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Research Article

Analysis of The Impact of Social Inequality on Knowledge of Sharia-Based Loans in The Kedungpari Village Community

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Abstract: This study aims to analyze the impact of social inequality on analyze the impact of social inequality on the level of public knowledge regarding Sharia-based in Kedungpari Village, Mojowarno District. Social inequality includes differences in access to education, income, and information technology that influence public understanding of Sharia financial products. The research method used a quantitative survey with questionnaires distributed to 50 respondents and simple linear regression analysis using SPSS version 25. Normality tests, linearity tests, and t-tests were conducted to ensure model validity. The results showed that social inequality had a significant and positive effect on the level of public knowledge regarding Sharia loans (significance value <0.05 and t-test > t-table). The coefficient of determination (R^2) indicates that some variation in knowledge is explained by social inequality. The public generally understands basic principles such as the prohibition of usury and the profit-sharing system, but still lacks understanding of the contract mechanism and loan application procedures. Therefore, improving Sharia financial literacy and education is essential to expand access to information, increase public participation in Sharia financial institutions, and encourage the strengthening of an economy based on Islamic values. Thus, this research can be a reference for the government and financial institutions in developing strategies for empowering rural communities economically in a sustainable and equitable manner.

Keywords: Financial Literacy; Public Knowledge; Rural Community Empowerment; Sharia-Based Loans; Social Inequality

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1. Introduction

Financial inclusion is crucial for providing access to financial services to rural communities, who often face barriers such as limited banking networks and infrastructure. (Ariani, 2024) With access to financial services, people can develop micro-enterprises, increase agricultural yields, and expand income sources. Financial technology can be a solution to increase financial inclusion in rural areas.

The Islamic financial system has developed rapidly in recent decades. Various financial institutions, such as Islamic banks and Baitul Maal Wat Tamwil (BMT), have operated to provide financial services in accordance with Islamic principles . One important aspect to consider is knowledge about Sharia-compliant loans, which are a financing alternative in accordance with Islamic principles. (Ahmadiono, 2021)

People in difficult economic conditions may feel hesitant to access financial services, including Sharia-based loans, due to a lack of adequate information. This uncertainty can miss opportunities for welfare-enhancing investments. One of the reasons why people do not know much about Sharia-compliant loans is due to a lack of understanding or information about the products and services offered in accordance with Sharia rules.

Social inequality is still a fairly complex problem in society, marked by striking differences in economic and social conditions. This imbalance occurs when some groups have greater access and opportunities than other groups. This condition also influences the development of the sharia-based lending system, because the level of inequality can affect the community's ability to increase income through sharia financial services. (Septiani et al., 2022)

The impact of social inequality is not only visible in the economic sphere, such as declining purchasing power, but also extends to the social sphere, including hampering welfare improvements. (Fabela & Khairunnisa, 2024) Thus, rural communities can influence their knowledge and understanding of Sharia-based loans. Sharia-based loans are a financing alternative that aligns with Islamic principles, emphasizing fairness, transparency, and the prohibition of usury (Usury). (Anggraini et al., 2024) Although this product offers many advantages such as avoiding burdensome interest rates, rural communities' understanding of sharia loans is still very limited.

The concept of Islamic economics is more readily accepted by the public, but the reality is that many rural communities still lack understanding of Islamic-based lending systems and prefer to use conventional systems, including high-interest lending practices. (Arifin, 2025)

In order for people to become better and understand money well, it is very important to understand financial literacy. Furthermore, the public is expected to be able to apply this knowledge to adapt to market developments. With good literacy, individuals will be more careful and accurate in making financial decisions. Ultimately, sound financial management will positively impact individual well-being and happiness. (Bank et al., 2023)

Based on the results of a previous study entitled "Analysis of Factors Influencing Public Knowledge of Islamic Banking (Study in Rensing Bat Village, West Sakra District, East Lombok Regency)", it was found that the community still has limited knowledge about Islamic banking. This finding is important for Islamic banking institutions as a basis for increasing educational and outreach activities, so that the people of Rensing Village can understand the principles and services of Islamic banking more deeply and accurately.

2. Literature Review

Social Inequality

Social inequality occurs when in a society there is an imbalance between individuals or groups in terms of economic opportunities and social rewards. These differences are evident in the unequal distribution of wealth, goods, services, and available opportunities. This inequality often forms recurring patterns and becomes part of a social structure that is difficult to change (Hidayanto, 2008).

Social inequality has a broad impact on people's lives, not only in economic terms but also in education, health, and understanding of social and financial systems (Fabela & Khairunnisa, 2024).

Sharia-Based Loans

Sharia-based loans are financing programs that comply with Islamic economic principles. Unlike conventional loans, which charge interest, Sharia loans utilize agreements that comply with Islamic law. (Bank et al., 2023)

The main principles of Islamic lending are profit-sharing (mudharabah) and buying and selling (murabahah), which not only seek profit but also create economic justice, reduce social inequality, and create a society that is both spiritually and materially prosperous. (Gambut et al., 2024)

The fundamental difference between Sharia-based and conventional loans lies in their philosophical foundations and operational principles. Sharia-based loans adhere to Islamic sharia principles (prohibiting usury, gharar, and maysir), while conventional loans adhere to a capitalist economic system, with the concept of interest as the time price of money. (Isnaeni et al., 2024)

The Relationship Between Social Inequality and Knowledge of Sharia-Based Loans

Social inequality has a strong influence on the level of public knowledge regarding sharia-based loans. Differences in economic status, education, and access to information mean that some groups in society do not fully understand the principles and mechanisms of Sharia-based financing. People in lower-middle income brackets generally have limited access to formal financial education and access to credible sources of information, such as Sharia-compliant financial institutions. (Arifin, 2025)

