

Research Article

Accessibility of Island Communities to the Services of Islamic Banking Institutions in Guruapin Village, Kayoa Sub-District

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*Corresponding Author: abdraufwajo@iain-ternate.ac.id | Phone Number: +6281363005054**ABSTRACT**

This study aims to analyze the accessibility of the people of Guruapin Village, Kayoa Sub-district, South Halmahera Regency, to Islamic banking services. Guruapin Village has significant economic potential in the fisheries, marine and plantation sectors, which can be the main driver of the local economy. However, this potential has not been optimally utilized due to limited access to Islamic financial services. The results show three main factors that affect the community's accessibility: the geographical distance from the Islamic bank office, the lack of banking services available in the village, and the community's low financial literacy on sharia principles. The study reveals that although the community has an awareness of the importance of Islamic banking, these constraints hinder the optimal development of the local economy. This study offers a novel integrative approach that includes the development of digital-based services, strengthening the role of agent banking, as well as sustainable financial literacy programs to improve Islamic financial inclusion. In conclusion, better access to Islamic banking services will support the development of the economic potential of Guruapin Village and improve the overall welfare of the community.

Keywords: accessibility, Islamic banking, island communities.

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1. INTRODUCTION

North Maluku is an island province with an area of 31,982.5 KM. Most or 76.28% of this area is dominated by water areas with a composition of islands (both inhabited and uninhabited) totaling 1,474 islands. (BPS North Maluku, 2023:4). The relationship between islands is realized through a pattern of relationships between central economic activities and population settlements in a hierarchical or tiered manner, thus forming a transportation network between regions. Similarly, Guruapin village on Kayoa Island, West Halmahera Regency, is one of the many villages in the archipelago in North Maluku that is located far from urban areas and relies on sea transportation as a means of connecting socio-economic interactions of the community.

North Maluku Province has a number of potential natural resources that allow it to develop as a developed region. The wealth of human resources is evenly distributed in various sectors and contributes to regional economic growth. It is not surprising that data from the Central Bureau of Statistics recorded that the North Maluku economy grew by 22.94 percent in 2022, higher than the 2022 achievement of 16.79 percent. (BPS North Maluku, 2023:3). In Guruapin village in particular, the community's economy relies on two main sectors, namely agriculture and fisheries, and is supported by the services and trade sectors. In the fisheries sector, there are a number of fish species caught by fishermen in Guruapin village with an average of 50 to 500 tons per week. Meanwhile, in agriculture and plantations, the types of crops planted by farmers in Guruapin are coconut (copra), cloves and nutmeg as well as vegetables, with an average production level of 40 to 250 tons per year. (Guruapin Village Demographic Data, 2023).

Although North Maluku's economic growth is the highest in Indonesia and even the world, with its abundant natural resources, the fact is that this growth is not fully enjoyed by the community, especially those who inhabit the islands such as the people of Guruapin village who work as farmers and fishermen. These two sectors only contributed to economic growth by (2.92%), smaller than the transportation and storage (22.32%) and trade (6.64%) sectors. (BPS North Maluku, 2023:3). Being remote and isolated, the people of Guruapin village and its surroundings face widening economic and social disparities with urban communities. Similarly, the population's accessibility to public services in various fields of life is part of a fundamental problem that has not yet found a solution. Limited access to transportation, communication, education, health and other public services has resulted in the designation of Guruapin village and its surrounding area as an area in the 3T category (Frontier, Remote and Disadvantaged).

Community accessibility to public services is a fundamental problem in the development of this nation, because it is an important factor in supporting community welfare. Some research results that identify the problems of accessibility of rural communities in the economic sector, among others, were conducted by Farida in 2013, which showed that accessibility has an important role in communities that inhabit rural areas and have limited adequate public facilities. In

the perspective of economic growth, good accessibility can encourage the growth of markets and economic growth centers in a region (Umrotul Farida, 2013: 50). Meanwhile, Mujiani et al, in their research highlighted the factor of Natural Resources in the Thousand Islands that have been utilized for economic activities, but in fact the involvement of local residents in economic management is still limited, because it is more controlled by middlemen and entrepreneurs. (Mujiani et al, 2002). Meanwhile, research by Agustinus Manek and A.A Sagung Alit W, also produced data that the limited human resources on Adonara Island have an impact on the limitations of the community in utilizing technology, land and the environment in developing the available economic potential. (Manek and Alit W: 1412-1867).

