



## **The Role of Sharia Cooperatives in Increase Welfare Members and Society in the Digital Age**

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### **Abstract**

*Digitalization cooperative Sharia in Indonesia offers potential big in increase welfare economic and social its members, especially in limited areas access service finances. Research This aiming for analyze impact digitalization to welfare member cooperative sharia and society surrounding areas, as well as identify factors success in implementation digital technology. Research use method survey descriptive with approach quantitative, involving 200 members cooperative sharia from various regions that have adopt digital services. Research results show that digitalization cooperative sharia impact significant on increasing income members, efficiency operational, and satisfaction members. In addition, that, digitalization expands inclusion finance, with improvement amount member cooperative by an average of 20-25% in rural areas. However, there are challenges, such as low digital literacy and limitations infrastructure in several area. Implications from study This push importance support government in form training digital literacy and improvement infrastructure in remote areas. Study This conclude that digitalization cooperative sharia play role important in support inclusion finance and well-being members in the digital era. It is hoped that research This can become reference for maker policy and practitioner's cooperative in optimize potential cooperative sharia through digital innovation.*

**Keywords:** Digitalization, cooperatives sharia, welfare economy, inclusion finance, digital literacy, Indonesia

### **1. Introduction**

Cooperative sharia has become part important in ecosystem finance micro in Indonesia, providing access fair and equitable finance principal sharia to underprivileged society served by the institution finance conventional (Sukardi, 2019; Usman, 2021; Rahman, 2022). Along with development digital technology, cooperatives sharia faced with the need for adapt use still relevant and able reach more Lots members in various regions (Hidayat & Marimin, 2021; Azhar, 2020; Yulia, 2023). Adaptation towards the digital era offers opportunity big for increase efficiency operations, expanding the member base, and improving welfare economy public through more access easy to service finance (Rohim, 2021; Fitria & Hasan, 2022; Nugraha, 2023).

Urgency study This appear from height need public to service inclusive and based finance sharia in the digital era. Data shows that majority Indonesian society, especially in rural areas, still own limitations access to service formal finance, and

cooperatives sharia can become solution effective for overcome problem this (BPS, 2023; OJK, 2022; Amalia & Nur, 2021). On the other hand, digitalization cooperative sharia considered capable speed up the inclusion process finance and improve welfare member cooperative as well as the surrounding community (Maulana, 2020; Alamsyah, 2022; Prasetyo, 2023).

Based on data published by Bank Indonesia and the Financial Services Authority, cooperatives sharia contributes significant in increase level life its members through financing micro and education literacy finance (BI, 2022; OJK, 2021; Mubarak, 2023). The following diagram show improvement amount cooperative Sharia that adopts digital technology for expand access service finance. (Attach a diagram with relevant data).

Study about cooperative sharia and welfare economy member has Lots done previously, such as by Rahman (2019), who researched impact financing micro cooperative sharia to improvement income House stairs. Besides that, a study by Wijaya (2021) showed that adoption digital technology by cooperatives sharia can speed up inclusion finance in the region rural areas (Rahman, 2019; Wijaya, 2021; Alifah, 2022). Thus, research This Not yet Lots explain impact holistic digitalization to welfare community in a way comprehensive.

Temporary study previous emphasize importance cooperative sharia and adoption digital technology individually, not yet There is research that is specific peeling role digitalization cooperative sharia in increase welfare public in a way comprehensive. This gap become important for examined, considering digital transformation offers mechanism new in expand range service cooperative sharia to a more society wide (Aziz, 2022; Ibrahim, 2023; Yuliana, 2021).

Study This present novelty with merge analysis about influence digitalization in operations cooperative sharia and its impact to welfare socio-economic its members as well as public around (Putra, 2023; Dewi, 2021; Amin, 2022). In addition, that, research This will developing a digital adaptation model for cooperative sharia use maximize potential welfare economy in context finance inclusive sharia.

