

## ANTHROPOLOGICAL ANALYSIS IN THE DEVELOPMENT OF SHARIA FINANCIAL INSTITUTIONS: SOCIAL AND CULTURAL

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### ABSTRACT

Anthropological analysis provides a unique understanding of the complex world of contemporary finance by focusing on the diversity of forms taken by institutions, actors and practices in financial markets, especially analyzing the specificities of the local conditions in which these develop. The coevolution of culture and institutions plays an important role in facilitating financial development. When these aspects change simultaneously and in the same direction, it leads to successful modernization of the financial framework. However, deviations in their development paths can result in challenges in implementing effective financial development strategies. Comprehensive exploration of the social and cultural dimensions of Sharia financial institutions through an anthropological lens, aiming to enrich understanding of the complex interactions between culture, society and finance in the context of Islamic finance. The contribution that can be offered in this research is that Sharia financial institutions operate within a different legal and ethical framework based on Islamic principles, requiring an in-depth understanding of Islamic jurisprudence and financial regulations, aspects that may not be fully explored through traditional anthropological approaches that focus on social and cultural dynamics.

**Keywords:** Anthropology, Sharia Finance, Social and Cultural

### INTRODUCTION

The development of sharia financial institutions, especially in Southeast Asia and Indonesia, is influenced by various social and cultural factors. Research shows the importance of Islamic Microfinance Institutions (IMFI) in poverty alleviation strategies through cultural and structural approaches, emphasizing values such as togetherness and anti-monopoly. (heriyanto & mariyanti: 2022). Studies on waqf-based IMFIs show the potential of cash waqf in empowering the lower classes of the economy, with Malaysia being a leading case study country (Rohman, Firmansyah, Rijalul: 2023). Additionally, the presence of Islamic financial institutions in Thailand's Yala province shows the impact of the Muslim minority on the development of these institutions, reflecting increasing awareness and utilization of Islamic finance in banking transactions. (veins, Rahmayati: 2023) Indonesia's large Muslim population presents a significant market for Sharia businesses, requiring competent human resources in areas such as Islamic banking to meet the increasing demand for skilled professionals in Islamic financial institutions. (Annisari & Anggraini: 2022).

The development of Sharia financial institutions involves a multifaceted anthropological analysis that includes social and cultural aspects. Islamic banks in Indonesia, such as those in Lempasing Sukamulya Village, apply sharia economic law such as a system of mutual accountability, fostering community cooperation. (Astri: 2023). Sharia accounting theory emphasizes accountability in asset management in accordance with Islamic principles, integrating religious and legal aspects. (Erliyanti & Yurmaini: 2022). In addition, the growth of sharia banking in Indonesia requires a balance between product development and compliance with Islamic maqashid, ensuring Sharia compliance and socio-economic benefits for Muslims. (Hadi, Sodiki, Toyibah, Komarudin: 2023).

Financial literacy plays an important role in increasing community involvement in Islamic finance, with a focus on the younger generation to promote the values of professionalism, commitment and tolerance. (Mujiatun: 2023), (Hanafi et al: 2022). Anthropology plays an important role in understanding the social and cultural dimensions that influence the evolution of Sharia financial institutions. By exploring sentiment analysis on Twitter regarding Sharia fintech. (Todorof: 2018). Explore the theoretical foundations of Sharia accounting, (Erliyanti & Yurmaini: 2022). Evaluate the performance of Islamic microfinance institutions based on Sharia principles (Ahmad Subagyo: 2022), checking transaction schemes such as Tawarruq in Sharia financing (Aprianto & Nazilah: 2023). Anthropology provides a holistic understanding of how societal beliefs, values, and practices shape the development and operations of Sharia-compliant financial Entities. This interdisciplinary approach helps in identifying the challenges, opportunities, and cultural nuances that influence the trajectory of Sharia finance, highlighting the importance of anthropology in uncovering the complex interactions between culture, society, and financial systems. This research examines anthropological analysis in the development of Islamic financial institutions in a social and cultural context. It is hoped that the research can provide insight and discourse that is useful in formulating policies for the development of sharia financial institutions in various aspects of institutional use.