In Guruapin Village, one of the economic problems experienced by the community is the limited accessibility of banking services to support economic activities. Until 2024, there were no service offices of banking institutions, either conventional or sharia banks, in this village. As a result, people who want to partner with banking institutions can only go to banks in Bacan (the capital city of South Halmahera) or Ternate City, through sea transportation over a considerable distance. Especially for Islamic banking, the geographical location of Guruapin village, which is located in the archipelago, is an obstacle for banks in providing services to the community. The results of the presentation of the Financial Services Authority (OJK) in the Sharia Banking Roadmap, explain several challenges to the development of sharia banking in Indonesia, including equitable development of the population inhabiting the islands. This condition also affects people's access to funding from Islamic banking institutions. To overcome this, an equitable and effective distribution of development funds and financing is needed, including in isolated island areas. Therefore, the existence of Islamic banking is expected to contribute to the equitable distribution of development and increase welfare to the community. (OJK, 2023, 20).

In addition to geographical factors, limited information about Islamic financial institutions, the low literacy of the islanders towards the services of Islamic banking institutions results in public misunderstanding of Islamic banks (asymmetric information). The results of research by Sarah Sadila et al. identified one of the fundamental problems that have an impact on the low public interest in banking services offered, is due to public understanding and awareness of the value and existence of Islamic banks. Misperceptions of Islamic banking have an impact on the lack of public preference in using banking financial services. This research also mentions a series of community responses as inhibiting factors for the development of Islamic banks in rural areas, namely: there is no difference between conventional banks and Islamic banks, terminology that is difficult to understand, limited facilities, and public doubts about sharia values practiced by Islamic banking institutions. (Sarah Nadia, et al., 2020; 168-169). Therefore, there is a need for the synergy of Islamic banking institutions with various parties, including universities in educating public understanding and identifying the fundamental problems faced by the community, especially those living in the islands in obtaining Islamic banking services. Through these considerations, this research was conducted to determine the relevance of the socio-economic potential of island communities in Guruapin Village, Kayoa Sub-district, to their accessibility to the services of Islamic banking institutions.

2. RESEARCH METHOD

This research uses a qualitative method with a descriptive approach. According to Creswell, qualitative methods aim to explore and understand the meaning that individuals or groups interpret towards a social problem. (John W.Creswell, 2017: 1). This research aims to describe systematically, empirically and accurately various social, cultural and economic aspects of the people of Guruapin Village, as well as their accessibility to public services, including Islamic banking institutions. The data used included qualitative data as the main data, such as an overview of the research location, the socio-economic condition of the community, and the level of accessibility to financial services, and quantitative data as complementary data, such as demographic data, economic potential, and the number of public facilities in Guruapin Village. The research data sources consisted of primary and secondary data. Primary data was obtained directly from informants, namely the local community and government of Guruapin Village, as well as leaders of Saruma Sejahtera Syariah Rural Bank in Bacan and Syariah Bank in Ternate City. Meanwhile, secondary data took the form of relevant documents and archives, such as village profiles, relevant regulations, and reports that support the research. Data collection techniques were conducted through three main methods, namely observation, interviews, and documentation. Observation was conducted by directly observing the object of research to understand the social conditions and accessibility of the community. Semi-structured interviews were used to extract in-depth information from respondents, while documentation was utilized to obtain relevant written and visual data. The data analysis technique in this research uses a qualitative approach with triangulation techniques to verify the accuracy of the data. Data from observations, interviews and documentation were compared to find the suitability and validity of the information. The analysis process involved data reduction, data presentation in the form of narratives, tables, or tables.