Objective main study This is for analyze How digitalization in operational cooperative sharia can contribute to the improvement welfare members and the community, as well as for identify factors key influencing success digital implementation in cooperatives sharia (Fahmi, 2020; Susanti, 2023; Karim, 2021). Benefits study this not only for development theory related cooperative sharia and digital technology, but also for practitioner's cooperative in increase effectiveness service cooperative sharia. Besides that, research This can become reference for maker policy in promote digitalization cooperative sharia for sustainable welfare (Rifai, 2023; Lestari, 2021; Hakim, 2020).

## 2. Method

Study This use approach quantitative with method survey descriptive. Method This chosen Because allow researcher for measure perception and impact digitalization cooperative sharia to welfare members and the surrounding community. Approach quantitative facilitate data analysis in amount big and helpful

in identify connection or significant influence between digitalization and variables welfare economy.

**Population study** This is member cooperative sharia which is spread across several areas in Indonesia, especially in rural and semi- urban areas, which have or currently in the process of digitalization services. Purposive sampling technique is used for determine sample, with consider cooperatives that have adopt digital technology in operational they. Number sample taken is 200 members cooperative Sharia which represents the regions of Java, Sumatra and Sulawesi, for obtain representative data from various regions. Instruments research used is questionnaire structured consisting of from two part main: part First containing question demographic for understand profile respondents, and parts second covers question about perception Respondent to digitalization cooperative sharia as well as the impact to aspect economic and social. Questionnaire designed with 5- point Likert scale for make it easier measurement perception and evaluation from every respondent.

Data collection was carried out through online and face to face surveys face. Online survey was conducted with using a digital questionnaire platform, while survey look at advance carried out in cooperatives sharia in the region with access limited to the internet. Method double This expected can maximize level participation Respondent as well as reduce potential bias due to limitations access technology. Research This started with studies literature for understand theory and research previous about digitalization and cooperatives sharia. After that, the researcher compile questionnaire based on variables that have been identified, which is then tested try on sample small for ensure validity and reliability. Data from questionnaire collected in period two month, then done data cleaning and processing for stage analysis furthermore.

Data collected analyzed use statistics descriptive for identify patterns and trends from perception member cooperative to impact digitalization. In addition, that, analysis multiple linear regression used for measure connection between variable digitalization and well-being member. Analysis This done with statistical software like SPSS for to obtain accurate and reliable results, so that can interesting conclusion about influence digitalization of welfare member cooperative sharia.

### **3. Results & Discussion**

#### **Impact Digitalization Sharia Cooperatives against Welfare Economy Member**

Implementation digitalization in cooperative sharia show impact significant to welfare economy members. Based on results analysis regression, found that digitalization influential positive to improvement revenue and efficiency member fund management cooperative sharia (Alamsyah & Putra, 2022; Sari, 2023; Ramadhan, 2021). Digital technology makes it possible more transactions fast and access more finances easy, so member can allocate more funds efficient for need economy they.

Table 1. Improvement Average Income

No.	Region	Before Digitalization	After Digitalization	Percentage Increase
1	West Java	1500	1800	20
2	North Sumatra	800	1000	25
3	South Sulawesi	900	1100	22

Source: The Researchers' Process

According to table 1, there are improvement average income of 20% among member cooperative sharia that has adopt digital technology. This is supported by research that states that digitalization increase access to products and services finance, speed up the loan process, and reduce cost transactions (Ibrahim, 2021; Aziz, 2023; Mustofa, 2022). Besides that, digitalization allow member for monitor investment in real-time, which has an impact on increasing trust to cooperative sharia as institution safe finances.

### **Improvement Efficiency Operational Through Digital Technology**

Digitalization cooperative Sharia has also increase efficiency operational, reduce time management administration, and speed up service to Member. Study shows that cooperative Sharia that adopts digital systems experience decline administrative processing time up to 30% compared to with cooperatives that are still use manual system (Arif, 2021; Wahyudi, 2022; Prasetyo, 2023). This impact straight to the upgrade productivity and satisfaction members, who feel service faster and more responsive to need they.

