

SHARIA FINTECH GROWTH IN INDUSTRY REVOLUTION 5.0 – ALAMI SHARIA STUDY CASE

<https://uia.e-journal.id/alarbah/article/view/2513>

DOI: <https://doi.org/10.34005/elarbah.v7i2.2513>

Awaliyah Alifi

awaliyahalifi@gmail.com

Institut Agama Islam TAZKIA

Wahyu Dwi Agung

wahyudwiap@tazkia.ac.id

Institut Agama Islam TAZKIA

Abstract: *Currently, the development of fintech (financial technology) is growing in Indonesia, not to mention the syariah economic industry is also competing in financial technology and providing financial services based on Islamic law. A number of studies have shown the potential of sharia fintech applications, along with the future challenges that will be face by syariah fintech in Indonesia. ALAMI Sharia is one of the pioneers in the field of syariah fintech with the specification of crowdfunding funds from the public and channeling it to encourage the development of MSMEs that have difficulty getting capital injections from banks. The growth of ALAMI Sharia which has drastically increased in just 3 years is an interesting case study to discuss that it can become learning material for other syariah fintech. Operational cost efficiency, Strict funding assessment standards, employees dominated by young generations, conducive office-culture, and human resource management that not only emphasizes target achievement but alignment of productivity with Islamic values that are consistently applied have proven to be able to turn ALAMI Sharia into the best syariah fintech in Indonesia today.*

Keywords: *Fintech, Sharia fintech, Technology, Financial technology, Financial services, Sharia economics*

Abstrak: Saat ini perkembangan fintech (*financial technology*) sudah semakin berkembang di Indonesia, tidak ketinggalan industry ekonomi syariah juga ikut bersaing di teknologi finansial dan menyediakan layanan keuangan berbasis syariat Islam. Sejumlah studi telah menunjukkan potensi aplikasi fintech syariah, berikut tantangan ke depan yang akan dihadapi oleh fintech syariah di Indonesia. ALAMI Sharia merupakan salah satu pionir di bidang fintech syariah dengan spesifikasi crowdfunding dana dari masyarakat dan menyalurkannya untuk mendorong perkembangan UMKM yang kesulitan mendapatkan suntikan modal dari bank. Pertumbuhan ALAMI Sharia yang meningkat secara drastis hanya dalam waktu 3 tahun merupakan sebuah studi kasus yang menarik untuk dibahas agar dapat menjadi bahan pembelajaran bagi fintech syariah lainnya. Efisiensi biaya operasional, standar assessment pendanaan yang ketat, SDM yang didominasi oleh generasi muda, budaya kerja yang kondusif serta manajemen SDM yang tidak hanya menekankan pada pencapaian target namun keselarasan produktifitas dengan nilai-nilai Islami yang dipraktekkan secara konsisten terbukti mampu mengantarkan ALAMI Sharia menjadi fintech syariah terbaik yang ada di Indonesia saat ini.

Kata kunci : Tekfin, Fintech, Syariah tekfin, Teknologi, Teknologi keuangan, Layanan keuangan, ekonomi syariah

A. Introduction

Islamic Economic first started to have officials regulation when Rasulullah PBUH created Madinah Charter agreement (Pulungan, 1993) in order to maintain socio-economics and political stability to the city of Madinah. Under Madinah Charter, the economic activities must be conducted based on Islamic values that uphold honesty, trust and transparency applied for everyone involved including the non-moslem (*ahl al-dhimmah*). Later, Islamic scholars would also refer to Al-Qur'an and Hadith regarding economic matters that applied by the caliphs and his people in managing the economy of a country (Nugroho, Hidayah, et al., 2018; Nugroho, Utami, et al., 2018). Islamic economic continues to grow within the era of Khulafaurrasyidin to the Ottoman Empire up to this day in the era of IoT (Internet of Things) or known as industry 5.0. where the technology advance create a digital market and turned the world to global markets.

The effect of market digitalization caused almost every industry to rely on technology and internet. Technological and internet connection advances nowadays provide convenience and significant influence to all aspects of human life (Ngafifi, 2014; Nugroho & Chowdhury, 2016). This phenomena created a bigger opportunity for company to expand their business globally, companies are leaving conventional approach and started to invest on software, website, and digital connections to deal

with the industry revolution 5.0 where everything mostly handled through the internet, including payment and economic transactions.

