

EFFECTIVENESS OF PERSONAL FINANCIAL MANAGEMENT ON SOCIAL ACTIVITIES OF LENDING AND BORROWING IN THE COMMUNITY OF MAKASSAR CITY

Dr RUSTAN

Lecturer at University of Muhammadiyah Makassar. Makassar, Indonesia

<https://doi.org/10.37602/IJREHC.2025.6331>

ABSTRACT

The type of qualitative research through a phenomenological approach, The results of the study indicate that the practice of borrowing and borrowing money in Makassar City has been going on for a long time as part of the socio-economic life of the community. On the one hand, this practice provides advantages such as fast and interest-free access, strengthening social relationships, and flexibility in returns. However, on the other hand, there are several weaknesses, such as the lack of formal agreements, potential for social conflicts, financial dependence, unproductive use of funds, and limited resources. To maximize the benefits of this practice, people need to increase financial literacy and manage loans wisely. In addition, the role of the government and related institutions in providing education is very important to create a healthy and sustainable lending ecosystem.

Keywords: Financial, Management, Community, effective, Strategic

CHAPTER 1. INTRODUCTION

In modern society, personal financial management is an important aspect that influences various socio-economic activities. In Makassar city, this phenomenon is evident, especially in the context of money lending and borrowing among community members. This practice not only reflects the financial needs of individuals, but also shows complex social dynamics, ranging from aspects of trust, solidarity, to its impact on microeconomic stability.

As a metropolitan city in Indonesia, Makassar has many different social and economic characteristics. In the midst of rapid economic growth, many people still struggle to manage their personal finances well. One of the consequences is the urgent need to borrow money for various purposes, including productive and consumptive purposes. In this case, people often rely on their social networks, such as family, friends or neighbours, rather than formal financial institutions, such as banks or cooperatives.

Money lending and borrowing between individuals in Makassar is a form of close social relationship in addition to economic transactions. Since the lending process is difficult without trust, trust is very important in this practice. For example, close relatives often provide loans without strict formal conditions to someone who needs money for urgent purposes such as health or education costs. This practice demonstrates the strength of social solidarity in the community.

Conversely, over-reliance on these loans may occur due to poor personal financial management. Those who do not have good financial planning tend to get trapped in a cycle of debt, which can ultimately disrupt social relationships. For example, delays or inability to repay loans are often a source of conflict between individuals, and can even damage previously good relationships.

In addition, these lending activities also have a significant economic impact. In many cases, loans are used to fulfil consumptive needs, such as buying goods or financing family events. Meanwhile, the use of loans for productive purposes, such as small business capital, is still relatively low. This imbalance shows that most people do not fully understand the importance of financial management that is orientated towards improving long-term economic capacity.

In a broader context, this is related to financial literacy. People in Makassar, like people across Indonesia, lack financial literacy. This indicates an inability to understand the importance of managing debt, saving, or budgeting wisely. As a result, many people have difficulty managing how they make money and how much they spend, which then forces them to borrow money from people around them.

In addition, this phenomenon of borrowing and lending money between individuals is not affected by current socio-economic dynamics. Makassar is known for its rich cultural diversity and traditions, which have an impact on the way its people conduct business. Money lending is considered a form of mutual assistance that must be maintained in some communities to maintain social harmony. This tradition often ignores formalities and financial gains, placing more attention on solidarity values.

However, there is no denying that this activity poses risks. Not being able to manage debt can lead to social and financial problems. For example, loan-related conflicts can damage family or community relationships. Therefore, to mitigate the negative impact of these loans, a smarter approach to managing them is needed.

In today's technological era, good personal finance management is increasingly important. Many people still do not know how to use available financial information to improve their knowledge of financial management. In fact, gaining a better understanding of financial management can help them reduce their dependence on loans and improve their ability to fulfil their own financial needs.