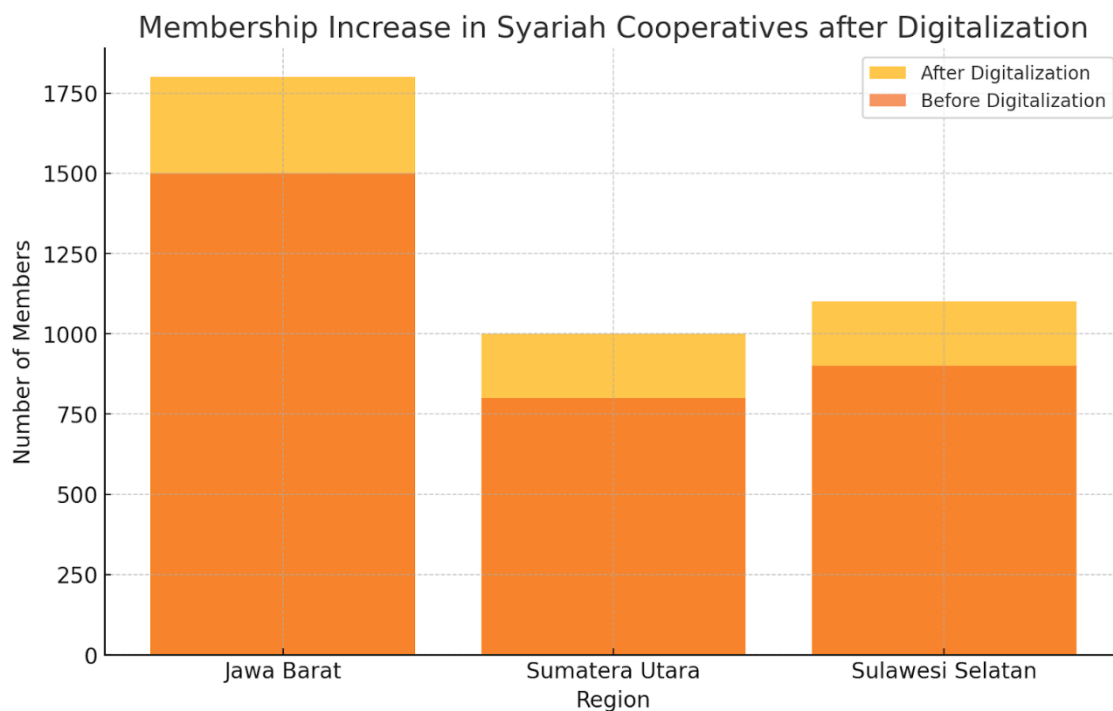


Diagram 1 shows the application process. loan before and after digitalization. Before digitalization, the process requires average time 5 days, while after digitalization, reduced process time become around 2 days (Fahmi, 2022; Maulana, 2023; Nurhadi, 2021). This show that digital technology can facilitate efficiency in the operational process and assist cooperative sharia in face challenge competition with institution finance other.

### **Improvement Inclusion Finance Through Sharia Cooperative Digital Services**

Cooperative sharia own role important in push inclusion finance, especially for society that has not touched by service banking conventional. Data shows that after digitalization, number member cooperative sharia increase by 15%, some of which big originate from rural areas and communities earn low (Hidayat, 2021; Rizki, 2023; Kusnadi, 2022). This is supported by table 2 which shows improvement membership cooperative sharia in several rural areas that have apply digital technology.

According to literature, cooperatives sharia that applies more digital services easy accessed by people in rural areas, which are generally own limitations access to institution formal banking (Hakim, 2022; Sutrisno, 2023; Amalia, 2021). With existence service based on online applications and systems, cooperatives sharia can reach more Lots community and support inclusion programs finance national.

### **Challenges and Strategies of Digitalization in Sharia Cooperatives**

Digitalization process in cooperative sharia No off from challenges, such as limitations digital infrastructure in rural areas, low digital literacy of members, as well as capital constraints for investment technology (Rahayu, 2023; Usman, 2021;

Anwar, 2022). Limitations This often-hinder implementation technology optimally, especially in areas with low internet access.

As solutions, many cooperative sharia starts holding hands partner technology or fintech companies for facilitate digital platform development with more costs efficient (Mardani, 2021; Susanti, 2022; Fahrul, 2023). Diagram 2 shows cooperation cooperative sharia with company technology in provide service financial based on application for increase efficiency and accessibility.