The emergence of Islamic economic and financial transactions in Indonesia can be seen from the establishment of Indonesia Fintech Syariah Associations (AFSI) Institute. An organization consisting of Indonesia fintech companies as well as indicating that syariah fintech transaction has been legalized by Indonesia Financial Services Authority (OJK).

ALAMI Sharia officially registered at Indonesia Financial Services Authority (OJK) in 2019. ALAMI Sharia provide syariah Peer-to-Peer funding platform. ALAMI Sharia have received multiple awards nationally and globally for its achievements. As for today with more than ten thousand active funder and with the total accumulation of funding worth 4.3 trillion rupiahs ALAMI Sharia determined to strengthen syariah ecosystem in Indonesia and create a more convenience systems for their customers without excluding syariah value as a moslem in Indonesia.

Based on the informations above, the development of Fintech Syariah specifically the development of P2P funding in Indonesia is highly potential. Research related to Fintech syariah mostly talked about the struggling fintech syariah went through, the lack of particular regulations that organized fintech syariah, fintech syariah's involvement in supporting Micro, Small, & Medium Entreprises (UMKM) funding, and fintech syariah practice viewed from syariah perspective. However, as far as the writer concerned only a few studies have analyse the rise of Fintech Syariah in Indonesia using a case study research. A case study approach expected to help the other Fintech syariah to understand the practical knowledge gap in facing the challenge on industry 5.0, attracting tech-savvy customers segment, or educating the potential future customers.

This research conducted as in-depth discussion about the opportunities and challenges occur when started Fintech Syariah company. ALAMI Sharia as Fintech syariah start up is an example of case study that worth to analyse, given its success in a short period of time

B. Literature Review

The revolution of industry 5.0 means that humans and machines are working together, improving the efficiency of industrial production (Adel, 2022). The

development in the era *Internet of Things (IoT)* is make it easier to anyone to gather access into various sectors, including Financial technology (Fintech). Many benefit offered, mainly financial services provided with lower cost margin compared to traditional services. This is of course considered very appealing by the customers. Fintech industry promoted new business models from P2P, B2C, or B2B for various financial activities such as funding, investment, trading, cryptocurrency, e-money, and many more (Natalia & Shihab, 2018).

Financial technology (Fintech) is the result of market globalization which allows someone purchase goods or services and paid it directly through their internet-connected gadgets, people no longer needed to do transaction face to face and almost no barrier of time and places exist any longer (Grüschow et al., 2016; Muzdalifa et al., 2018; Nugroho, Utami, et al., 2018; Wardhana, 2019). Fintech refer to the use of technology to solve obstacles founded on finances (Arner et al., 2015) another source described Fintech as a digital technology that work as financial intermediation. In a broader perspective, Fintech defined as financial industry that consists of companies that based on technology to create financial system and deployment of financial services become more efficient (Muzdalifa et al., 2018).

Fintech also known as technology innovation which can produce business models, applications, business process, or product that will give significant impact in business activities related to provision of financial services (Sawarjuwono & Kadir, 2003). Mobile-banking, electronic money (e-money), and cryptocurrency are some of fintech products widely use to support economic activities. Islamic banking and finances also following the technology advances to create easier and more convenience economic transactions for their customers.

Syariah Fintech is a combinations of innovation between technology and finance in providing financial services and investment based on syariah value (Perwira, 2018; Rahmawati et al., 2020; Tsuroyya & Muzayyanah, 2019). The development of syariah fintech in Indonesia supported with the issued fatwa from The National Syariah Council of Indonesian Scholar Council (DSN-MUI) number 117/DSN-MUI/II/2018 Regarding syariah-compliance technology-based financing services. Through this legal certainty provided, it is expected to intensify people's interest to use syariah fintech transactions (Perwira, 2018).

Syariah Fintech has potentials to push Small, Micro, & Medium Enterprise (UMKM) growth in Indonesia, this statement validated with numbers of research regarding the syariah fintech supporting UMKM to expand their businesses (Muzdalifa et al., 2018; Nurfadila et al., 2022; Rahmawati et al., 2020; Saripudin et al., 2021; Wardhana, 2019; Winarto, 2020).

