


Research Article

Designing a Digital Platform to Enhance Financial Literacy and Sustainability of Tahfiz Institutions

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Abstract: Many Tahfiz Institutions in Malaysia, particularly Private Tahfiz Institutions (PTIs), face considerable financial management challenges stemming from limited financial literacy among their administrators and stakeholders. This deficiency in financial knowledge, especially in alignment with Islamic finance principles, often leads to financial instability, inefficiencies, and a lack of operational transparency. To address this issue, this study employs a qualitative approach, involving site visits and in-depth interviews with management teams of selected PTIs. The primary objective of this research is to design a financial literacy app tailored to the needs of PTIs, integrating both basic financial knowledge and skills grounded in Islamic finance. The proposed financial literacy using the digital platform is expected to equip PTIs' management teams with essential financial tools and competencies, promoting financial sustainability within these institutions. The Tahfiz Financial Literacy App demonstrates strong commercialization potential, offering a range of opportunities, including licensing, strategic partnerships, short certification courses, and sponsored content. It is anticipated that the app could extend its impact beyond individual institutions, evolving into a widely recognized and scalable tool for financial empowerment in Islamic educational settings.

Keywords: Financial literacy; Tahfiz Institutions; Digital, Sustainability

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1. INTRODUCTION

Tahfiz Institutions are education institutions that specialize in Quranic learning and recitation. These institutions are managed either by the federal government through the Islamic Development Department Malaysia (JAKIM), the Ministry of Education, and state governments under the State Islamic Religious Council (SIRC), or privately owned. More than 90% (1,400 to 1,600) of Tahfiz Institutions in Malaysia are privately owned by either foundations, non-government organizations (NGOs), or individuals. A record from the Gabungan Persatuan Institut Tahfiz Al-Quran Kebangsaan (PINTA) and Persatuan Madrasah Tahfiz Al-Quran Malaysia (PERMATA) states that Tahfiz Institutions have produced over 24,000 students (Ahmad, 2021).

These numbers show how significant Tahfiz Institutions are to Malaysia's education system in preserving Islamic values and providing moral and spiritual guidance to the Muslim community. The development of Tahfiz education in Malaysia has been significant, evolving from traditional "Pondok" schools to modern institutions funded by both government and private entities (Bani et al., 2017).

Despite their historical and educational importance, Tahfiz institutions face substantial challenges threatening their operational effectiveness and long-term sustainability (Abdullah, 2018). Among the challenges include poor and insufficient infrastructure and facilities, unstandardized and inappropriate management, and high dependency on government assistance and charitable endowments or waqf.

A critical factor hampering Tahfiz institutions' long-term sustainability is the limited financial management expertise among their administrators and staff. This shortcoming is evident in ineffective budgeting practices, inadequate financial planning, and an inability to expand and diversify funding sources (Dewi et al., 2020). Many of these institutions lack professional financial management knowledge and structures, which leads to inefficiencies and heightened financial risk. Financial instability undermines the ability of Tahfiz institutions to achieve their educational goals, resulting in poor resource management, and deteriorating infrastructure, ultimately compromising the quality of education provided (Muhammad et al., 2022). Balancing modern educational standards with Islamic teachings demands strategic financial planning and efficient resource allocation, areas currently hindered by prevailing financial decision-making practices (Jaaffar et al., 2022).

Based on observation and a review of the literature, this study aims to enhance financial literacy among the Tahfiz management team. By harnessing advanced technology, a digital platform will be developed allowing Tahfiz institutions to strengthen their financial management, promote transparency, and ensure long-term sustainability. It is believed that a strong foundation in financial knowledge through digital platforms will empower Tahfiz administrators to make informed decisions regarding budgeting, resource allocation, and long-term planning.

2. METHOD & MATERIAL

This study employs a mixed-method approach, incorporating site visits and in-depth interviews with management teams from selected Tahfiz Institutions and devising a set of questionnaires to gauge further information. The institutions were nominated by the Persatuan Institusi Tahfiz Al-Quran Negeri Selangor (PITAS), an Islamic NGO serving as a central reference, liaison, and spokesperson for Private Tahfiz Institutions (PTIs) in Selangor. PITAS's nomination process ensures that the selected institutions reflect a broad range of operational contexts and challenges. Visits were scheduled with consensus from each management team, ensuring structured discussions on current operational status, key challenges, emerging opportunities, and the institutions' aspirations for the future.

The Theory of Planned Behavior (TPB), a psychological framework, underpins this study by providing insights into the factors that shape financial management practices. TPB explains how attitudes, subjective norms, and perceived behavioral control influence individuals' actions (Musa et al., 2024). By enhancing financial literacy, Tahfiz administrators are expected to develop a more positive attitude toward financial management, reinforced by a sense of social responsibility to engage in sustainable practices, and an increased confidence in their capacity for effective decision-making. These factors collectively strengthen their intentions to adopt sustainable financial behaviors, promoting long-term economic stability and resilience within Tahfiz Institutions.