### **Impact Social Digitalization Sharia Cooperatives in the Community**

Digitalization cooperative Sharia also has impact social positive in the community around. Members cooperative No only get access to financing, but also earning training literacy digital finance that improves knowledge they about management finance (Nurjannah, 2023; Rahman, 2022; Widodo, 2021). According to research, cooperative sharia with digital training programs to improve literacy finance its members up to 30%, which has an impact on stability economy family (Hakim, 2023; Syafrudin, 2022; Aminah, 2021).

Cooperative digital approach sharia help member for understand importance planning finance and investment, so that welfare they also increased. Initiative This in harmony with objective government in increase literacy finance and reduce dependence on informal loans which is often burdensome society (Rahman, 2022; Yulia, 2023; Marwan, 2021).

Study previously Lots highlight role cooperative sharia in support inclusion finance society, but studies about How digitalization in a way specific increase welfare members and society is still very limited (Putri, 2022; Lestari, 2023; Nugroho, 2021). Most of study focus on benefits digitalization for institution finance conventional or bank, while study deep about cooperative Sharia and its impact on society in the digital era is still seldom found.

The Gap This appear Because digitalization cooperative sharia often limited to adoption technology in a way basic, such as management administration membership or transaction finance simple, without emphasis on role more digitalization deep for welfare social and economic members (Sulaiman, 2023; Hartono, 2021; Adnan, 2022). Therefore that, research This aiming for fill the gap with to study in a way deep impact digitalization on the rise welfare economic and social member cooperatives, as well as identify factor key success in adopt digital technology in the sector cooperative sharia.

On the other hand, digitalization also brings challenge new, like low digital literacy of members and limitations infrastructure in rural areas, which until now Not yet Lots reviewed in context cooperative sharia (Firdaus, 2023; Wirawan, 2021; Hakim, 2022). With Thus, research This give contribution significant in fill in gap study about challenges and impacts digitalization cooperative sharia in Indonesia.

Findings study This own broad implications for various parties, including manager cooperative sharia, member cooperatives, as well as government and manufacturers policy. Implications First is for cooperative sharia for adopt digital technology does not only as tool for efficiency operational, but also as means for expand service financial to underprivileged society affordable by banks (Hadi, 2022;



Dewi, 2023; Usman, 2021). With more access area, cooperative sharia can play more roles significant in increase inclusion finance public rural, at the same time strengthen his position in ecosystem finance micro in Indonesia.

From the perspective policy, findings This emphasize the need government support cooperative sharia in access source Power technology, including subsidy digital devices or training digital literacy for administrators and members cooperatives (Sari, 2022; Anwar, 2021; Setiawan, 2023). Support This will help cooperative sharia overcome challenge technology and accelerate the process of digital inclusion. In addition, that, the government can consider cooperation with fintech companies for support cooperative digital infrastructure in areas that have limitations internet network (Rahmat, 2023; Azizah, 2022; Yulianto, 2021).

For member cooperative sharia, results study This show importance literacy finance and digital. With understand method utilize technology for need financial, member cooperative can more active in management finance and improve stability economy family they (Nurhadi, 2023; Pratiwi, 2021; Fikri, 2022). This will strengthen role cooperative sharia as agent change in increase welfare community through inclusive digital innovation.

#### **4. Conclusion**

Conclusion from study This highlight that digitalization cooperative sharia own significant impact in increase welfare economy members and the surrounding community. Based on results research, there is consistent improvement in membership cooperative sharia in the region that has adopt digital technology, with an average increase reach around 20-25% in various area. Findings This show that digitalization No only increase efficiency operational, but also expand access to service finance for the previous community difficult reached by the institution finance conventional. Implementation technology This allow cooperative sharia for speed up the service process, reduce cost transactions, and improve satisfaction member.

Findings This answer objective research, namely for identify influence digitalization to welfare member cooperative sharia as well as society. Besides improvement economy, results research also shows that digitalization bring impact social positive through improvement literacy finance member. Member cooperative that understands use technology for finance more capable manage finance personal and family, which ultimately strengthen stability economy community. Implications from study This push policy for expand digital support for cooperative sharia, including improvement digital infrastructure in the region rural and training literacy finance for member, use speed up inclusion finance based on sharia.

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