As a result, they tend to have a poor understanding of the concepts of usury, contracts, and social benefits of the Islamic financing system. Furthermore, social networks and social circles also play a crucial role in the dissemination of knowledge. (Anshari & Naibaho, 2026) Groups with broader social networks typically have an easier time accessing information about Islamic financial products through experience, recommendations, or digital literacy. Conversely, a lack of social capital and trust in formal financial institutions means some people still rely on conventional loans. (Dompak, 2024)

Pubic Knowledge of Sharia-Based Loans

An important aspect in measuring the extent to which Islamic economic principles are understood and applied in everyday life. A good understanding of the basic concepts of sharia-based loans in differentiating sharia financial products from conventional systems. This level of knowledge does not reflect the success of Islamic financial institutions in promoting their products, but also reflects the general level of financial literacy among the public. In a socioeconomic context, public understanding of Islamic financial products is often influenced by various factors, including education level, experience using financial services, access to information, and the role of the local social and cultural environment. (Anggraini et al., 2024) People with higher education and broad access to information tend to understand the concept and benefits of Sharia-compliant loans more easily than those with limited knowledge of both. Therefore, increasing public knowledge about Sharia financing is a strategic step in expanding the implementation of an Islamic financial system that is fair, transparent, and oriented toward the common good. (Hasibuan & Wahyuni, 2020)

Based on the description above, this research uses the following hypothesis: H1 The impact of social inequality has an influence on sharia-based loans in the Kedungpari village community.

3. Proposed Method

The research method used in this study is the survey method, namely a primary data collection technique by distributing structured questions to a number of respondents selected from the research population. This study uses quantitative methods with the aim of measuring and analyzing the relationship between social inequality variables and sharia-based loans in a systematic and targeted manner. Data were collected through questionnaires, while data analysis was carried out using simple linear regression with SPSS Version 25. Secondary data collection techniques use documentation studies. These secondary data were obtained from sources such as village offices , the Central Statistics Agency (BPS), scientific literature, and other relevant information sources.

Table 1 explains the operational definitions of the variables in this research, namely:

Table 1. Operational Definition

Operational Definition	
Independent variable Social inequality	Social inequality is a phenomenon that arises due to differences in the income or finances among various communities.
Dependent variable Sharia-based loans	Financially conducted in accordance with sharia principles. The aim is to avoid usury and achieve fairness in financial transactions.

Source: Sugiyono (2019)

The data analysis techniques used were simple linear regression analysis, coefficient of determination, classical assumption test, and instrument test. After the instrument was declared valid and reliable, a simple linear regression analysis was carried out to test the relationship between the independent and dependent variables. This analysis is used to see the direction and strength of the influence between the two variables. The coefficient of determination (R2) is used to measure how much variation in changes in the knowledge variable of sharia-based loans can be explained by social inequality. The classical assumption test is used for normality testing and linearity testing.

4. Results and Discussion

Based on the results of data testing, it shows a positive and significant influence of social inequality on knowledge of sharia-based loans. The results of the regression can be seen in table 2. as follows:

Table 2. Simple Regression Analysis

Model	Unstandardized coefficients		Standardized coefficients		
	B	Std. Error	Beta	T	Sig.
I (Constant)	13,315	2,267		5,873	.000
totalX	.652	.144	.547	4,532	.000

Source: SPSS Version 25

It is known that the regression results in table 2 show a constant value of 13.315 and an X value of 0.652, so the regression equation shows that there is an impact of social inequality on knowledge of sharia-based loans. Testing of coefficient values can be seen in table 3:

Table 3. Determination Coefficient Result

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.547 [a]	0.300	0.285	2,718

Source: SPSS Version 25

Based on the results of table 3, the coefficient of determination value is 0.300, which means that 30% of the variation in knowledge of Islamic loans can be explained by social inequality, while the remaining 70% is influenced by other factors not included in this study.

From the SPSS Version 25 data source, the instrument and reliability test results obtained all items were declared valid because the calculated r value was greater than the r table, and had a Cronbach's alpha for the social inequality variable (0.821) and sharia-based loans (0.799). Thus, the instrument used is classified as consistent and reliable in measuring the research variables

Classical Assumption Test

Linearity Test

This test uses statistical analysis as can be seen in table 4:

Table 4. Determination Coefficient Result

	Sum Of Squares	Df	Mean Square	F	Sig.
Deviation From Linearity	58,749	10	5,875	.755	.670

Source: SPSS Version 25

The significant value of *deviation from linearity* of 0.670 is more than 0.05, meaning that the relationship between variable X and variable Y is linear.

Normality Test

This test uses statistical analysis as can be seen in table 5:

Table 5. Normality Test

			Unstadardized Residual
Monte Carli Sig. (2-tailed)	Sig.		.234 d
	99% Confidence Interval	Lower Bound	.223
		Upper Bound	.245

Source: SPSS Version 25

5. Conclusions

This study found that social inequality has a significant and positive influence on the level of public knowledge about sharia-based loans. Disparity factors such as differences in access to education, income, and information technology influence people's understanding of Islamic financial products. Although the public generally understands basic principles such as the prohibition of usury and the profit-sharing system, understanding of the contract mechanisms and loan application procedures is still limited. Therefore, increasing Islamic financial literacy and education is crucial to broaden access to information and encourage public participation in Islamic financial institutions, thereby strengthening an Islamic-based economy in a sustainable and equitable manner.

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