However the obstacles experienced by syariah fintech are relatively high, Indonesia's Financial Services Authority (OJK) established a minimum start-up funding of 1 million rupiahs and 2,5 million rupiahs of asset value to obtain legal permission from OJK ((Hiyanti et al., 2020; Muchtar & Zubairin, 2022; Rahmawati et al., 2020). It is necessary to do a continuously progressive education about syariah fintech to the society (Yarli, 2018) especially since 86,7 % of Indonesia population is moslem . The rapid growth of syariah fintech hopefully will contribute positively to Indonesia economic development in the future (Winarto, 2020).

C. Methodology

This research conducted use descriptive qualitative method with study case method. This type of research have purpose to described and narrated all the facts or certain object with a depth discussion, systematically arranged and on point (Kriyantono, 2020). Qualitative research explained phenomena in a great detail and comprehensively through collecting supporting data which then will be referred as *thick description*. This research focus on in-depth research instead of breadth.

A study case is a research method pointed to various data source that can be utilized in a research process, elaborate and explain in detail and depth about many aspect of an individual, group, organization (community), a programme or a social situation. In study case research, researcher will attempted to analyze as many data as possible related to the subject of research. Using various method such as in-depth interview, observation, review documents, survey, and any kind of data to analyse a case in detail but comprehensively(Kriyantono, 2020).

Data collection in this research conducted through these methods (1) observation of the subject officials website, instagram account, and linkedin account, and (2) in-depth interview. The observation will provide a basic information related to the subject of research, the subject provided services, the number of transactions and customers they have been served, and how they engage with their customer segments

through social media engagement. Next, in-depth interview, the researcher interviewed one of the subject employee to obtain information about the company culture, systems, and advantages that make them profound compared to their competitors.

From data gathered, the next step is analysis and interpretation of qualitative research data. Data analysis phase hold a vital role in a qualitative research as the main factor to measure research quality. Qualitative research applied inductive way of thinking, which started from certain topics or things (empirical facts) into more general topics or things.

The first thing after collecting data is to categorized data based on its validity then the data will be interpreted. Data interpretation is an important process as the fundamental of qualitative research, and in this process researcher explain the patterns and connections between data or concept that indicating certain conclusion theoretically, including proposed a new model, new theory, the result then will create a conclusion of the research .

D. Result and Discussion

ALAMI Sharia founded in 2019 and one of the pioneer fintech services that provided financial services based on syariah values and Islamic regulations. With the spirit to supporting the syariah ecosystems, ALAMI Sharia provided crowdfunding platform that in line with technology development but still under the law of Islam. In just three years, ALAMI Sharia investor and beneficiary doubled and rapidly grow the asset value as well. This case study obtained interesting information from in-depth interview of ALAMI Sharia employee and the explanation will be divided into two main aspects.

Internal Aspects

- 1) Operational Cost Efficiency, almost all ALAMI employee are working from home (WFH) which enable employees to save time from spend time on the road to the office. Some essentials employee would more frequently visit the office but in general ALAMI Sharia create an effective WFH system that reduce employee's stress level because spending time on the road. This situations also allowing

ALAMI sharia to recruit employee from various places as long as they meet the requirement standards.

- 2) Strict funding assessment standards, as a crowdfunding services it is important to channeling funds to potential business, however not every business out there are capable to meet the requirement established and to keep the return rate high, ALAMI Sharia applied a strict assessment standards in selecting which business they are going to funding. This is resulting the success return rate of funding reach 98%.
- 3) Employee consist of young generations. Mr Dima Djani the founder of ALAMI Sharia is under 40 years old, he understood the challenge lies in the syariah fintech competitions is tight and require a quick response. Therefore he recruited most of ALAMI employee aged under 40 and 30 years old to create an innovative, bold and creative working atmosphere and minimize the culture of seniority.
- 4) Conducive office working culture that welcomed critics and listened to your subordinates even your customers. Supporting the previous aspect, with most young employee, ALAMI create a working culture that free of seniority and unhealthy competitions. The top management are encouraged their subordinates to gave their opinion, listened and appreciated their ideas. This is creating a positive working ethos and make the company might quickly adapt to the rapid change of technology.
- 5) ALAMI Sharia as syariah fintech have a vision to raise people awareness about syariah financial services, especially syariah crowdfunding as a way of da'wah as well. ALAMI Sharia created a course programme where their employees learn about Islamic economic and there will be an exam to evaluate their understanding of Islamic economic.
- 6) Opening the working day by reciting Al Quran as a reminder to work hard and professionally not only for the sake of promotions or salary enhancement but as a reminder that a Muslim need to applied syariah value lifestyle professionally and personally.

