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OPPORTUNITIES AND CHALLENGES FOR ISLAMIC EDUCATION FINANCING IN THE DIGITAL AGE

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ABSTRACT

Islamic education is an important aspect in the development of the people and the nation, Islamic education needs to be considered for its sustainability amid the rapid transformations of the modern era. The digital era has brought major changes in various aspects of life, including in the financing of Islamic education. This article discusses the opportunities that arise, such as the ease of fundraising through digital platforms and the efficiency of financial management, as well as challenges such as inequality in access to technology and data security. Through a qualitative approach based on a literature study, this paper highlights the need for sharia-compliant financing innovations and technological adaptations to support the sustainability of Islamic education institutions. It is hoped that the results of this study will provide practical contributions for Islamic education managers in designing sustainable financing strategies in the digital era.
Keywords: *Financing Financing, Education, Digital*

INTRODUCTION

Islamic education plays a crucial role in building a civilization based on spiritual and moral values. Islamic education plays an key role in shaping the character of individuals with noble character, which in turn forms a civilized and harmonious society. Through the cultivation of values such as honesty, responsibility, and tolerance, Islamic education supports the development of national character. As stated by Astuti et al. (2023), the implementation of Islamic values in the national education system can be a strong foundation for character building of Indonesia's young generation, which in turn will contribute to the progress and harmony of the nation.Islamic education also plays a role in shaping national identity and national spirit. Through madrasah and pesantren, the values of struggle and the spirit of independence were conveyed to the students, inspiring the spirit to fight colonial oppression and fight for national independence. As explained by Syafrizal (2015), Islamic education shapes nationalism identity among santri, inspiring the spirit to fight colonial oppression and fight for the nation's independence. Additionally to spiritual and moral aspects, Islamic education also contributes to social and economic development. By equipping individuals with knowledge and skills, Islamic education encourages active participation in community development. As stated by Saputra (2021), Islamic education plays a role in forming quality human resources, who are able to contribute to the nation's economic and social development.

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The sustainability of Islamic education is determined by various factors that are interrelated and support each other. Adequate and transparently managed financing, both from internal sources such as student fees and external sources such as waqf, zakat, and government assistance, is the main foundation in ensuring sustainable education operations. Additionally, the presence of competent human resources, especially teachers and education personnel who have professional integrity and capacity, is an important element in creating a quality learning process. Effective institutional management and visionary leadership also determine the direction and durability of Islamic education institutions in facing the challenges of the times. Equally important, the active support of the community and parents through social involvement and financial contributions provides great social strength in sustaining the existence of educational institutions. On the other hand, a curriculum that is relevant and responsive to the development of science and technology will make Islamic education adaptive and contextual to the needs of the times (Afifah & Aprison, 2024). All of these factors are strengthened by government regulations that are inclusive of Islamic education, making it an integral part of a sustainable national education system.

The current condition of Islamic education financing in Indonesia is far from perfect. Many problems are faced such as limited funds, inequality of access, dependence on government or donors, and the low quality of human resources (HR) in financial management.Islamic education institutions, especially madrasah and pesantren, often face limited operational funds. This results from the lack of budget support from the government and dependence on community donations that are not always stable. This condition hinders the development of facilities and the improvement of the quality of education.There are inequalities in access to education between urban and rural areas. Islamic education institutions in remote areas often lack facilities and qualified teaching staff, thus widening the gap in the quality of education.Many Islamic education institutions depend on government assistance or donors to meet operational needs. This dependence makes the sustainability of education vulnerable to changes in policy or the economic conditions of donors. Unprofessional financial management is one of the main challenges. Many managers of Islamic education institutions do not have sufficient competence in financial management, which has an impact on the efficiency and transparency of the use of funds (Fadhila, N., & Riani, L. P., 2024).

Financing is a crucial element in the sustainability and improvement of the quality of Islamic education. Without effective financing management, Islamic education institutions face challenges in providing adequate facilities, improving teaching quality and adapting to the times. In a study conducted by Hamdi Abdul Karim and his colleagues, it was emphasized that the integration between educational planning and financing management is a key strategy for improving the quality of education in a sustainable manner. They highlighted the importance of collaboration between education planning based on student needs, technological developments and

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labor market demands with effective financing management. Collaborative financing management, such as public funds, private investment and industry partnerships, can support the sustainable implementation of education plans. Additionally, transparency in financial management increases accountability and stakeholder trust (Harbes, at.al. 2024).