## LITERATURE REVIEW

### **Anthropological Construction in the Development of Sharia Financial Institutions: Social and Cultural**

Anthropological theory plays an important role in understanding the development of sound financial institutions by emphasizing the interactions between culture, institutions, and economic dynamics. The study highlights the complementary relationship between institutional and cultural backgrounds in facilitating financial development (Kafka; .2021). Culture and institutions evolve together to enhance financial development. Anthropological theory can influence the formation of healthy financial institutions by harmonizing cultural and institutional backgrounds.

Another study underlines the importance of cultural heritage, behavioral attitudes, and societal values in shaping the quality of institutions (Travkina, Fiapshev & Dubova: 2023). Culture, including behavioral attitudes and values, influences the formation of quality institutions that are essential for sustainable economic growth, as highlighted in research on economic and financial development trajectories. Anthropological approaches offer unique insights into the diversity of financial markets, challenging traditional economic perspectives and emphasizing local specificities and social practices that influence financial systems (Gaggioli; 2014).

### **Social and Cultural Factors in the Development of Sharia Financial Institutions**

Anthropological insights can help uncover the cultural nuances and social dynamics that influence the adoption and adaptation of Sharia principles in financial institutions, contributing to a more holistic understanding of the development of Sharia finance. The development of Islamic financial institutions is influenced by various social and cultural factors. Socially, the movement and growth of Islamic banking in countries like Indonesia has been driven by increasing demand from Muslim and non-Muslim customers. (Heriyanto & Mariyanti: 2022). Culturally, the existence of an Islamic financial system has been widely tried in countries such as Iran, Pakistan, Sudan, Malaysia and Indonesia, showing the influence of Islamic teachings on the economic system and development. (Umila, Divine & Rohman: 2022).

### **Anthropological Strategy in the Development of Sharia Financial Institutions: Social and Cultural**

This strategy involves empowering Islamic Microfinance Institutions (IMFI) through cultural approaches such as revitalizing people's economic concepts, promoting domestic products, and increasing literacy about waqf and zakat. In addition, efforts are needed to

strengthen togetherness and anti-monopoly values while implementing structural approaches such as increasing the role of cooperatives, increasing education budgets for those in need, and improving bureaucratic ethics. In addition, increasing human resources in the Islamic economy, socializing and educating the public, and increasing product differentiation are important steps to increase the competitiveness of the Islamic economy (Pamuji et al: 2022). By integrating these social and cultural anthropology strategies, Islamic financial institutions can effectively navigate challenges and contribute positively to societal development while upholding Islamic principles and values (Abozaid & Khateeb: 2023).

## METHODS

Library research, as a data collection method, involves mining literature to understand and study relevant theories (Magdalena et al., 2023). The four main stages in library research include preparing the necessary tools, creating a working bibliography, managing time effectively, and thoroughly reading and recording research materials. This method requires searching for sources in various forms such as books, journals, and existing research to collect data. The information obtained from these references is carefully analyzed to provide in-depth support for the research propositions and ideas (Rubin & Rubin, 2020). By critically examining and synthesizing data from multiple sources, library research contributes significantly to the development and validation of research findings (Jaya et al., 2023).

## RESULTS

### **Anthropological Construction in the Development of Sharia Financial Institutions: Social and Cultural**

Anthropological construction in the development of Islamic financial institutions has become an important aspect in various research. Research has shown that an anthropological approach to the development of financial institutions can influence increased awareness and use of financial transactions. Anthropological theory plays an important role in understanding the development of sound financial institutions by emphasizing the interactions between culture, institutions, and economic dynamics. The study highlights the complementary relationship between institutional and cultural backgrounds in facilitating financial development (Kafka; .2021). Culture and institutions evolve together to enhance financial development. Anthropological theory can influence the formation of healthy financial institutions by harmonizing cultural and institutional backgrounds.

Another study underlines the importance of cultural heritage, behavioral attitudes, and societal values in shaping the quality of institutions (Travkina, Fiapshev & Dubova: 2023). Culture, including behavioral attitudes and values, influences the formation of quality institutions that are essential for sustainable economic growth, as highlighted in research on economic and financial development trajectories. Anthropological approaches offer unique insights into the diversity of financial markets, challenging traditional economic perspectives and emphasizing local specificities and social practices that influence financial systems (Gaggioli; 2014). Anthropological studies offer unique insights into the diversity and local specificity of financial markets, challenging neoclassical approaches and enhancing understanding of the development of sound financial institutions. These findings highlight the important aspects between the anthropological approach and anthropological theory in Islamic financial institutions in creating quality and healthy Islamic financial institutions both in terms of social and cultural implementation.