Instead, the government and relevant institutions play a very important role in improving people's financial knowledge. People from certain demographics, such as housewives, informal workers, or small business owners, can better understand the importance of managing personal finances through financial education programmes. In addition, strengthening supportive social systems such as cooperatives or arisan can also be a solution to the problem of borrowing and lending money between individuals.

Therefore, successful personal financial management is crucial to creating social and economic stability in Makassar. Effective financial management not only helps people fulfil their basic needs, but can also foster more durable economic growth and strengthen social relationships. Therefore, everyone who cares about the progress of Makassar should prioritise improving financial knowledge and promoting smart financial management practices.

B. Problem Formulation

1. how is personal financial management of borrowing and lending activities in the people of Makassar city how are
2. the advantages and disadvantages of borrowing and lending money in the people of Makassar city
3. how is the strategy of borrowing and lending money in order to create economic harmonisation in the people of Makassar city

CHAPTER 2 LITERATURE REVIEW

A. Effectiveness

The concept of "effective" comes from the English "effective", which means "successful" or "something that is done successfully". The concept encompasses many factors internal and external to the organisation. The relationship between effort put in and goal achievement is known as effectiveness.

An organisation, programme or activity becomes more effective if there is more production that helps achieve the goal. Thus, effectiveness refers to the relationship between the outputs or results achieved or actually achieved and the goals or results set or expected in the plan. An organisation is considered effective if its results meet its objectives. The degree of achievement of functional and operational objectives is defined as effectiveness. Basically, the level of achievement of organisational goals is called effectiveness. Performance is how well a person performs a task and produces the expected results. It can be defined as work done quickly and effectively without time, effort, or change. In contrast, the level of success of the regional autonomy policy is determined by how well local government activities can implement, implement, and improve services to the community, as well as the decision-making process on community participation in development and solving problems that arise during its implementation.

According to Sondang P. Siagian (2001: 24), effectiveness is the use of resources, facilities, and infrastructure to a certain extent that has been determined consciously to produce some goods for the services provided. Performance shows success, which is determined by whether the goal is achieved or not. If the outcome of the activity is closer to the goal, it means a higher level of efficiency. Effectiveness in work management means concentrating on achieving various objectives with timely use of resources. Objectives must be determined in advance, and results must be achieved using those resources within a certain period of time.

In activities, the element of effectiveness must be achieved. Based on the above definition of efficiency, some of these elements are:

- Regulatory/Contemporary Aspects

To ensure that the intended operation is kept running, rules or directives are created.

- Aspects of Tasks/Work Duties

If a person or organisation can carry out their duties and responsibilities well in accordance with the applicable provisions, the individual or organisation can be said to be effective. Therefore, each group member must understand their own duties and responsibilities to fulfil them.

1. Plan/Programme Aspect

An activity can be considered effective if it is accompanied by a plan or programme that will be used to achieve the set goals. Without a plan or programme, goals cannot be achieved.

- Aspects of the goal/ideal state

Conditions, also known as idealised goals, are objectives that are achieved through outcome-focused actions and planned processes.

It is very difficult to give an estimate and measure how effective an organisation is. However, there are several different viewpoints of studies in terms of measuring criteria. It depends on who is doing the assessment and who is giving the interpretation. In terms of productivity, production managers can say that the quality and quantity (output) of goods and services are effectiveness. In addition, there are many other ways to measure performance, such as comparing the plans made with the actual results.

However, ineffectiveness can occur if the efforts or results of work and actions taken are not appropriate so that the expected goals or objectives are not achieved. According to SP Siagian (2008: 77), the criteria or measurements for achieving or not achieving relative goals are as follows:

- Attainable targets are obviously meant to ensure that employees can achieve the set goals as they perform their duties.
- Organisational goals can also be achieved through the implementation of goal-oriented strategies, which are the methods used to make various efforts to achieve those goals. This ensures that the implementer will not lose the way to achieve the organisation's goals.
- A strong policy analysis and formulation process should be consistent with the objectives achieved and the strategies created, so that the policy can link the objectives with the implementation of operational activities.
- make a well-thought-out plan for the future actions of the organisation
- Correct programming requires the right application programmes because otherwise, the implementers will not have instructions on how to act and work.
- The ability to perform work productively if facilities and infrastructure are available and can be provided by the organisation is one measure of organisational effectiveness. This means that the organisation can provide employment opportunities and infrastructure.
- If a programme is not implemented effectively and efficiently, the organisation will not achieve its goals as the organisation's implementation will come closer to its goals.
- Since human nature is imperfect, monitoring and control systems must be installed to serve as instructions.

