



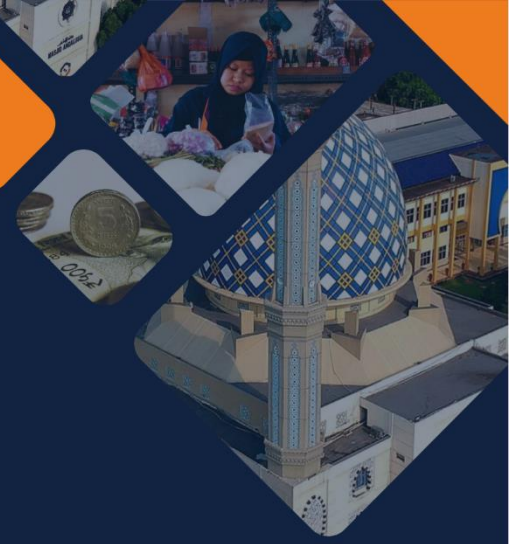
**INSTITUT TAZKIA**

Islamic Economics & Business • Law • Education

Tazkia Islamic University College

— Institut Agama Islam Tazkia —

الجامعة الإسلامية تازكيا



# AICIF

## ASEAN Universities International Conference on Islamic Finance

# PROCEEDING

# 8<sup>th</sup>

November 24-26, 2020 AD  
9-11 Rabiul Akhir 1442 H

### “Islamic Finance’s Contribution to Sustainable of Human Development in Asean”

Co Host :



الجامعة الإسلامية العالمية ماليزيا  
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA  
جامعة إسلامية دولية ماليزيا



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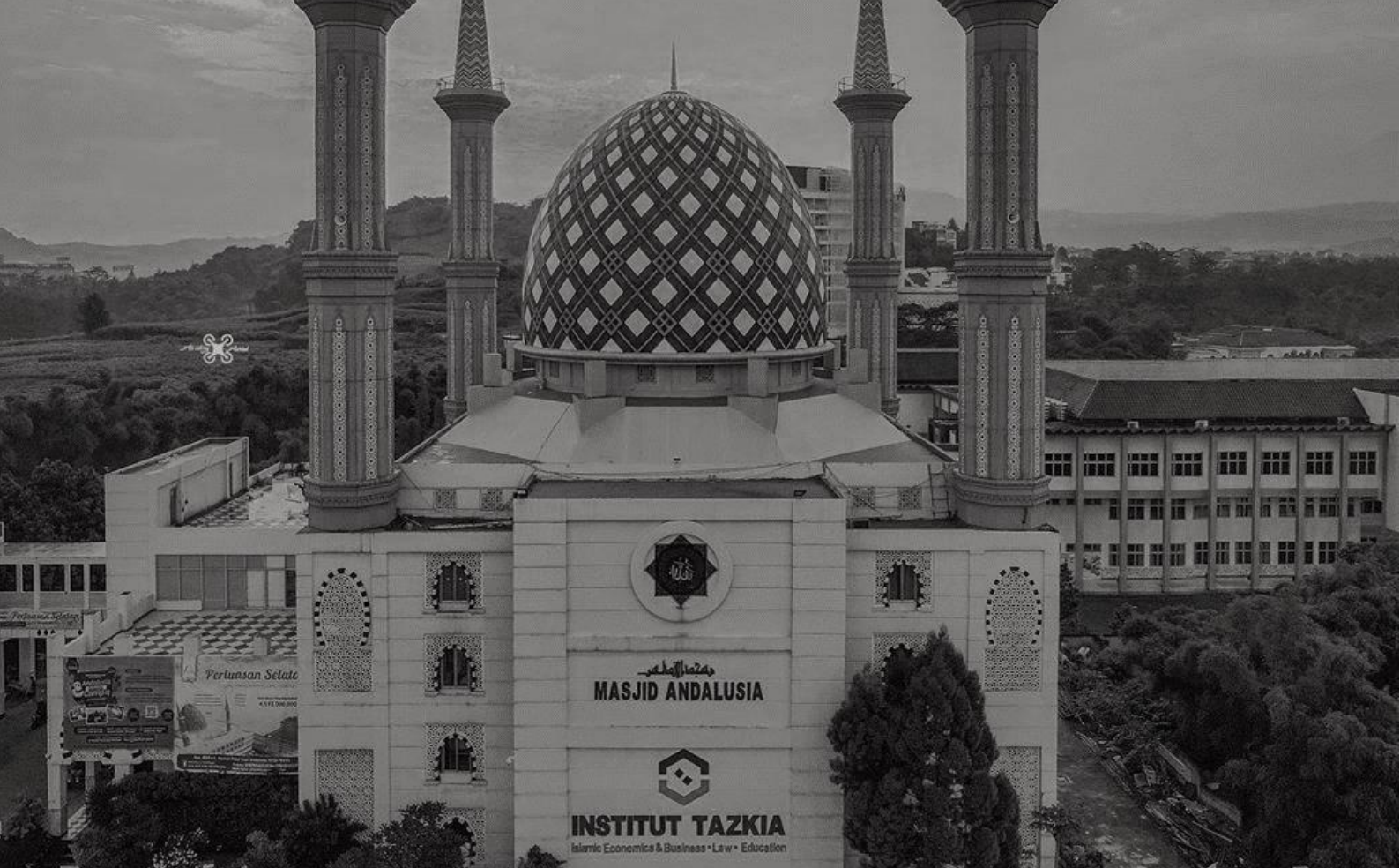