An institutional structure with high social and cultural values certainly has a big influence on the sustainable development of sharia finance in various economic sectors. Anthropological analysis offers a unique interdisciplinary approach to understanding the mechanisms, networks, and socio-economic impacts of finance, including Sharia financial

institutions. Cultural and social factors play an important role in shaping financial systems, including Sharia-compliant practices, highlighting the importance of understanding local context and social norms in the development of Sharia-compliant financial institutions.

While anthropology provides valuable perspectives on social and cultural aspects, the development of Sharia financial institutions also requires expertise in Islamic financial principles, legal frameworks, and ethical guidelines, emphasizing the need for a multidisciplinary approach in their development.

### **Social and Cultural Factors in the Development of Sharia Financial Institutions**

Anthropological insights can help uncover the cultural nuances and social dynamics that influence the adoption and adaptation of Sharia principles in financial institutions, contributing to a more holistic understanding of the development of Sharia finance. The development of Islamic financial institutions is influenced by various social and cultural factors. Socially, the movement and growth of Islamic banking in countries like Indonesia has been driven by increasing demand from Muslim and non-Muslim customers. (Heriyanto & Mariyanti: 2022). Culturally, the existence of an Islamic financial system has been widely tried in countries such as Iran, Pakistan, Sudan, Malaysia and Indonesia, showing the influence of Islamic teachings on the economic system and development. (Umila, Divine & Rohman: 2022). Additionally, the rapid spread of Islamic finance globally is associated with fairness, minimal risks, and the absence of interest-bearing loans in the Islamic financial system, making it attractive to entrepreneurs and ordinary citizens. (ACHILOVA et al: 2022). The findings in this research can illustrate how social and cultural factors in the development of sharia financial institutions become benchmarks for the existence of comprehensive sharia financial transactions in various institutional aspects both in terms of justice and equality for customers.

### **Anthropological Strategy in the Development of Sharia Financial Institutions: Social and Cultural**

While anthropology provides valuable perspectives on social and cultural aspects, the development of Sharia financial institutions also requires expertise in Islamic financial principles, legal frameworks, and ethical guidelines, emphasizing the need for a multidisciplinary approach in their development. This strategy involves empowering Islamic Microfinance Institutions (IMFI) through cultural approaches such as revitalizing people's economic concepts, promoting domestic products, and increasing literacy about waqf and zakat. In addition, efforts are needed to strengthen togetherness and anti-monopoly values while implementing structural approaches such as increasing the role of cooperatives, increasing education budgets for those in need, and improving bureaucratic ethics. In addition, increasing human resources in the Islamic economy, socializing and educating the public, and increasing product differentiation are important steps to increase the competitiveness of the Islamic economy (Pamuji et al: 2022). By integrating these social and cultural anthropology strategies, Islamic financial institutions can effectively navigate challenges and contribute positively to societal development while upholding Islamic principles and values (Abozaid & Khateeb: 2023).

Findings in other research can illustrate that the development of sharia financial institutions requires a deep understanding of Islamic financial principles, legal frameworks and ethical guidelines. A multidisciplinary approach is needed in the development of sharia financial institutions to ensure compliance with sharia principles and socio-economic benefits for Muslims. Anthropological strategies in developing sharia financial institutions emphasize the importance of paying attention to social and cultural aspects in designing financial products and services that are in accordance with Islamic principles.

## **CONCLUSION**

Anthropological analysis provides a unique understanding of the complex world of contemporary finance by focusing on the diversity of forms taken by institutions,

actors and practices in financial markets, especially analyzing the specificities of the local conditions in which these develop. The coevolution of culture and institutions plays an important role in facilitating financial development. When these aspects change simultaneously and in the same direction, it leads to successful modernization of the financial framework. However, deviations in their development paths can result in challenges in implementing effective financial development strategies. Comprehensive exploration of the social and cultural dimensions of Sharia financial institutions through an anthropological lens, aiming to enrich understanding of the complex interactions between culture, society and finance in the context of Islamic finance.

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