B. Financial Management

Acquisition, funding, and processing activities are all part of financial management. As an activity carried out by superiors, financial management gives orders to subordinates to perform administrative tasks. Financial reports, according to Fahmi, are a collection of information that explains the financial condition of a company and can be used to provide an overview of the company's financial performance. According to Farid and Siswanto, financial statements are a type of information that is expected to help users make financial decisions.

Furthermore, Munawir said that financial statements are a very important tool for obtaining information about the financial position and results of the company concerned. Therefore, financial statements are expected to help users make financial economic decisions.

To ensure that the company uses working capital funding as optimally as possible to achieve its main objectives, financial reports are intended to oversee and regulate administrative financial processes. Analyses provide an overview of the company's current and past financial health, so that managers can use them to make decisions:

1. Recording financial transactions chronologically and systematically is called record-keeping. To show that a transaction has occurred within a certain period of time, its own records are used. Financial recording begins with the collection of documents, which have a direct impact on the transaction. Examples are invoices, notes, receipts, etc. from the collection of data supporting the transaction. The next step is to publish the transaction in the journal and then posted into the ledger.
2. SAK-EMKM (Standart Akuntansi Keuangan Entitas Mikro Kecil dan Menengah) is a reporting designed specifically for MSMEs. Issued in 2009 by the Financial Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants (IAI), SAK-EMKM is intended to help MSME players prepare financial statements and help them understand the funding process.

In SAK EMKM, financial statement elements are measured using historical cost. The historical cost of an asset is the amount of cash or cash equivalents paid to acquire the asset at the time of purchase. The historical cost of a liability is the amount of cash or cash equivalents received or the amount of cash expected to be paid to fulfil the liability in ordinary operations. Relevant is relevant to the users of the data. At the end of each reporting period, the entity presents complete financial statements using the following reporting methods:

According to SAK-EMKM, the report is written in two formats:

1. Here is a more refined rewrite of the text you provided:
2. The report form (stafel) involves identification done by reading the report from top to bottom, in accordance with the standard operating procedures (SOP) of SAK-EMKM.
3. Meanwhile, the account format (skontro) involves the identification process carried out by matching the suitability from right to left, in accordance with the provisions listed in the SAK-EMKM SOP report.

According to SAK-EMKM, there are three components of financial statements that have been examined by researchers in accordance with SAK-EMKM:

1. **Statement of financial position**
According to SAK-EMKM, a statement of financial position is a report that describes assets (possessions), liabilities (debts or obligations), and equity (capital). In statement form, assets are reported first at the top, and liabilities and equity are reported at the bottom. In account form, assets are reported on the left, and liabilities and equity are reported on the right, with liabilities reported first before equity and equity
2. **The income statement is a statement that records gains and losses over a period of time.**
According to IAI in SAK-EMKM, an entity may present an income statement that describes the entity's finances over a period of time. This report may include the following accounts: 1) Revenue; 2) Financial expenses; and 3) Tax expenses.
3. **Notes to the Financial Statements:** The notes to the financial statements include assumptions, explanations, and explanations of the statements of financial position, profit or loss, and changes in equity. where relevant data exists within each account.

The financial management process is closely related to financial planning and control. The stages in financial management consist of three main steps: financial planning, execution, and control.

a. Planning Theory

Planning has a very important role in an organisation. In fact, planning is more significant than other management functions, such as organising, implementing, and monitoring. This is because the three functions are basically the implementation of decisions that have been made in planning. According to Brantas, planning is a basic or fundamental function in management, because organising, implementing, and controlling must be planned first.