3. FINDINGS & DISCUSSION

Based on the literature review and interviews, financial literacy is one of the most prevailing issues for the Tahfiz in ensuring its sustainability. As such, designing the Digital Financial Literacy App for Tahfiz Institution requires special attention. The process must consider the unique capabilities of the PTIs, the country and state laws and regulations as well as the Shariah law. The development and implementation of the proposed Digital Financial Literacy App would undergo five phases as illustrated in Figure 1.

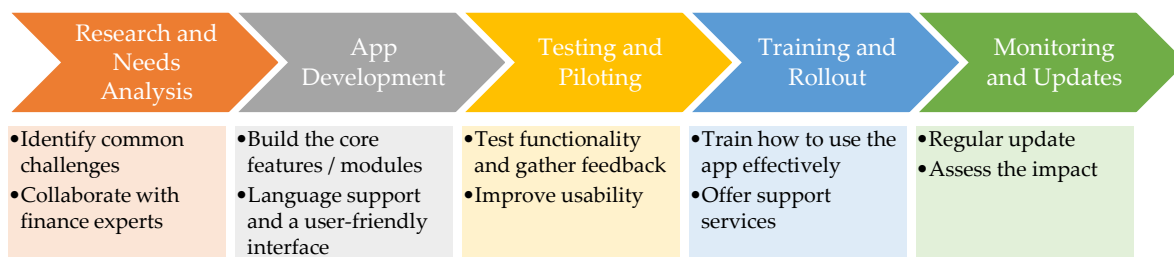


Figure 1. The five phases in designing the Digital Financial Literacy App for Tahfiz Institutions.

Phase one of the research, which involved a needs analysis, was completed through site visits and interviews with selected PTI's administrators. Additionally, a questionnaire was developed to identify the most prevalent financial challenges faced by PTIs. Collaboration with PITAS played a key role in encouraging PTIs to participate by completing the questionnaire, either in booklet form or via a shared link. To ensure the app aligns with Shariah principles, collaboration with Islamic finance experts is also planned.

Phase two focuses on developing the app's core features, which include financial education modules, budgeting tools, and simulations tailored to Islamic finance principles. The app will feature multi-language support and a user-friendly interface to cater to a broad range of users. In phase three, the app will be piloted in selected PTIs to test its functionality and gather user feedback. This feedback will guide iterative improvements to enhance usability and address any identified issues.

Phase four involves conducting a series of training sessions for PTI's administrators and teachers to ensure effective app use. Comprehensive support services, such as tutorials and help desks, will be provided to facilitate smooth onboarding. The final phase, monitoring and updating, will include regular updates to address bugs, add new features, and adapt to changes in financial regulations. Data will also be collected on user engagement and outcomes to evaluate the app's impact on financial literacy and institutional sustainability.

Financial literacy encompasses both financial knowledge and behaviors. A solid understanding of financial concepts enables individuals to analyse options and make informed decisions. For effective financial decision-making, individuals should possess three key competencies: numeracy, particularly in calculating and understanding interest rates and compounding; an understanding of inflation; and knowledge of risk diversification (Lusardi, 2019).

Digital literacy is also essential for Tahfiz Institutions, as it can improve the efficiency and effectiveness of education, empower teachers to create impactful learning experiences and enhance student engagement (Nurhayati et al., 2024). However, adopting digital platforms presents challenges, including limited technology access, a lack of technical skills, resistance to change, integration issues, accessibility concerns, and inadequate support and training. Despite these obstacles, the growing demand for digital proficiency across sectors means that Tahfiz administrators and teachers must be prepared to meet this challenge (Gouseti et al., 2023).

4. CONCLUSION

Tahfiz Institutions in Malaysia began with humble origins, often relying on the personal capital of dedicated founders. Driven by a mission to provide moral and spiritual guidance to the Muslim community, many founders established their own Tahfiz institutions despite limited resources and

financial knowledge. Some PTI owners have leveraged their expertise, knowledge, and networks to sustain these institutions amid financial challenges. The Theory of Planned Behavior sheds light on how financial knowledge and attitudes influence informed financial decision-making (Musa et al., 2024), especially in organizations like Tahfiz Institutions that aim for financial sustainability.

The proposed Digital Financial Literacy App for Tahfiz Institutions is designed to bridge financial literacy gaps by equipping PTIs with essential financial management and reporting skills. This customized, user-friendly platform will deliver critical financial information tailored to the needs of Tahfiz administrators, thereby enhancing management competencies.

The introduction of the Digital Financial Literacy App promises to have far-reaching effects on the financial sustainability and management practices of Tahfiz Institutions. While its development follows standard digital platform creation steps, its uniqueness lies in the integration of Islamic finance principles, customized content for administrators and students, and a design that respects cultural relevance. These factors position the app as a valuable tool for strengthening financial literacy and promoting long-term sustainability in Tahfiz Institutions across Malaysia.

The proposed app is believed to have strong commercialization potential not only for Tahfiz Institutions but also for any Islamic-based organizations, small-medium enterprises (SMEs), micro-businesses, and co-operatives. The introduction of the app offers a range of opportunities, including licensing, strategic partnerships, short certification courses, and sponsored content. It is anticipated that the app could extend its impact beyond individual institutions, evolving into a widely recognized and scalable tool for financial empowerment in Islamic educational settings.

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