The development of digital technology has a major impact on the financing pattern, both in terms of opportunities and challenges. This development requires Islamic education institutions to adapt to the existing dynamics. One approach involves the development of a community-based financing model, where the community plays an active role in providing financial support. By utilizing crowdfunding platforms, Islamic schools can reach more donors who want to contribute to education. Additionally, educational institutions also need to consider using financial management applications that facilitate transparency and accountability in recording funds. Another challenge is the need for training for managers and staff of educational institutions in using new technologies. Not all managers have sufficient knowledge and skills in information technology, so training and workshops should be prioritized.

Currently, the use of technology to support financial processes, such as sharia-based crowdfunding, electronic transactions, and the use of blockchain for fund transparency, is starting to be adopted by Islamic educational institutions (Kurniawan, 2021). However, on the other hand, new challenges have emerged, such as digital inequality among pesantren and madrasah, and the risk of misuse of funds. Moreover, it is important to conduct further research on the impact of technology utilization on educational outcomes. With a deeper understanding, educational institutions can evaluate and adjust financing strategies to be more targeted. Finally, cooperation between the government, private sector, and non-governmental organizations can strengthen the Islamic education financing system in facing the challenges of this digital era.

This paper aims to comprehensively analyze how the digital era affects the financing system of Islamic education, what opportunities can be utilized, and the challenges that must be anticipated.

RESEARCH METHOD

This research uses a descriptive qualitative method based on library research. Data were collected from various national scientific journals that discuss the topic of Islamic education financing and digital transformation. Analysis was conducted using content analysis techniques on relevant articles.

RESULTS AND DISCUSSION

Islamic education financing is a systematic effort to provide and manage financial resources for Islamic value-based educational activities, with sources of funds such as zakat, infaq, sadaqah, waqf, and government assistance (Suhartini, 2020). Financing and Islamic education have a very close relationship and influence each other.

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Financing is a crucial aspect in the implementation of Islamic education on the one hand, and on the other hand, Islamic values also provide important guidance in managing this financing. The important role of financing in the implementation of Islamic education is seen in its utilization for operational needs such as payment of salaries for teachers and staff, maintenance of facilities, procurement of learning facilities and infrastructure, and organization of extracurricular activities. Additionally, adequate financing allows Islamic education institutions to improve their quality through curriculum development, teacher training, provision of quality learning resources, and utilization of technology. Equally important, with financial support, Islamic education can be accessed by more people, including those who are less well-off. This can be done through the provision of scholarships, subsidizing tuition fees, or establishing schools/madrasas in remote areas.

The digital era refers to a time when information and communication technology becomes an integral part of almost all aspects of life, including in the education sector and its financing (Mulyasa, 2018). The digital era provides great opportunities for Islamic education to increase efficiency, expand the reach of fundraising, and build a more transparent and accountable financing system. But on the other hand, the digital era also brings its own challenges for the implementation of Islamic education. Being wise in using the digitalization of education financing is a must in this modern era. Although digitalization offers various conveniences and efficiencies, its implementation without careful consideration can lead to various risks and negative impacts. Additionally, it is very important to apply sharia principles in its management. By comprehensively implementing sharia principles, the management of Islamic education financing is expected to run fairly, trustworthy, transparent, efficient and effective, so as to realize quality and equitable Islamic education for all people.

The digital age brings significant transformation in Islamic education financing, opening up opportunities that were previously out of reach. Utilizing digital technology allows Islamic education institutions to overcome geographical limitations, improve efficiency and build stronger relationships with stakeholders. These opportunities include broader and more efficient fundraising, more effective financial management, open access to alternative funding sources and improved operational efficiency.

Wider and more efficient fundraising can take the form of online donation platforms, where the Internet facilitates Islamic educational institutions to reach potential donors throughout Indonesia, even the world, through online donation platforms, school websites, and social media. The donation process becomes more practical with various digital payment options such as bank transfers, digital wallets, and credit cards (Firmansyah, A., & Sari, R. N., 2022). Digital platforms can be effectively used to raise funds such as cash waqf which is then allocated for Islamic education. Moreover, crowdfunding allows Islamic education institutions to raise funds from a large number of individuals for specific projects, such as the construction of school facilities, provision of scholarships or procurement of learning facilities. Crowdfunding platforms make it easier to socialize projects and track donations.