In addition, Siswanto in his book states that planning is a fundamental process used to set goals and determine how to achieve them. Planning means seeking the utilisation of human resources, natural resources, and other resources to achieve the desired goals. Kadar Nurzaman also explains the meaning of planning as an activity related to efforts to formulate a programme that includes policies, determination of goals, directions to be taken, as well as procedures and methods to be used in achieving these goals.

Based on some of the above definitions, it can be concluded that planning is a basic function and basic management process used to formulate goals and determine the scope of achievement which includes everything that will be carried out policies, directions to be taken, procedures and methods to be followed in an effort to achieve goals.

Implementation is a series of activities aimed at mobilising and encouraging all employees to carry out their duties and responsibilities. Each employee, in accordance with their expertise and role, plays an active role in realising the plan through concrete actions directed at achieving the set goals. In this process, good communication, motivation, implementation of instructions, and supervision are very important to improve the attitude and morale of employees.

According to George R. Terry, implementation is the process of building cooperation in a group so that each member wants to work sincerely and contribute to achieving goals in accordance with the planning and organisation that has been made.

Thus, it can be concluded that implementation includes efforts to mobilise and empower groups to work in accordance with their respective duties and responsibilities. Good cooperation and effective communication are needed to achieve the set goals, while still conducting evaluations related to improving employee attitudes and morale.

c. Supervision/Control Theory

Supervision is one of the most important functions of management. No matter how small a job is, without effective supervision, success cannot be guaranteed. Supervision aims to ensure that all efforts made run in accordance with the direction and objectives that have been set.

According to Earl P. Strong, supervision is the process of regulating various factors in a company so that the implementation of activities is in accordance with the provisions in the plan. Meanwhile, James A. F. Stoner and R. Edward Freeman equate supervision with management control, which is the process of ensuring that activities are carried out in accordance with the plans that have been made.

In general, supervision can be understood as a manager's activities to ensure that work is carried out in accordance with a predetermined plan, so that the desired goals can be achieved. This process includes steps such as: (1) inspecting, (2) checking, (3) matching, (4) inspecting, (5) controlling, (6) organising, and (7) preventing failure.

With reference to the above understanding, it can be concluded that supervision or control is a very crucial function. This activity is required so that every plan that has been set can be implemented properly, so that deviations that may occur can be prevented and the failure of a business can be avoided.

C. Socio-Economic

The term socio-economic consists of two words, namely "social" and "economic". The word "social" comes from the Latin "socius" which means friend, while "economy" comes from the Greek "oikonomikos", which is formed from the words "oikos", which means home, and "namein", which means taking care or managing.

According to FS Chapan, socioeconomics can be defined as the position occupied by an individual or family in relation to average income and welfare. The term socio-economic brings us to interrelated issues. First, humans are social creatures who cannot live alone, as the classic English expression states, 'No man is an island', which means that no human being lives apart from others. Secondly, humans are also economic beings who cannot live without fulfilling basic needs such as eating and drinking. Therefore, socio-economics aims to explore economic and social issues in society.

Socio-economic definitions are often not discussed together; the terms social and economic are more often described separately. In social science, social refers to society as the object of study. Whereas in the social department, the term focuses on activities aimed at addressing the problems faced by the community in the field of welfare, with the scope of work related to social welfare.

In the Big Indonesian Dictionary, the word "social" refers to everything related to society. In the context of sociology, humans are described as social creatures, which means that they cannot live normally without the support of those around them. As such, the term encompasses everything related to community life.

From this definition, it can be concluded that socio-economics involves all aspects related to the fulfilment of people's needs, and more broadly, relates to general welfare. According to Melly G. Tan, to understand socio-economic conditions, we can look at it from several aspects, such as employment, education, health, and fulfilment of life needs in the household. Based on these criteria, people can be categorised into three socioeconomic levels: upper, middle and lower.