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## Acknowledgement

**Assoc. Prof. Dr. Murniati Mukhlisin, M.Acc, CFP**

Rector of Tazkia Islamic University College



*Assalamu'alaikum warahmatullahi wabarakaatuh*

First of all, let us thank Allah SWT for permitting us to be here, despite the Covid-19 pandemic that still require us to limit our physical interaction. Secondly, I would like to express my gratitude to the organizing committee for their hard work and dedication in preparing the 8<sup>th</sup> AICIF conference this year. I sincerely thank the International Council of Islamic Finance Educators board, which is the engine behind the networking of ASEAN Islamic educators. The credit also goes to all co-organizers for their contribution to make this conference possible despite such a difficult situation we are in. *Jazaakumullah khairan katsiran.*

When I announced Tazkia's willingness to be the host of the 8<sup>th</sup> AICIF, in Unida last year, I immediately promoted Bogor with all its places of interests that we could visit after the conference. Unfortunately, it is impossible now due to current travel limitation that we endure due to pandemic. Therefore, many of you are not able to physically enjoy the beauty of Bogor, however the organizer has prepared a virtual sightseeing which I hope you will find it exciting. The Covid-19 pandemic has impacted many people's live, just as what has been described in QS Al-Baqarah (2): 155 that Allah SWT tests mankind through fear, hunger, loss of wealth, lives and fruits. However, Allah SWT has promised that He would offer good tidings to those who remain patient. I still promise you that we will become a host again someday, and will entertain you with the real Bogor, so please be patient.

In my speech today, I would like to address whether we as educators and researchers have contributed something to the ummah through Islamic economics and finance. This may be too early to tell, but we should carry out serious research to respond to this question and seek recommendation for our future course of action.

In my early stage of research analyzing 250 Islamic economics papers from 2014-2020 shows that the contribution of Islamic economic studies toward economic growth has positive trend. Global Islamic Economy Indicator (GIEI) score released by Dinar Standard is shown to be significantly related to Gross Domestic Product (GDP) of each country. However, numbers of researchers, R&D cost, and gross enrollment are not significant enough to influence both GIEI and GDP. The research suggests that more investments in all countries are required to ensure the increase in number of researchers and research costs which eventually would result to the increase in number of researches. When number of researches increases, it is expected that it would contribute more positively towards the GIEI and GDP of each country. This research also finds that research direction of the studies under review mostly employ post-positivism and constructivism–interpretivism paradigms with countries being researched are mostly Malaysia, UAE and Indonesia. That's from macro development perspective.

From micro development side, I have observed 21,193 participants attended Islamic personal finance training between 2011-2020, consists of 90 percent Muslim participants, 90 percent Indonesians living in 28 different countries. I found that 80% of the participants have not fully embraced shariah finance in their daily life. It covers right from engaging Islamic finance various products and services, understanding Islamic contracts, calculating personal zakat and resolving issues on inheritance. I even have observed that many Islamic economics and finance educators, researchers, practitioners have not embraced real shariah practices in their daily life. It seems to them, perhaps to us, Islamic economics and finance are mere formality.

Thus, I absolutely agree that we should ensure stability of the socio-economic and financial systems with the present challenges in advancing the human development. Therefore, I urge everyone here to form a solid cemented structure that is mentioned in QS As-Saff (61): 4 in order to address human development issues. Today, we have a very difficult task. Yes, we have successfully produced nearly a million alumni studied Islamic economics and finance in our respective universities but we are in grey area whether they spent years just to get a degree and a good career, or they turn up to be agents of change themselves and became better persons with *akhlaqul karimah*, as well as ready to deliver change in their societies.