More effective Financial Management is possible with the use of financial

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management software systems and applications because it helps institutions in recording, managing, and analyzing financial data more accurately, efficiently, and integrated (Wahyuni, S., & Anwar, S., 2023). This minimizes manual errors and makes it easier to make data-driven decisions. Digital platforms allow institutions to present financial reports and use of funds transparently to donors through regular updates, infographics, or interactive reports. This increases donor trust and encourages potential sustainable donations. Payment of tuition fees by students or guardians, as well as payment of staff salaries and other operations, can be done online. This reduces the risk of cash management, simplifies administration and provides convenience for all parties. Digital systems can generate financial reports automatically, saving administrative staff time and reducing potential errors in report preparation. The reports generated can also be more quickly accessed by interested parties.

Digitalization provides open access to alternative sources of funding such as grant information and other opportunities. The internet provides easy access to information on various educational grant programs and funding opportunities provided by governments, private organizations or international agencies (Firmansyah, 2020). Islamic education institutions can search and submit proposals online. Cooperation with digital platforms can be pursued by Islamic education institutions by establishing partnerships with e-commerce platforms, online education service providers or other technology companies to obtain additional sources of income through affiliate programs, sponsorship or content cooperation.

Improved operational efficiency is a major benefit provided by the digitization of education financing. Reduced administrative costs can be achieved by digitizing various administrative processes, such as student registration, student data management, and communication with parents as it reduces paper usage, printing costs, and the need for administrative staff. Cheaper and more effective communication can be obtained with the use of email, social media and instant messaging applications as they make it easier and faster to communicate with parents, donors, alumni and other related parties at a relatively low cost. This allows institutions to build a stronger community of supporters (Hidayat, 2022).

While the digital era offers many opportunities, its implementation in Islamic education financing also presents a number of challenges that need to be addressed wisely. If not managed well, these challenges can hamper the effectiveness and even pose risks to Islamic education institutions. Some of the challenges include data security and financial transactions, digital divide and inclusiveness, trust and verification of online donors, cost of technology implementation and maintenance, regulation and compliance with cyber laws, online competition and visibility, and potential loss of personal touch and social values.

The security of data and financial transactions can be threatened because the digitization of financing involves the collection, storage, and processing of sensitive financial data. Islamic educational institutions are vulnerable to cyber threats such as hacking, leakage of personal data of donors and students, and online transaction fraud (Rahmawati, N. A., & Setiawan, M. 2023). The digital divide and inclusivity are difficult to

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avoid because not all parents, potential donors or managers of Islamic education institutions have equal access to digital technology or have an adequate level of digital literacy. Over-reliance on digital platforms can exclude those who are less connected or unfamiliar with technology (Fauzi, A., & Wijayanti, I., 2021).

Trust and verification of online donors in online fundraising needs to be considered. Islamic educational institutions need to build and maintain donor trust. The challenge is to verify the identity of donors and ensure that donations are safe and well-targeted. Potential fraud and fake donation practices are also a concern (Hidayat, T., & Putri, R. A., 2023). The cost of technology implementation and maintenance is a challenge as digitizing financing requires an initial investment in technology infrastructure, software, staff training, and ongoing system maintenance. These costs can be a significant burden, especially for Islamic education institutions with limited resources (Setiawan, B., & Indriani, D., 2022).

The next challenge is regulation and compliance with cyber law: Islamic educational institutions that utilize digital platforms for financing must understand and comply with various regulations related to online financial transactions, personal data protection, and cyber law that apply in Indonesia. Non-compliance may lead to legal issues (Pratama, Y. P., & Sari, I. P., 2023). Online competition and visibility must be addressed properly because in the digital era Islamic educational institutions compete with various other organizations for attention and donations online. Building strong online visibility and attracting the attention of potential donors requires an effective digital marketing strategy (Amalia, R., & Putra, F. 2022). The use of digital technology also has the potential to eliminate the personal touch and Social values. Reliance on digital interactions in fundraising and communication can reduce the personal touch and emotional connection with donors and communities. Institutions need to be careful not to lose traditional Islamic values such as friendship and togetherness in the financing process.

Overcoming these challenges requires careful planning, appropriate investment, improved digital literacy, implementation of strong security systems, understanding of regulations, and effective communication strategies. With prudent management, Islamic education institutions can maximize the benefits of the digital era while minimizing the risks that may arise in education financing efforts.

CONCLUSIONS AND SUGGESTIONS

The digital era brings great opportunities to improve Islamic education financing through technological innovation. However, challenges such as access inequality, data security and regulations need to be addressed with a structured and collaborative strategy. Islamic education institutions need to strengthen digital literacy, improve technological infrastructure, and apply sharia principles in every financial innovation to ensure the sustainability of Islamic education in the future.

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