On the other hand, from a socioeconomic point of view, differences among traders can be seen in the way they use and manage the income they generate, and how this relates to the economic aspects of their families.

D. Borrowing

According to Sayyid Sabiq in his book entitled Fiqhus Sunnah, borrowing is defined as an agreement in which the property lent by one party to another party must be returned in the same condition, in accordance with the amount borrowed, at a time agreed upon by both parties.

In the Civil Code Article 1754, it is explained that borrowing and lending is 'an agreement in which one party gives a certain amount of goods to the other party which will experience a reduction in value due to use, on condition that the party receiving the goods must return the same amount of the same type and in a similar condition.' From this definition, it can be concluded that borrowing and lending is an agreement in which one party gives another party a certain amount of goods which will experience a reduction in value due to use. "

From this definition, it can be concluded that borrowing is the act of lending an item to another person for use, with the obligation to return the item to the owner in the same condition.

CHAPTER 3 RESEARCH METHODS

Types of qualitative research through phenomenological approaches

CHAPTER 4 DISCUSSION

A. Personal financial management on lending and borrowing activities in Makassar city community

Personal financial management plays a crucial role in socio-economic life, especially in the practice of borrowing and lending money between individuals. In the city of Makassar, this phenomenon shows a distinctive character, reflecting a lifestyle that highly prioritizes the values of togetherness and social solidarity. However, poorly planned personal financial management can lead to a number of challenges, both for individuals and for the community as a whole.

Personal financial management includes various activities, such as budgeting, controlling expenses, planning savings, and managing debt. In the context of the Makassar community, success in this management is greatly determined by the level of individual financial literacy. Unfortunately, the average financial literacy of the community is still relatively low, which often results in dependence on loans to meet urgent needs.

The practice of borrowing and borrowing money in Makassar generally occurs in a familiar social environment, such as among family, friends, or neighbors. The existence of close social relationships is the foundation for this practice, where trust is the main factor. When a person needs funds for an urgent need—such as health expenses, education, or daily necessities—they are more likely to seek help from their closest relatives rather than formal financial institutions. Although this method makes it easier to access funds in a short time, it can also cause conflicts if not managed properly.

One of the main challenges in managing personal finances related to borrowing and borrowing is the lack of clear budget planning. Many individuals are not used to recording income and expenses, making it difficult for them to know their true financial condition. As a result, they often borrow money without considering their ability to pay it off. When debt accumulates, this can cause financial stress and affect social relationships with lenders.

On the other hand, most loans are used for consumption, not for productive needs. For example, borrowed money is often used to meet daily needs or social events, such as weddings or religious activities, which are important aspects of local culture. Meanwhile, the use of loans as business capital or productive investment is still relatively low. This shows that the public is not fully aware of the importance of prioritizing expenses that can provide long-term benefits.

To overcome this problem, it is very important to improve people's financial literacy. Education on the importance of preparing a budget, saving, and managing debt wisely must be made a priority. This educational program can be implemented through various methods, such as financial training, seminars, or counseling at the community level. By increasing people's understanding of financial management, it is hoped that they can make wiser financial decisions, including in terms of borrowing and borrowing.

In addition, it is also necessary to strengthen the social system that supports better financial management. For example, social gatherings or savings and loan groups can be a more regular alternative in meeting the financial needs of the community. Through this system, people can learn about collective responsibility and the importance of discipline in managing money. This kind of system can also reduce the risk of conflicts that often arise in the practice of borrowing and borrowing between individuals.

In the practice of borrowing and borrowing, the clarity of communication between borrowers and lenders is crucial. Both parties need to have the same understanding of the loan amount, the repayment period, and the consequences that may arise in the event of late payments. Thus, this can reduce the potential for conflict and help keep social relationships harmonious.