Amidst with the current advancement in technology, Al-Qur'an remains valid to address to this pertinent question, let's shape our students with Al-Qur'an, integrate our academic curriculum and co-curriculum activities with Al-Qur'an, and change of research paradigm with Al-Qur'an. With that, I conclude my speech.

Thank you.

***Wassalamu 'alaikum warahmatullahi wabarakaatuh***

## Rundown

### THE 8<sup>th</sup> AICIF TAZKIA ISLAMIC UNIVERSITY COLLEGE “Islamic Finance's Contribution to Sustainable Human Development in Asean” NOVEMBER 24 - 26, 2020

#### Day 1: Tuesday, November 24, 2020

Time	Agenda
08.00 - 08.30	<b>Registration (30’)</b>
08.30 - 09.00	<b>Opening, Recitation of Holy Qur’an, Video of Tazkia Islamic University College, Indonesia Raya &amp; Hymne IAI Tazkia (30’)</b>
09.00 - 10.00	<b>Opening Session</b> <ol style="list-style-type: none"> <li><b>1. Opening Speech by Host of 8th AICIF 2020</b> <ol style="list-style-type: none"> <li><b>a. Assoc. Prof. Dr. Muhammad Syafi’i Antonio, M.Ec (20’)</b> Founder of Tazkia Cendekia</li> <li><b>b. Assoc. Prof. Dr. Murniati Mukhlisin, M.Acc, CFP (20’)</b> Rector of Tazkia Islamic University College</li> </ol> </li> <li><b>2. Opening Speech by Co-Host of 8th AICIF 2020 (20’)</b> <ol style="list-style-type: none"> <li><b>a. Prof. Al Makin, MA, Ph.D</b> Rector’s of UIN Sunan Kalijaga Yogyakarta</li> </ol> </li> </ol>
10.00 - 12.00	<b>Keynote Speaker</b> <ul style="list-style-type: none"> <li>▪ <b>Mr. Priyono (20’)</b> Director of the Department of Sharia Economics and Finance, Bank Indonesia</li> </ul> <b>Panel Speaker I</b> <b>Sub-Theme: ASEAN Halal Industry and Islamic Finance in Sustainable Development Programs</b> <ol style="list-style-type: none"> <li><b>1. Assoc. Prof. Dr. Nurul Aini Muhamed (30’)</b> University Sains Islam Malaysia</li> <li><b>2. Dr. Hakimah Yaacob (30’)</b> Senior Assistant Professor, Faculty of Islamic Economics &amp; Finance, University of Sultan Sharif Ali, Brunei Darussalam</li> <li><b>3. Dr. Indra, M.Si, (30’)</b> Tazkia Islamic University College, Indonesia</li> </ol>
12.00 - 13.00	<b>Break (60’)</b>
13.00 - 15.00	<b>Panel Speakers II</b> <b>Sub-Theme: Islamic Finance and Sustainable Development Issues in Asean Perspective</b> <ol style="list-style-type: none"> <li><b>1. Professor Dr. Hasanuddin Abdul Aziz (30’)</b> International Islamic University Malaysia</li> <li><b>2. Assoc. Prof. Dr. Muhammad Abduh (30’)</b> University of Brunei Darussalam</li> <li><b>3. Dr. Sutan Emir Hidayat (30’)</b> National Committee of Economy and Islamic Finance (KNEKS)</li> </ol>
15.00 – 15.30	<b>Break</b>
15.30 – 17.30	<b>Panel Speakers III</b>

	<p><b>Sub-Theme: Islamic Social Finance and Sustainable Development Issues in Asean Perspective</b></p> <p><b>1. Prof. Dr. Salina Kasim (30'')</b> Dean of International Institute of Islamic Banking and Finance (IiBF)</p> <p><b>2. Dr. Bayu Taufik Pasuma (30'')</b> Tazkia Islamic University College</p> <p><b>3. Prof. Dr. Zurina Shafii (30'')</b> University Sains Islam Malaysia</p>
17.30 - 18.00	<b>Closing</b>