Promotional Aspects

- 1) Roadshow to campus, in order to raise awareness of young generations about syariah fintech services ALAMI Sharia promoting their service through roadshow

to campus and meet with the student to talk and understand if they have any knowledge about syariah fintech or interested to invest on syariah fintech.

- 2) Assigned MoU with Universities, this programme will be use as a givebacks to the student so they can learn about the latest issue regarding syariah fintech development, also promoting and introducing ALAMI Sharia services to student who are more prone to technology development.
- 3) Social media content. ALAMI Sharia created social media account to reach young generations and promoting their services. Instagram, Linkedin and webinar are their main promotional tools on the internet right now, because the demographic offered by those social media are considered in accordance with ALAMI Sharia customer segments.

E. Conclusion

From the result there are several things we can conclude from ALAMI Sharia case study which are :

- 1) The potential for syariah fintech to develop and grow in Indonesia is still high
- 2) But to reach such success, syariah fintech must be willing to put more effort and applied progressive promotions strategy to raise people awareness about syariah crowdfunding.
- 3) Efficient Operational Cost by creating a working from home system needs to be controlled properly to ensure that everyone do their job properly.
- 4) A supportive and conducive working atmosphere will create a positive working ethos and employees more likely to put their best efforts in doing their job.
- 5) Unity of value is important and needs to be communicated and socialized with correspond programme.

The rapid growth of ALAMI Sharia is not coincidentally happened, but it is a result of the ability to see business opportunities and well executed business decision while maintaining the syariah laws as a moslem who might considered as 'not professionals' by the others an irony whereas the population in Indonesia dominated by moslem. ALAMI Sharia is a conclusive evidence that being a good moslem and obeying Islamic law doesn't make one cannot work professionally in a formal industry, even though a more careful considerations might have to put up first before acted regarding syariah laws. However a constant reminder and supporting system needs

to be created to balance the professional attitude we provided so that is not only a means of seeking profit but also as a token of worship to Allah SWT.

References

1. Adel, A. (2022). Future of industry 5.0 in society: human-centric solutions, challenges and prospective research areas. In *Journal of Cloud Computing* (Vol. 11, Issue 1). Springer Science and Business Media Deutschland GmbH. <https://doi.org/10.1186/s13677-022-00314-5>
2. Arner, D. W., Barberis, J., & Buckley, R. P. (2015). The Evolution of Fintech: A New Post-Crisis Paradigm? . *J. Int'l L*, 47(45).
3. Asmawi, M. (2021). PROBLEMS OF THE ISLAMIC WORLD ECONOMY. *El-Arbah: Jurnal Ekonomi, Bisnis Dan Perbankan Syariah*, 5(1), 1-10.
4. Choli, I. (2021). FINANCIAL SYSTEM IN ISLAM. *El-Arbah: Jurnal Ekonomi, Bisnis Dan Perbankan Syariah*, 5(2), 71-82.
5. Grüşchow, R. M., Kemper, J., & Brettel, M. (2016). How do different payment methods deliver cost and credit efficiency in electronic commerce? *Electronic Commerce Research and Applications*, 18, 27–36. <https://doi.org/10.1016/j.elerap.2016.06.001>
6. Hiyanti, H., Nugroho, L., Sukmadilaga, C., & Fitrijanti, T. (2020). Peluang dan Tantangan Fintech (Financial Technology) Syariah di Indonesia. *Jurnal Ilmiah Ekonomi Islam*, 5(3). <https://doi.org/10.29040/jiei.v5i3.578>
7. Ichsan, W., Darmawati, D., Syahyana, A, Uyuni, B. (2023). Problematika Ekonomi & Solusi Yang Islam Tawarkan.
8. Kriyantono, R. (2020). *Teknik Praktis Riset Komunikasi* . Kencana Prenada Media Grup .
9. Muchtar, E. H., & Zubairin, A. (2022). Fintech Syariah dalam Perspektif Hukum Islam . *Jurnal Asy-Syukriyyah*, 23. <https://doi.org/10.36769/asy.v23i1.185>
10. Muzdalifa, L., Rahma, I. A., & Novalia, B. G. (2018). Peran Fintech Dalam Meningkatkan Inklusif Keuangan Pada Umkm Di Indonesia. *Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah*, 3(1), 1–24.

