

Islamic Perspective on Understanding Financial Management of Rural Households

Eli Rahmayati Pohan^{1*}, Rahma Sartika Pasaribu², Fajar Trianida³,
Marlya Fatira AK⁴, Selfi Afriani Gultom⁵

¹²³⁴⁵Politeknik Negeri Medan, Sumatera Utara, Indonesia

*Corresponding Author: elirahmayatipohan@students.polmed.ac.id

Abstract. *Knowledge about financial and budget management is not only an activity that is only carried out in industrial companies, trade or the like, but has made it mandatory for all households to be able to do it, because it is necessary to realize that a home includes a husband, wife and children. is a small corporate unit. No, family size and number of dependents hurt financial satisfaction in the family. Financial management knowledge in the form of planning, organizing, implementing, and controlling needs to be given to families with insufficient income and knowledge, to achieve economic prosperity for Muslim families. The purpose of this research is to find out the understanding of family household management, to find out the application of management to budgeting, to find out the obstacles in implementing family financial management, and to see whether there is an influence of internalization on the financial management of fishing families in koala villages, whose income depends on the catch they catch. influenced by natural conditions, especially wind, waves and ocean currents. This form of research uses descriptive research with a qualitative approach. Research using descriptive methods is directed at providing symptoms, facts, or events accurately and systematically regarding the characteristics of specific populations and areas. The research results show that the family's understanding of management is elementary. There is no implementation of management in family budgeting. The obstacles that occur are uncertain income and low educational knowledge. Internalization has no influence on family financial management.*

Keywords: *Islamic Management, Family Household, Financial Knowledge*

1. Introduction

Economic and technological developments in the world continue to increase, including in Indonesia, which impacts financial management in society. As the financial attitude of the Indonesian people tends to be consumptive, this has given rise to various irresponsible economic perspectives such as minimal savings, investment, emergency fund planning, and budgeting for the future Purwanti (2021). Nowadays, knowledge of managing finances is essential. This is necessary because we can avoid various financial problems in the future.

According to Purba (2021), Financial management is a person's way of managing their finances, starting from planning, budget design, methods of saving funds, controlling expenses, and risk protection. The aim is to achieve economic stability in the future. Financial management includes individual financial management, family financial management, and company financial management. Managing finances is essential to avoid the risk of deficits impacting the economy, such as running out of income prematurely, being unable to meet all of life's needs, or not having emergency funds in urgent situations.

We observe that there are still many people who experience difficulties in managing their finances. Such as the absence of financial planning and a need for more understanding about financial management. Efforts that researchers can make include

carrying out outreach regarding how to manage finances to achieve effectiveness and providing education regarding how to use finances wisely, in terms of savings for children and unexpected expenses. So that financial management can be carried out correctly, it can be supported by sound financial literacy.

According to Kholilah dan Iramani (2013), Carried out by researchers, financial management behavior is behavior that a person must master in managing daily financial resources (planning, budgeting, controlling, administering, controlling, spending, and saving). The emergence of behavior related to financial management results from the human desire to fulfill basic needs based on the income generated. Financial management is also an essential activity in family life to survive and continue to prosper.

Table 1. Financial Management Behavior Indicators

Indicator	Sub Indicator	Interview Excerpts
Financial Management Behavior	Make a Monthly Financial Budget	"Usually, I make a monthly budget, but not too often; sometimes, I forget. "When it comes to saving, I usually set aside income to save at the same time as being able to record expenses. I am diligent in keeping track of them, and I also try to avoid unnecessary expenses and focus more on consumption and children's needs."
	Save Regularly	
	Have an Emergency Fund	
	Recording Expenses	
	Reducing Non-Essential Expenditures	

The table above indicates financial management behavior and an excerpt from an interview with one of the informants regarding behavior in managing finances.

According to Bank Indonesia (2013), household financial management consists of several stages, namely, recording the assets/assets owned, recording all income and expenses, identifying current, monthly, and annual payments, and preparing a spending plan (budget). With lots of income, the results will not be effective if it is not supported by sound financial planning and management. Therefore, there is a need for good financial management in the family so that they can manage and make the right financial decisions.