**Day 2: Wednesday, November 25, 2020**

<b>Time</b>	<b>Agenda</b>
08.30 - 09.00	<b>Registration (30'')</b>
09.00 – 12.00	<p><b>Panel Speakers I</b></p> <p><b><i>Sub-Theme: Islamic Finance Education and Community Development</i></b></p> <p><b>1. Assoc. Prof. Dr. Syed Musa Syed Jaafar Alhabshi (30'')</b> ICIFE/ International Islamic University Malaysia</p> <p><b>2. Dr. Khoirul Umam (30'')</b> University of Darussalam (UNIDA) Gontor</p> <p><b>3. Assoc. Prof. Dr. Abdurrahman Haqqi (30'')</b> University Islam Sultan Sharif Ali</p> <p><b>4. Dr. Afif Zaerofi, S.Pd., MM., (30'')</b> Tazkia Islamic University College</p> <p><b>5. Dr. Minombao P. Ramos-Mayo (30'')</b> Graduate School Mindanao State University, Marawi City Philippines</p>
12.00 – 13.00	<b>Lunch Break and Dhuhur Prayer (60'')</b>
13.00 - 15.00	<p><b>Panel Speakers II</b></p> <p><b><i>Sub-Theme: The role of Islamic Banking in community Development</i></b></p> <p><b>1. Mr. Romy Buchari, (30'')</b> PT Maybank Indonesia, tbk</p> <p><b>2. Dr. Ken Sudarti, M.Si</b> Sultan Agung Islamic University (UNISSULA)</p> <p><b><i>Sub-Theme: Islamic Micro Finance and Sustainable Development Goals</i></b></p> <p><b>1. Dr. Yulizar Djamaluddin Sanrego, M.Ec, (30'')</b> University of Darussalam (UNIDA) Gontor</p> <p><b>2. Prof. Dr. Abdul Ghaffar (30'')</b> Universiti Sains Islam Malaysia (USIM)</p>
15.00 – 15.30	<b>Break</b>
15.30 – 17.30	<p><b>Parallel Session I</b></p> <p><b>a. Colloquium</b></p> <p><b>b. Paper Presentation</b></p> <p><b>c. Project Video</b></p>

17.30 - 18.30	<b>Closing for Participants, Break for Committee</b>
19.30 - 20.30	<b>Discuss for ICIFE Members</b>

**Day 3: Thursday, November 26, 2020**

<b>Time</b>	<b>Agenda</b>
08.30 - 09.00	<b>Registration (30'')</b>
09.00–10.00	<b>Rector's Talk</b> <ol style="list-style-type: none"> <li>1. <b>Assoc. Prof. Dr. Murniati Mukhlisin, M.Acc, CFP (20'')</b> Rector of Tazkia Islamic University College</li> <li>2. <b>Prof. Dr. Amal Fathullah Zarkasyi, M.A (20'')</b> Rector of Darussalam Gontor University</li> <li>3. <b>Prof. Dr. Bedjo Santoso (20'')</b> Rector of Sultan Agung Islamic University</li> <li>4. <b>Dr. Habib W. Macaayong</b> President, MSU system, Philippines</li> </ol>
10.00–12.00	<b>Parallel Session II</b> <ol style="list-style-type: none"> <li>a. <b>Colloquium</b></li> <li>b. <b>Paper Presentation</b></li> <li>c. <b>Project Video</b></li> </ol>
12.00–13.00	<b>Break (60'')</b>
13.00-15.00	<b>Parallel Session III</b> <ol style="list-style-type: none"> <li>a. <b>Colloquium</b></li> <li>b. <b>Paper Presentation</b></li> <li>c. <b>Project Video</b></li> </ol>
15.00–15.30	<b>Break</b>
15.30–17.30	<b>Parallel Session IV</b> <ol style="list-style-type: none"> <li>a. <b>Colloquium</b></li> <li>b. <b>Paper Presentation</b></li> <li>c. <b>Project Video</b></li> </ol>
17.30- 18.00	<b>Appreciation for Best Paper and Closing</b>

# **THE ROLE OF DIGITAL BUSINESS COMMUNITY DURING COVID-19 PANDEMIC: AN ISLAMIC PERSPECTIVE**

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## **Abstract**

The global phenomenon of covid-19 pandemic has stimulated an increase in the digital activities of the world community. In Indonesia, this phenomenon makes the growth of internet users quite significant, especially with the existence of WFH (Work from Home) policy. The applied Health Protocol also increased the use of the internet in carrying out various conventional activities to online activities. The Covid-19 pandemic has provided opportunities to open digital-based business activities in the community. On a broader scale, the Covid-19 pandemic has educated the public to carry out their business activities online. The community seems challenged to actively do business online either through social media or through other media platforms to support their business activities individually or in a community. The digital business community plays a role in forming this network with good Islamic business ethics.