3. RESULTS AND DISCUSSION

3.1 Research Results

Economic Potential of Guruapin Village

The economic resources of the Guruapin village community are based on two main sectors, namely the fisheries and plantation sectors, supported by services and trade. In the fisheries sector, various species of fish caught by fishermen such as tuna, skipjack, grouper, snapper and barracuda are the main source of income for the community. The fishing business in Guruapin Village is still traditional, using nets, fishing rods, rompong and other fishing equipment. The average fish catch is 500 kg per week, which fluctuates because it is influenced by weather factors.



Figure 1. Types and Fishing Gear of Guruapin Village Fishermen

Table 1. Types of Transportation, Fishing Gear and Catches

No	Type Transportation	Gear Type Catch	Average Quantity/Kg/week
1	Motorized boats (ships)	Rompong and nets	310
2	Sampan Boats	Fishing Rods and Nets	71
3	Ketinting	Fishing Rods and Nets	55
4	More	More	64
		Amount	500

Source: Guruapin Village Demographic Data, 2023

The fishermen's catches, in addition to being consumed, are sold to local markets in Kayoa Sub-district and in Ternate and Bacan, with prices varying depending on the type of fish. The following is a list of fish species and prices.

Table 2. Type of Fish and Selling Price

No	Type of Fish	Selling Price/Kg
1	Tongkol and similar fish	Rp.25.000
2	Cakalang Fish	Rp.35.000
3	Barakuda Fish	Rp.45.000
4	Kerapu Fish	Rp.45.000
5	Kakap Fish	Rp.45.000

Source: Guruapin Village Demographic Data, 2023



Figure 2. Farmers' Copra Storage Warehouse

Table 3. Type and Quantity of Plantation Production in 2023

No	Type Plant	Amount Production / Ton
Annual Crops		
1	Coconut	263
2	Nutmeg	44
3	Cloves	16
Monthly Crops		
1	Bananas	46
2	Cassava	6
3	Sweet Potato	2
4	Corn	3
5	Vegetables	21
6	Chili	24
7	Tomato	12

Source: Guruapin Village Demographic Data, 2023

According to the theory of potential-based development (Widodo, 2006), optimal management of local resources can increase community income and welfare. However, the Guruapin village community's limited access to Islamic financial services hinders the development of this potential. Fishermen, for example, need operational funds to increase fish production, but their limited access to banking institutions as a result of disparities in the provision of public facilities to communities in the kepuauan region, is a major obstacle in obtaining financial assistance. As a result, communities are unable to meet the increasing demand for fish in North Maluku every year. Thus, the availability of local resources is not proportional to the level of welfare of the people of Guruapin village.

Public Accessibility to Islamic Banking Services

The results show that the accessibility of the people of Guruapin Village to Islamic banking services is very limited. There are at least three main factors that influence this: first, the nearest Islamic banking offices are in Bacan and Ternate, which require 2-4 hours of travel time using boat transportation. This long geographical distance is an obstacle for the community to access banking services, including Islamic banks directly. Secondly, the lack of banking services in the village is reflected in the absence of Islamic banking branch offices or cash services. The community can only rely on alternative services such as BRI Link services or Floating Cash from BRI which operate with a limited frequency of 1-3 months. This limitation directly impacts on the decline in community interest in becoming Islamic bank customers, due to difficulties in accessing banking services on a regular and consistent basis.



Figure 3. BRI Link Service and BRI Floating Cash Vessel

Third, the low level of public literacy about Islamic financial institutions is also one of the factors that influence people's decisions to partner with Islamic banking institutions. The lack of socialization about Islamic banking results in a lack of public understanding of the principles and benefits of the Islamic financial system. This encourages the community to prefer conventional banks that have been known, even though they are not fully in accordance with sharia principles, even though religiously, the entire community of Guruapin village is Muslim, which should be a potential market share for the development of Islamic banks.