Technology can be used to improve personal financial management more effectively. For example, financial management apps allow individuals to record their income and expenses on

a regular basis. In addition, digital platforms can also facilitate the process of borrowing and borrowing money in a transparent and efficient way. With the use of technology, people have better tools to manage their finances and reduce debt-related risks.

In a broader context, the role of the government and non-governmental institutions has become very important. The government can encourage financial literacy programs at large, while non-governmental institutions can contribute by providing resources and facilitation to increase public awareness of the importance of personal financial management. This collaboration between various parties will have a significant positive impact in creating a more financially independent society.

Thus, good personal financial management is the key to creating harmonious social and economic relations in the city of Makassar. Through education, strengthening social systems, utilizing technology, and support from various parties, people can manage their financial needs more effectively. This not only reduces dependence on loans, but also supports sustainable economic growth and improves the overall well-being of society.

B. Advantages and disadvantages of borrowing and borrowing money in the people of Makassar

Borrowing and borrowing money is a socio-economic practice that has been going on for a long time in the people of Makassar. This phenomenon often occurs among individuals, such as family, friends, or neighbors, without involving formal financial institutions. While this practice has a number of significant advantages, it is undeniable that there are also some drawbacks that come with it. Therefore, understanding both these strengths and weaknesses is essential to build a more harmonious relationship and optimize the benefits of these activities.

Advantages of Borrowing and Borrowing Money in Makassar City

1. **Fast and Easy Access** One of the main advantages of borrowing money between individuals in Makassar is the ease and speed of access. In contrast to the loan process at a bank or formal financial institution which is often complicated and requires a lot of paperwork, interpersonal loans usually only involve verbal or informal agreements. This is especially beneficial, especially in emergency situations, such as the need for medical expenses or other urgent needs.
2. **Without Interest and Additional Financial Burden** Most borrowers borrow money among the people of Makassar without interest. This practice is often based on family ties or a sense of solidarity. Therefore, borrowers are not burdened by additional fees, allowing them to repay the loan more quickly than if borrowing from a formal institution that typically charges interest.
3. **Strengthening Social Relationships** The activity of borrowing and borrowing money also serves as a means to strengthen social relationships in the community. These practices reflect values such as trust, mutual help, and solidarity. When a person lends money to a friend or relative, it signifies a high level of trust, which can strengthen the social bond between them.
4. **Flexibility in Loan Repayment** between individuals usually offers flexibility when it comes to returns. Lenders tend to be more understanding of the borrower's financial

situation and often provide leeway in repayment times, something that is difficult to come by from formal financial institutions.

Disadvantages of Borrowing and Borrowing Money in Makassar City

1. **Lack of Official Agreements** In Makassar, many loans between individuals are made informally without official documentation. This can cause various problems in the future. Uncertainty regarding the loan amount, repayment period, or other conditions can potentially trigger conflicts between the parties involved. The absence of written evidence makes dispute resolution more complicated.
2. **Risk of Social Conflict** While borrowing can strengthen social relationships, it also carries the risk of becoming a source of conflict, especially if the borrower is unable to meet his obligations. The inability to repay loans as agreed can damage previously harmonious relationships. In some cases, these conflicts can even spread to the family or the wider community.
3. **Over-reliance** Over-reliance on inter-individual loans can also be a problem. Some people may feel too comfortable borrowing money from those closest to them without making an effort to improve their personal financial management. This kind of dependency can hinder financial independence and create a cycle of debt that is difficult to break.
4. **Lack of Utilization for Productive Activities** Most interpersonal loans in Makassar tend to be used for consumptive purposes, such as social event expenses, daily needs, or other urgent needs. Only a few use loans for productive activities, such as business capital. This condition reduces the potential long-term economic impact of the lending practices.
5. **Limited Funds** Because these loans are made between individuals, the amount of funds available is usually limited. This is different from formal financial institutions that have a larger fund capacity. This limitation makes interpersonal loans less suitable to meet significant financial needs, such as investments in property or large-scale business capital.

