODUCTION

Islamic education is an important part of Indonesia's national education system, which has a long history and contributes greatly to character building, religious values and moral development of the nation. The system consists of various formal institutions, such as madrasah and Islamic colleges, as well as non-formal institutions, such as *pesantren*, which play an important role in the spiritual and social development of society. Despite the importance of Islamic education, there are still structural and systemic problems in it, especially in terms of learning approaches and financing mechanisms.

Most Islamic educational institutions still use traditional learning methods that are not in line with the times, such as dominant memorization, one-way lectures, and lack of use of modern technology and science in the curriculum (Masrur, 2014). Meanwhile, the financing system of Islamic education still relies on government subsidies and community donations, which have not been implemented evenly and sustainably. Islamic philanthropy such as zakat, infaq, sadaqah and waqf through

institutions such as Lazismu can be an alternative for financing Islamic education, according to research conducted by Putri & Sirozi (Putri & Sirozi, 2024a). However, its effectiveness is highly dependent on the governance and transparency of fund distribution.

In addition, frequent discrepancies between the national education system and the Islamic education system lead to dualism in education policies and quality standards. This has led to Islamic education becoming less important in national human resource development (Mukhlisin, 2021). Moreover, evaluations of Islamic education management emphasize that comprehensive reforms, which include the development of high-quality educators and the management of financial resources, are needed to improve the quality of education (Abrar et al., 2024).

Therefore, this study is important to provide a critical analysis of the approach and financing system of Islamic education in Indonesia. It is hoped that the results of this study can contribute to the formulation of policies that are more responsive and equitable for strengthening a sustainable and contextualized Islamic education system with the needs of the times.

RESEARCH METHOD

This research uses a descriptive qualitative methodology, also known as a literature study. This method was chosen because it allows researchers to thoroughly investigate concepts, ideas and practices in the Islamic education approach and financing system in Indonesia by using relevant and actual written sources (Marwa et al., 2025). The desk study focused on analyzing scientific journals, academic books, government policy documents and research reports related to the topics of Islamic education, learning approaches and financing systems.

A selection of publications published over the past ten years was used for data collection, with an emphasis on publications published in recent years, particularly 2020-2024. To analyze the data, content analysis techniques were used. This meant identifying key themes from each source, such as the learning approach models used, problems with funding Islamic education institutions, and state policies to support the sustainability of Islamic education.

The choice of sources should fulfill the following three criteria: (1) have a direct connection to the Islamic education system in Indonesia; (2) include discussions of financing schemes or pedagogical approaches; and (3) come from verified academic publications. By comparing literature results from different methods and institutional backgrounds, source triangulation strengthens the validity of the data.

This research is expected to provide a comprehensive and critical overview of the problems and possible solutions in the approach and financing system of Islamic education in Indonesia using this approach.

RESULTS AND DISCUSSION

The results show that the main problems in the Islamic education system in Indonesia lie in the sustainable financing system and the learning approach that has not been optimized. These two elements are interconnected and have a direct impact on the quality of Islamic education, both in *madrasah* and *pesantren*.

Most Islamic educational institutions continue to use traditional methods such as lectures and memorization as an approach. This reduces students' abilities, especially in terms of critical and applied thinking. Nevertheless, some institutions are starting to do new things. (Suhaili et al., 2024). found that comprehensive evaluations, such as observation-based and narrative assessments, can significantly improve understanding and Islamic character building.

Alternative solutions are needed for Islamic educational institutions facing financial difficulties. One beneficial method is to ensure that Islamic philanthropy is optimized through *zakat*, *infaq*, *sadaqah* and *waqf*. The study by (Putri & Sirozi, 2024a) confirms that *Lazismu* managed to effectively channel funds to various Islamic educational institutions, making a real contribution to the improvement of facilities and the welfare of educators. However, to maintain public trust, they also emphasized that fund management must be transparent and accountable.

Modernizing Islamic education is also a major concern. (Rambe et al., 2024) say that Islamic education in Indonesia has undergone a major transformation from an informal exam-based system to a formal *madrasah* and school model that combines Islamic and general curricula. However, there are challenges to modernization, especially in terms of adaptation to technological advances and 21st century skills needs.

Islamic education in Indonesia faces many complex problems and requires help from many parties. In addition to learning and financing factors, community involvement in supporting Islamic education is crucial. Through moral and material support, the community is crucial to ensuring the quality of education (Meiza, 2024). One form of such support can be done through active participation in social programs aimed at improving the quality of education, such as scholarship programs or training for teachers and educators.

In contrast, advances in learning methods that use holistic evaluation, as described by (Suhaili et al., 2024), must be followed by improvements in teacher quality. Effective education depends not only on the curriculum and methods, but also on the ability of teachers to apply methods that are relevant and appropriate to students' needs. As a result, teachers' training and professional development should receive greater attention, both in *madrasah* and *pesantren*, so that they can adjust to new methods that are more dynamic and relevant.