According to Suarni & Sawal (2020), a family that can be responsible for its money, manage its budget, and control its expenses is a family that can manage its finances well and correctly. Financial planning has several steps, including short, medium, and long-term goals. Short-term goals serve as countermeasures against unexpected threats or as emergency funds. Medium-term goals focus on realizing desires like buying a house, car, and motorbike. Meanwhile, long-term goals relate to long-term needs such as children's education and raising children. Many people will face financial difficulties; failure to plan and manage finances can result in expenses exceeding income.

Researchers observed several villages in Deli Serdang City. Based on observations, it was found that several rural areas needed to understand financial management from a Sharia perspective and manage family finances through media,

namely the Sharia financial management module. With the hope that it can be implemented in everyday life and regular family financial management, it is hoped that it can help manage the household to improve family welfare.

To support a decent life, the economy determines a region's prosperity level. In Deli Serdang Koala Village, people's livelihoods are the backbone of keeping a decent life. The people's professions are fishermen, farmers, and traders. This livelihood can be divided into various sectors, including the fisheries or marine sector, the agricultural sector, the industrial sector, the service sector, and trade. As an area directly bordering the sea, many Koala Deli Serdang Village residents are fishermen. In general, fishermen in Koala Deli Village are very dependent on marine fisheries. The village which is the center for maritime product transactions is in Koala Deli Serdang Village, the center of fishing activities.

The results of interviews conducted with homemakers in Koala Deli Serdang Village show that there are still homemakers who do not understand how to manage finances, such as saving in the form of saving money, not having emergency funds, not recording expenses, and remaining funds from income. Ideally, consumption (living costs) is 50% of revenue, with 50% used for daily savings, and other unexpected expenses, which applies to everyone, regardless of income. If costs and income are not balanced or if payments are higher than income. If payment is not managed well, the family's financial situation It will get worse. Unstable financial conditions in the family can cause family conflict. A household consists of a husband, wife, and children, each of whom has a role. Usually, homemakers play an essential role in financial management, and the person who works is the head of the family or husband.

In Koala Deli Serdang Village, most family heads work as fishermen, affecting their monthly income. Low pay also affects how a person manages their finances. Homemakers who can manage family finances despite all existing obstacles will be able to direct the family in the right direction. There are many reasons why all families need financial planning, whether they feel their income is sufficient or they think it is insufficient. Good financial planning will help solve economic problems and also prevent the waste of money on things that are not important. The following is the monthly income of homemakers in Koala Deli Serdang Village.

Table 2. Housewife's Monthly Income

Characteristics	Category	Information	Mount
Income	Rp1.500.000-Rp2.000.000	DW and ST	2
	Rp 2.000.000-Rp3.000.000	RE	1

Table 1 shows that the income of homemakers in Koala Deli Serdang Village is different; there are informants Sarinti and Lisnawati with an income of Rp. 1,500,000-Rp. 2,000,000, then Mrs. Nurliana will have an income of Rp. 2,000,000-Rp. 3,000,000, the higher the income, the better a person's way of managing their finances, as per research conducted by (Rochman Hadi Mustofa, Faizah Laila Oktaviana, 2023) That is, the higher a person's income, the more the person will try to understand how to utilize finances better through financial knowledge.

This shows that most households in Koala Deli Serdang Village can be classified as non-poor. A brief interview conducted with the three informants said that usually, income is balanced with expenses according to the needs of each family, depending on how we manage the money so that there is no deficit in the household

Table 3. Housewife's Monthly Expenses

Characteristics	Category	Information	Mount
Expenditure	Rp1.500.000-Rp2.000.000	DW and ST	2
	Rp 2.000.000-Rp3.000.000	RE	1

Based on this table, the expenses incurred by homemakers are different, because the needs of each family are different. Brief interviews conducted with the three informants stated that income is usually balanced with expenses according to the needs of each family, depending on how we manage the money so that there is no deficit in the household.