The practice of borrowing and borrowing money between individuals in the city of Makassar offers several significant advantages, such as ease of access, no interest to be paid, and the ability to strengthen social relations among the community. However, we also need to pay attention to some of the existing weaknesses, such as the lack of formal agreements, the potential for social conflicts, and the risk of excessive dependence.

To optimize the benefits while reducing the risks of this practice of borrowing and borrowing, it is very important for people to improve financial literacy and manage loans more wisely. On the other hand, the role of the government or related institutions is also very crucial in providing education and support, in order to create a healthier and more sustainable lending and borrowing ecosystem.

With the right approach, this activity can be an effective tool in supporting social and economic stability in the people of Makassar.

C. Borrowing and borrowing money strategy to create economic harmonization in the people of Makassar

One way to create economic harmonization in the people of Makassar is to use an effective method of borrowing and borrowing money. Borrowing and borrowing money between individuals not only serves as a way to earn money, but also as a way to improve social relationships. However, this practice can lead to conflicts and disagreements if not done in the right way. As a result, to ensure that borrowing and borrowing money supports economic stability and good social relations, planned actions are required.

1. Improving People's Financial Literacy

Improving people's financial literacy is one of the important steps in achieving economic harmonization. Knowledge of financial management will help people understand their financial capabilities before borrowing or borrowing money. Financial education can be done through lectures, training, or local campaigns. With more financial knowledge, people will be better at managing loans and avoid disputes that may occur due to ignorance.

2. Making Clear Agreements

Borrowing and borrowing is usually done informally and is not well documented. This can lead to disagreements. Therefore, it is crucial to create a written agreement that explains the loan amount, the date of return, and the consequences if the payment is late. This agreement is not as formal as that made by financial institutions, but both parties find it simple and easy to understand. This clarity will reduce the likelihood of conflict and increase harmony in the relationship.

3. Encouraging Loans for Productive Needs

Borrowing and borrowing are usually done informally and are not recorded thoroughly. This can lead to conflict. Therefore, it is important to create a written agreement that explains the loan amount, the date of return, and the consequences if the payment is late. Although this agreement is not as formal as that made by financial institutions, both parties consider it simple and easy to understand. The likelihood of conflict will be reduced with this clarity.

4. Building a Social Gathering System or Savings and Loan Group

Savings and loan groups or social gatherings can be a great alternative to control borrowing and borrowing in the community. The system is collective, with all members having the same rights and responsibilities. This system not only provides access to funds on a rotational basis but also educates the public about financial discipline and the importance of cooperation. A clear structure can strengthen social relationships in the community and reduce the risk of conflict.

5. Utilizing Digital Technology

Technology can help lending and borrowing practices become more transparent and effective. Borrow and borrow money between individuals can use a digital platform that is meant to automatically record and remind payments. In addition, this technology allows for increased user trust through a rating and review system. Social relationships can remain harmonious and the chances of conflict can be reduced with more transparency.

6. Instilling Values of Trust and Responsibility

Borrowing and lending money between individuals depends on trust. Consequently, instilling values of trust and responsibility in society is very important. Lenders must provide trust, while borrowers must commit to returning the money as agreed. One can be educated about the importance of these principles through community activities or outreach.

7. Adopting Sharia Principles

Sharia principles can be a guideline in borrowing and borrowing money in the city of Makassar, where the majority of people are Muslims. This can include avoiding riba and prioritizing beneficial cooperation. Not only are these principles aligned with religious principles, but they can also help produce fairer and more sustainable financial practices in the future.

8. Supporting Mediation in Conflict

If there is tension in the practice of borrowing and borrowing, mediation can be an effective solution to solve it. Involving community leaders or neutral third parties in the mediation process can help both parties reach a fair agreement, while maintaining existing social relationships. This process also serves as a learning for the community on how to handle financial problems wisely.