11. Natalia, D., & Shihab, M. (2018). *Public Relations Strategies to Built Financial Technology (FinTech) Awareness The IKoinworksr Way*. Icomacs.
12. Ngafifi, M. (2014). Kemajuan Teknologi Dan Pola Hidup Manusia Dalam Perspektif Sosial Budaya. *Jurnal Pembangunan Pendidikan: Fondasi Dan Aplikasi*, 2(1), 33–47. <https://doi.org/10.21831/jppfa.v2i1.2616>
13. Nugroho, L., & Chowdhury, S. L. K. (2016). Mobile Banking for Empowerment Muslim Women Entrepreneur: Evidence from Asia (Indonesia and Bangladesh). *Tazkia Islamic Finance and Business Review*, 9(1), 83–100.
14. Nugroho, L., Hidayah, N., & Badawi, A. (2018). The Islamic Banking, Asset Quality: “Does Financing Segmentation Matters” (Indonesia Evidence). *Mediterranean Journal of Social Sciences*, 9(5), 221–235. <https://doi.org/10.2478/mjss-2018-0154>
15. Nugroho, L., Utami, W., Sanusi, Z. M., & Setyawati, H. (2018). Corporate Culture and Financial Risk Management in Islamic Social Enterprises (Indonesia Evidence). *International Journal of Commerce and Finance*, 4.
16. Nurfadila, B., Sabilatun Najah, D., & Maulana, A. (2022). Peran Fintech Syariah dalam Meningkatkan Kinerja Keuangan UMKM di Masa Pandemi Covid-19. *Jurnal Ilmiah Akuntansi Universitas Pamulang*, 10(2). <http://openjournal.unpam.ac.id/index.php/JIA>
17. Perwira, A. Y. (2018). Eksistensi Fintech Syariah di Indonesia. *Jurnal Hukum Ekonomi Islam*, 2(1). www.jhei.appheisi.or.id
18. Pulungan, J. S. (1993). *Prinsip-prinsip pemerintahan dalam piagam madinah ditinjau dari pandangan al-Qur’an* [PhD Thesis]. UIN Syarif Hidayatullah .
19. Rahmawati, L., Rahayu, D. D., Nivanty, H., & Lutfiah, W. (2020). Fintech Syariah : Manfaat dan Problematika Penerapan pada UMKM. *Jurnal Masharif Al-Syariah : Jurnal Ekonomi Dan Perbankan Syariah* , 5(1), 75–90. <http://journal.um-surabaya.ac.id/index.php/Maqasid>
20. Saraswati, K., Serena, T. S., Fuad, T. U. I., & Sylvia, H. K. (2019). ADVERTISING AND MARKETING ETHICS OF SHARIA BANKING. *El-Arbah: Jurnal Ekonomi, Bisnis Dan Perbankan Syariah*, 3(02), 85-94.

21. Saripudin, S., Nadya, P. S., & Iqbal, M. (2021). Upaya Fintech Syariah Mendorong Akselerasi Pertumbuhan UMKM di Indonesia. *Jurnal Ilmiah Ekonomi Islam*, 7(1), 41. <https://doi.org/10.29040/jiei.v7i1.1449>
22. Sawarjuwono, T., & Kadir, A. P. (2003). Intellectual Capital: Perlakuan, Pengukuran Dan Pelaporan (Sebuah Library Research). *Jurnal Akuntansi Dan Keuangan*, 5(1), 35–57. <https://doi.org/10.1024/0301->
23. Turoyya, & Muzayyanah. (2019). Analisis Pelaksanaan Musyarakah pada Layanan Financial Technology Peer to Peer Lending Syariah di Indonesia (Studi PT Syarfi Teknologi Indonesia. *Jurnal Al-Mizan*, 3(2), 33–54.
24. Wardhana, B. (2019). Integrasi Permodalan Usaha Mikro Kecil Menengah (UMKM) Melalui Fintech Syariah Ijabqobul.id. *Universitas Muhammadiyah Sidoarjo*.
25. Winarto, W. W. A. (2020). Peran Fintech dalam Usaha Mikro Kecil dan Menengah (UMKM). *Jesya (Jurnal Ekonomi & Ekonomi Syariah)*, 3(1), 61–73. <https://doi.org/10.36778/jesya.v3i1.132>
26. Yarli, D. (2018). Analisis Akad Tijarah Pada Transaksi Fintech Syariah Dengan Pendekatan Maqashid. *Jurnal Pemikiran Hukum Dan Hukum Islam*, 9(2).