One of the phenomena that occurs in Koala Deli Serdang Village is the problem in the family, namely the lack of knowledge of homemakers in managing finances, which leads to various issues such as running out of money prematurely, not having regular savings in the form of saving money or in financial institutions, and not have an emergency fund, no recording of income and expenses. It is not uncommon to find many family members who owe money or borrow money from banks, neighbors, or agents where they borrow money.

Based on the Pre-Survey at the research location, this research took homemakers in Koala Deli Serdang Village as subjects. This research is essential because it aims to determine how homemakers understand financial management behavior in Koala Deli Serdang Village.

This behavior that occurs among several homemakers in Koala Deli Serdang Village is what researchers want to know because the problem that arises is that there are still family members in Koala Village who do not understand the importance of financial planning, even though having a financial plan is very important to avoid financial problems like a deficit. Homemakers lack financial management, even though it helps them manage their finances wisely and also benefits the economy (Ghofirin & Wahyuningtyas, 2021). There are still those who don't have savings, even though savings are one of the most accessible investment instruments for people to use. Unfortunately, several family members in Koala Deli Serdang Village still do not have the will to save or rarely save, which indicates that most of them have not been able to determine their financial goals for the future.

Several studies show that not all families have good family financial management skills (Sriyari et al., 2020). Women's contribution to resilience and increasing family income should allow women to make more use of their free time, not just doing work as household financial managers and fish transport workers but also carrying out fish processing business activities as an economic commodity to increase family income and make a significant contribution to family resilience. It is hoped that the participation and assistance of industry parties and women's empowerment will educate fishermen and homemakers to become more skilled in managing family finances—proceedings of the National Webinar on the Role of Women/Mothers in Empowerment. (Nunung Nurlaela dkk, 2023) The understanding of the people of Koala Deli Serdang Village regarding family financial management needs to be improved because it is only at the knowledge level, not yet at the level of understanding (competent to apply). Social research for South Jakarta Subdistrict (Astutik, 2019) Shows that some housewives understand family financial management. (Siti Amalia, 2022) Participants in Wijaya Kusuma (Samarinda City) have looked at family financial management, including controlling costs related to household activities.

Based on interviews with several mothers, the main obstacle to financial management lies in the mothers' need to understand that household finances need to be managed, recorded, budgeted, evaluated, and invested in the future of the household. Based on the description above, we want to study the financial management behavior of housewives further, with the research title "Understanding Rural Household Financial Management in an Islamic Perspective."

2. Method

Type of Research and Approach This research type uses descriptive qualitative research with a phenomenological approach. The researcher tries to enter the world of the informants being studied, namely homemakers in Koala Deli Serdang Village. This research will take place in November 2023. Qualitative descriptive research means that this research attempts to describe, record, analyze, and interpret what is being researched through observation, interviews, and study documentation. This research will provide an overview of an object of study by understanding the core experience of a phenomenon. Therefore, the researcher tried to understand and obtain the views/thoughts of homemakers about how they manage their finances daily based on what was obtained from the research subjects.

3. Results and Discussions

Understanding the Financial Management of Housewives in Koala Deli Serdang Village

Regarding the financial understanding of homemakers in Koala Deli Serdang Village, the financial management system carried out by homemakers in Koala Deli Serdang Village is relatively low.

Based on the results of an interview on November 18, 2023, with a fisherman homemaker in Koala Deli Serdang Village, namely Mrs. Sarianti, it is known that she has not implemented an understanding of management so that expenditure and income are balanced, and has not maintained the source of financial gain from halal funds by not making loans. To the community, conventional banks but with their own capital. Funds for financial management are also allocated effectively by purchasing daily necessities.

Understanding the financial management of homemakers in Koala Deli Serdang Village, they do not prepare bookkeeping, so they cannot determine with certainty the operational costs incurred and profits from their husbands' income. The source of income for homemakers in Koala Deli Serdang Village is only from their husbands, but Another intention is that they plan to start a business but have yet to realize it.