3.2 Discussion

The economic potential of Guruapin Village needs to be directed towards a pattern of development based on the potential and culture of island communities as stated by Baldacchino, 2006: 5), which states that the people who inhabit the islands are very vulnerable to social, cultural and environmental changes, but are resilient and easily absorb developments and always innovate. In this perspective, Guruapin has great opportunities for local economic development according to its

entity. The village has comparative advantages in several strategic economic sectors which, if managed optimally, can become the main driver of the economy of the Guruapin village community, as well as having a resilient, tenacious and independent social ethos as an island community. However, the development of this economic potential faces serious challenges in the form of limited access to Islamic financial institution services. According to the World Bank's financial inclusion theory (2018), access to formal financial services is an important catalyst for local economic development. In the context of Gurupin Village, the community's limited access to Islamic banking institutions has various impacts, including barriers to business development, difficulties in managing business risks especially related to extreme weather in the fisheries sector, and limited capacity to develop local product value chains. Furthermore, the impact of this limited access not only affects the individual level, but also the economic development of the village as a whole. The abundant economic potential of the Guruapin village community cannot be optimized due to limited access to Islamic financing and financial services that can support business development. This creates a gap between the existing economic potential and the community's ability to develop it optimally. Therefore, a comprehensive strategy is needed that harmonizes the development of the real sector with the support of the Islamic financial sector. This includes developing physical and institutional infrastructure, increasing community capacity, and creating an ecosystem that supports the development of productive businesses based on local potential. The implementation of this strategy requires synergy between the government, Islamic financial institutions, and the community. Meanwhile, Islamic banking itself needs to play a role in providing financial instruments that are suitable for the business characteristics of island communities, especially in Gurupin village. This can include the development of digital service models, strengthening the role of agent banking, as well as continuous education and socialization programs to increase public understanding and participation in the Islamic financial system.

With the right approach and adequate support from the Islamic financial system, the economic potential of Guruapin Village can be optimized to create sustainable economic growth and improve community welfare. This is in line with the principles of Islamic economics, which emphasize a balance between the development of the real and financial sectors, as well as equitable distribution of economic benefits for all levels of society. The success of this approach will encourage the creation of inclusive and sustainable economic development, in accordance with the principles of Islamic economics. Considering these theoretical perspectives, increasing the accessibility of Islamic banking services in Guruapin Village requires a multi-dimensional approach that includes developing physical and digital infrastructure, strengthening community financial literacy, and innovating financial service models. This strategy must be supported by conducive policies and cooperation between various stakeholders to create an inclusive and sustainable Islamic financial ecosystem. Success in increasing the accessibility of Islamic banking services will contribute significantly to local economic development and improving the welfare of the people of Guruapin Village.

4. CONCLUSION

Based on the discussion, it can be concluded that Guruapin Village has great economic potential, especially in the fisheries, marine and plantation sectors, which are the main sources of income for the community. However, this potential has not been optimally utilized due to the community's limited access to Islamic banking services. The three main problems found are: the long geographical distance between the village and the nearest Islamic bank office, the lack of banking services that can be accessed directly in the village, and the low level of community financial literacy related to Islamic banking. These three factors lead to low community participation in the Islamic financial system, which in turn hinders the overall development of the local economy. This finding confirms that although Guruapin Village has a strong economic base, limited accessibility to formal financial services, particularly Islamic banking, creates a gap between economic potential and the implementation of regional development strategies. In the context of financial inclusion theory (World Bank, 2018) and accessibility theory (Farida, 2013), the results of this study demonstrate the importance of affordability of financial services to create economic efficiency, reduce regional disparities, and improve the competitiveness of local economies. This study makes a new contribution in understanding the link between the accessibility of Islamic banking services and the economic development of communities in the 3T (Disadvantaged, Frontier, and Outermost) islands. In contrast to previous research that focuses more on urban areas or areas with better infrastructure access, this study highlights the specific needs of island communities that have great economic potential but are constrained by the lack of access to Islamic financial services.

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