In terms of financing, in addition to increasing Islamic philanthropy through *zakat*, *infaq*, *sadaqah* and *waqf*, there is also a need for government policies that support more stable funding for Islamic education institutions. The government can act as a facilitator that helps educational institutions gain access to funds, including funds from the private sector (Putri & Sirozi, 2024). Enforcing clear regulations on fund

management and providing sustainable incentives for successful institutions can accelerate the progress of the Islamic education system.

In addition, adapting the curriculum to the increasingly complex demands around the world is one of the challenges for modernizing Islamic education. Rambe et al. (2024) say that skills such as critical thinking, creativity and adaptability are essential to be incorporated into the Islamic education curriculum. This is important so that students are prepared to face challenges in the academic and work world and are able to participate in an evolving global society (Rambe et al., 2024).

Overall, the improvement of Islamic education in Indonesia must be done holistically and systemically, involving curriculum reform, teaching quality improvement, reforms in the management of educational institutions, as well as strengthening cooperation between the government, society and the private sector in supporting sustainable education financing. With this integrated approach, Islamic education in Indonesia can continue to grow and adapt to the challenges of the times.

Although not the same throughout Indonesia, various reforms and innovations in Islamic education have shown some positive results. Some Islamic education institutions, especially madrasah and contemporary pesantren, have started to show improvements in the quality of their students, both in terms of academics and character. According to a report from the Ministry of Religious Affairs (2023), madrasah students' learning outcomes in both general and religious subjects have improved significantly in the last five years. This improvement is especially noticeable in madrasahs that implement integrative and project approaches in their learning.

In terms of learning innovation, methods such as holistic evaluation used in Islamic early childhood education show promising results in character building from an early age. Children who study in this program show better social-emotional skills and a deeper, more contextualized understanding of Islamic principles. This suggests that overall educational outcomes can be improved through a more humanistic and experiential approach to learning.

In addition, the benefits of system modernization are starting to show. Some pesantren are now centers for information technology development and sharia-based entrepreneurship, which broadens the scope of education and strengthens their role as agents of community empowerment. For example, they have successfully developed Islamic economy-based micro-enterprise units, which produce graduates who are not only religious but also productive and financially independent.

However, these benefits are few and have not spread to all Islamic educational institutions, especially in disadvantaged areas. Affirmative policies and equal access to educational resources are needed to address the quality disparity between urban and rural institutions.

1. Results of Efforts to Improve Islamic Education in Indonesia

These improvements are starting to show results. According to data from AKMI in 2023, madrasahs that implemented thematic-integrative learning had higher literacy rates compared to conventional madrasahs (Ministry of Religious

Affairs, 2023). In addition, there is evidence that the use of holistic assessment in Islamic early childhood education improves character traits, empathy and understanding of Islamic values (Suhaili et al., 2024). Lazismu's report (2024) shows that education infrastructure revitalization programs in underdeveloped areas such as North Nias-which include the construction of classrooms and payment of teacher allowances-are financially successful. This shows how important Islamic philanthropy is in developing education.

Some pesantren have succeeded in modernization by developing technology-based programs and Islamic entrepreneurship. For example, Daarut Tauhiid and Al-Ittifaq pesantrens use technology for digital education and agricultural management, increasing the relevance of Islamic education to the economic needs of the community (Yahya et al., 2024). There are a large number of issues related to inequalities in access and quality between urban and rural institutions, although the findings indicate positive developments. Therefore, for this success to be replicated nationally and sustained, the government, community and private sector must work together.

CONCLUSIONS AND SUGGESTIONS

The modernization of Islamic boarding schools (*pesantren*) in Indonesia has shown significant progress through the integration of digital technology and the strengthening of Islamic entrepreneurship programs. Institutions such as Daarut Tauhiid and Al-Ittifaq exemplify how traditional Islamic education can successfully transform by adopting digital-based learning and developing agro-digital businesses to enhance both the economic independence of students and the social relevance of *pesantren*.

Studies highlight that digitalization strategies, the incorporation of digital literacy, and the integration of entrepreneurship into the curriculum have increased the competitiveness of pesantren graduates and expanded their role in community empowerment. Moreover, modern managerial approaches, including partnerships with the private sector and philanthropic organizations, have further positioned *pesantren* as adaptive educational actors in the digital era.

However, disparities in access and quality between urban and rural *pesantren* remain a critical challenge. Institutions in remote areas often face limited infrastructure, poor access to technology, and shortages of qualified educators (Adelia Putri et al., 2024). Therefore, collaborative efforts among the government, communities, and the private sector are essential to build an inclusive, adaptive, and sustainable Islamic education ecosystem across Indonesia.

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