This is in line with what was conveyed by a fisherman housewife in Koala Deli Serdang Village, Mrs. Lisnawati, from an interview on November 18, 2023; she said that she did not keep financial records and rarely even wrote down the income and expenses in her family. The determination of profit is calculated from shopping costs. Fees are deducted from income, but they rarely calculate the essential profits from their husbands' income, so they cannot determine with certainty the operational costs and profits of their husband's income.

In terms of reporting, as a housewife, I make financial reports to evaluate livelihood income to help financial decision-making. The habit of fishermen's homemakers is that financial management for financial statements is not needed to determine how much income is used to assess their livelihood and experiences triviality.

Based on the results of interviews with homemakers in Koala Deli Serdang Village, Nuriana said that in measuring management understanding, only look at the amount of profit obtained from livelihood results.

The low level of understanding of the financial management system is because homemakers in Koala Deli Serdang Village think that they do not need to record existing income and expenses so knowledge of financial management is only logical without knowing where financial management is obtained from and where it is used. Generally, a housewife's husband's income is around IDR 1,500,000- IDR 3,000,000/month.

Based on information from the three informants, this income is used for household operational costs. The three housewives carry out a good habit: awareness of allocating funds from income sources to save a certain amount. Another good thing is the housewife's habit of spending without debt, meaning that the husband's source of income is used for family operational costs; expenses are adjusted to the start of income without the option of going into debt. This condition generally shows that the three informants' household financial principles are sound. However, there are still areas for improvement in the absence of recording household income and expenditure, which results in not knowing strictly what forms of waste occur from managing the money earned from the household. This also results in investment opportunities for future planning not being carried out because the income budget is only spent on household operational costs. Informants have implemented the principles of household financial management, which refer to the Islamic concept of sharing wealth. The three informants carried out the habit of giving alms. Still, the activity was not routine, not planned, but according to the circumstances at that time, for example, when giving alms to neighbours or giving alms to the mosque during worship.

This is in line with research conducted by Nurlaelaa et al. (2023) regarding Analysis of Understanding of Rural Household Financial Management from an Islamic Perspective (Case Study of Garawangi Hamlet Community, Cilacap) and Amalia (2022) About Supporting the Role of Housewives in Managing Finances in Wijaya Kusuma, Samarinda.

Use of Funds for Housewives in Koala Village Deli Serdang

In financial management, it is also essential for fishermen homemakers to make financial reports for the use of funds. Based on the results of the interview with Mrs. Sarianti, she said that it is necessary to allocate funds for daily needs, children's school fees, and unexpected needs, to teach children to be diligent in saving their pocket money. The use of fund management is included in safeguarding assets.

In Islamic Sharia, humans must be able to regulate how to look after assets and how assets are appropriately managed. Preparations that can be made to safeguard assets include planning, recording, reporting, and financial control. This activity will make Fisher Housewives more administrative in planning the family's future. If fishing homemakers are not disciplined in managing the use of funds, this will result in a decline in their livelihood results.

Mrs. Lisnawati also stated the same income that financial management in the use of funds means that it is necessary to allocate funds for daily needs so that the main benefit is being able to separate personal money from their livelihood income so that they know more about their income and expenses. The benefits of financial recording for using funds will also maintain relationships between families by avoiding disputes and disputes. The losses obtained without financial discipline are that homemakers can be consumed by

assets that are not their rights and a little of their income.

As a housewife who is a fisherman in Koala Deli Serdang Village, Mrs. Nuriana stated that financial management is for the use of funds as well as for daily needs; the need for children to know cash flow so that it is known for sure whether the housewife knows the income and expenses in the family to be managed well.

The aim is to recognize the problems faced in developing and helping oneself towards a better situation, to explore and utilize available resources for the benefit of oneself and one's family, and to be able to exist clearly by benefiting from them. This process is divided into three stages: awareness, capacity building, and empowerment. So, management must record financial reports in the use of funds.

This is in line with research conducted by Anggraini (2020) regarding the Role of Women in Coastal Communities in Increasing the Income of Fisherman's Families in Bayah Village, Bayah District, Lebak Regency (Beyk, 2022) regarding the Effectiveness of Village Fund Management in Community Empowerment in Mandiri Villages According to an Islamic Economic Perspective.