A good borrowing strategy can create economic balance in the city of Makassar. By improving financial literacy, establishing clear agreements, encouraging the use of loans for productive purposes, building a social gathering system, utilizing technology, instilling trust values, adopting sharia principles, and supporting mediation in the face of conflict, the practice of borrowing and borrowing can be used as an effective tool to support economic and social stability. With the right approach, people in the city of Makassar can optimize this practice to improve mutual welfare without sacrificing harmonious social relations.

CONCLUSION

Effective personal financial management in Makassar is very important to prevent conflicts in the practice of borrowing and borrowing money between individuals. Low levels of financial literacy often encourage consumptive lending behavior without careful planning, thus posing social and financial risks. Some solutions to overcome this problem include financial education, the development of a social gathering system, the application of recording technology, and government support to create economic harmony and community welfare.

An effective lending and borrowing strategy in Makassar City can encourage economic and social harmonization through several strategic steps. First, increasing people's financial literacy to be wiser in managing loans, as well as drafting clear written agreements to avoid misunderstandings. Second, encourage the use of loans for productive purposes, such as business capital or investment. Third, building a social gathering system or savings and loan groups that teach financial discipline. The importance of using digital technology cannot be ignored either, as it can increase transparency and provide reminders regarding payments.

In addition, instilling the value of trust and responsibility between borrowers and lenders, as well as adopting sharia principles to avoid usury, is a wise move. Supporting mediation to resolve conflicts can also strengthen harmonious social relationships. With these steps, the practice of borrowing and borrowing money in Makassar will be able to support the economic and social stability of the community.

BIBLIOGRAPHY

- Fiska. Gramedia Blog. "Effectiveness Theory: Definition, Factors, and Triggering Aspects" Repositori.uma.ac.id. "CHAPTER II THEORETICAL FOUNDATIONS"
- Rezki Amalia, Sifana. 2021. "THE EFFECT OF FINANCIAL MANAGEMENT ON THE TURNOVER OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN MENTENG VILLAGE, JEKAN RAYA DISTRICT, PALANGKARAYA CITY"
- Sara, Ana Mariya. 2021. "THE IMPACT OF SOCIO-ECONOMIC CONDITIONS ON THE DEVELOPMENT OF TRADERS' BUSINESSES IN THE GOTONG ROYONG MARKET (Study at the Gotong Royong Market, Gunung Sugih District, Central Lampung Regency)"
- Fitriani, Laila. "IMPLEMENTATION OF BORROWING AND BORROWING MONEY ACCORDING TO THE PERSPECTIVE OF ISLAMIC ECONOMICS (Case Study on Nursery Farming Communities in Tambang District, Kampar Regency)"
- Maghfirah. "THE EFFECT OF PERSONAL FINANCE KNOWLEDGE ON THE MANAGEMENT OF PERSONAL FINANCE OF THE PEOPLE OF MAKASSAR CITY WITH LOVE OF MONEY AS AN INTERVENING VARIABLE"
- Firawati. 2020. "COMMUNITY BEHAVIOR IN THE PRACTICE OF LOAN SHARKS: A REVIEW OF ISLAMIC ECONOMICS (IN UJUNG TANAH SUB-DISTRICT, MAKASSAR CITY"
- Wilis, Oci Irma. 2021. "THE IMPACT OF LOAN SHARK LOANS ON THE FAMILY ECONOMY IN PANGKALAN BUNUT VILLAGE, BUNUT DISTRICT, PELALAWAN REGENCY REVIEWED FROM AN ISLAMIC ECONOMIC PERSPECTIVE"
- RRI Co Id. Charnila, Kandi. 2024. "Financial Literacy of the People of South Sulawesi is Still Considered Low at Only 36.88 Percent"
- Financial Services Authority. "Press Release: Improving Financial Literacy and Inclusion in the Regions, OJK Launches LAYARKU Program in Makassar"
- Nasriadi Muchtar et al. "ANALYSIS OF ISLAMIC LAW ON LENDING AND BORROWING THROUGH LOAN SENDING"