Getting Funds for Housewives in Koala Deli Serdang Village

In the family, financial management must obtain funds from halal-sourced income to be effective and efficient in helping a business achieve financial goals.

Financial analysis can be carried out by making financial records and financial reporting. Fisherman homemakers predominantly get funds from their husbands, so they must prepare bookkeeping and determine the exact operational costs incurred and profits from income. Determining profits is done logically by calculating daily income and then calculating income minus costs incurred.

Based on the results of an interview on November 18, 2023, with a homemaker in Koala Deli Serdang Village, Mrs. Sarianti said that the financial income obtained is only from her husband, and there is no other income. Hence, determining the gain from income is only logical without recording profits and losses from livelihood.

This is in line with what was conveyed by Mrs. Lisnawati, a fisherman housewife in Koala Village, that her income was only from her husband and no other income; management records were relatively low to determine existing profits and losses so the gains obtained were uncertain.

Mrs. Nurliana said that the income from the business she managed came from her husband and the water depot business. The current condition of these two sources is combined, and no recording is carried out regarding their use. Both funds are sources for the operational management of the water depot. The income from the water depot business is approximately IDR 500,000 per month. The income value is net after deducting costs.

Homemakers in Koala Deli Serdang Village know that financial recording is essential to help make financial decisions in the household. However, at this time, the three informants said they did not need financial reports, due to the assumption that household funds were known for certain income, expenses, and their monthly allocation.

This is in line with research conducted by Setiawati & Rozinah (2022) Regarding the Empowerment of Housewives in Efforts to Improve the Family Economy through Home Business Management in South Tangerang.

4. Conclusions

From an Islamic perspective, Koala Deli Serdang Village's homemakers know the importance of recording household finances, including sources of income, recording expenses, allocating social funds, and preparing preventive funds through savings. However, each homemaker's level of understanding of family financial management still needs to be higher and more complex. This means that each household manages their finances according to their own opinions. In general, better financial planning was required because homemakers did everything according to the financial resources they had at that time. Some housewives' have planned for the future by preparing savings and participating in financial programs through social gatherings. Arisan is considered a means of saving money that can be used for household operational needs. The most important management of family income is for consumption needs, children's school financing, and social needs. The three informants did not record expenses because each family still had a small income, their income was not fixed every day/every month, and homemakers needed to understand good financial management. Then, she had unstable income and expenses, no additional income, and was only relying on income from her husband.

5. References

- Amalia, S., Maria, S., & Lestari, D. (2022). Implementation of Micro Business Productive Assistance for UMKM as an Effort to Grow a Sustainable Economy. *JBTI: Jurnal Bisnis: Teori dan Implementasi*, 13(3), 203-216.
- Astutik, 2019
- Anggraini, Y. (2021). Integrated Strategies to Reduce Poverty Rate Through Innovation of E-Kembang Village and Poverty Sim in Bangka Regency and Pati Regency. *International Journal of Regional Innovation*, 1(3), 8-15.
- Primahendra, R., Purba, J. T., Ugut, G. S. S., & Budiono, S. (2021). Do Digital Literacy and Digital Entrepreneurship among University Students Contribute to Digital Economy. *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 4(3), 7387-7394.
- Purwanti, P. A. P., & Karmini, N. L. The Impact of Balinese Women's Power in The Household on Child Welfare.
- Suarni, A., & Sawal, A. R. (2020). Peran akuntansi dalam rumah tangga dan penerapan pengelolaan keuangan rumah tangga secara Islami di masa pandemi Covid-19. *Assets: Jurnal Ekonomi, Manajemen Dan Akuntansi*, 10(2), 110-129.
- Kholilah dan Iramani (2013)
- Winarto, F. H., & Beik, I. S. (2024). The effect of Sharia monetary policy instruments and Islamic bank financing on economic growth and inflation. *Jurnal Ekonomi & Keuangan Islam*, 72-89.
- Nurlaela et al. (2023)