**Keywords:** Business community, digital business, business ethics

## **I. Introduction**

The Covid 19 outbreak is a long journey for the world because there are lots of changes. The World Health Organization (WHO) has determined Corona or Covid-19 virus as a global pandemic. This pandemic then changed the behavior of the society to always apply health protocols in their daily lives

The corona virus is a new type of virus caused by Covid 19 which has changed the world and people's daily lives. It is a contagious and deadly virus. In the United States, the number of people infected with Covid 19 has increased. Recently, President Donald Trump and the First Lady Melani Trump have tested positive for Covid 19. Therefore actions are needed to stop the spread of the virus nationally and globally (Fernandez & Shaw, 2020).

The rate of corona virus transmission in the United States entered a new level on October 1, 2020. United States becomes the country with the highest positive cases of Covid

19. Meanwhile, taken from covid19.go.id on October 4, 2020, Indonesia had 303,498 confirmed cases. As the result, Indonesia was on the ninth position in Asia by beating Qatar and Israel.

This global pandemic has resulted major transformational changes in the global economy which is driven by digital transformation. The pandemic has given major economic shocks that are accelerating change. In the era of Covid 19 pandemic, it has influenced changes in society, including how they run their business. Due to the adoption of health protocols, companies around the world require their workers to work at home (Choudhury et al., 2020).

The covid-19 pandemic has an impact on business owners to make changes on the business strategies. The use of digital-based information, communication and technology drives the acceleration of business strategies. Building a business community with digital business is the main strategy. However, it must be supported by good business ethics that are in accordance with Islamic values.

Business actors must have the courage to make changes in order to survive and create new markets in the digital business. In Quran surah Ar-Ra'd verse 11 Allah SWT gives us the basis for making changes:

يَقَوْمِ اللَّهِ أَرَادَ وَإِذَا بِنَفْسِهِمْ مَا يُغَيِّرُوا حَتَّى يَقَوْمَ مَا يُغَيِّرُ لَا إِلَهَ إِلَّا اللَّهُ أَمْرٌ مِنْ يَحْفَظُونَهُ خَلْقَهُ وَمَنْ يَدَيْهِ بَيْنَ مَنْ مَعْبُوتٌ لَهُ  
وَالِ مِنْ دُونِهِ مَنْ لَهُمْ وَمَا لَهُ مَرَدًّا فَلَا سُوءًا

"For each one are successive [angels] before and behind him who protect him by the decree of Allah. Indeed, Allah will not change the condition of a people until they change what is in themselves. And when Allah intends for a people ill, there is no repelling it. And there is not for them besides Him any patron."

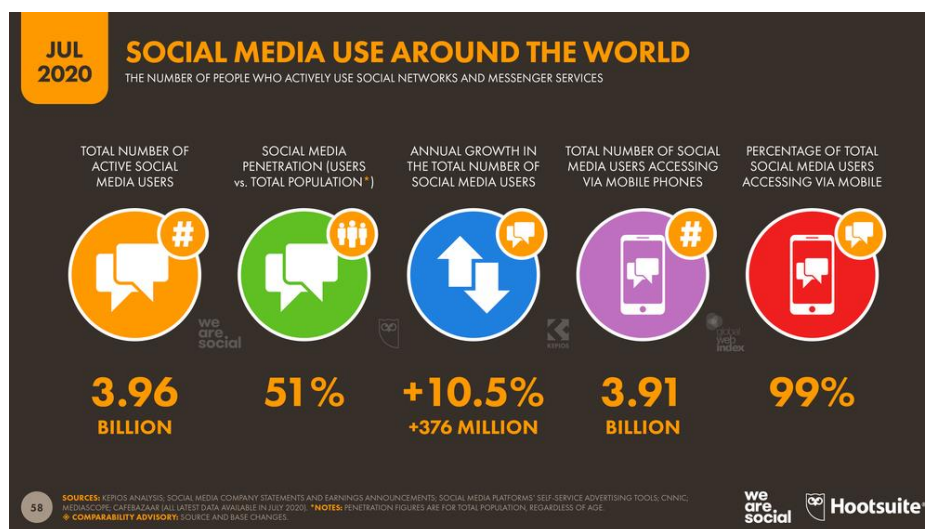
## II. Literature Review

### 2.1 Business Community

The global covid 19 pandemic must be faced together by the world society. Without human cooperation, it is difficult for the people to face this deadly virus. The society needs to create a community that is able to prepare a joint strategy so that it is able to provide everything to one another in facing the global pandemic.

Community is a group in a society that has the same interests and professions. It consists of a group of individuals who are related to each other in a certain environment and each member has the same interests. Business is an economic activity which has characteristics that in its activities there is an exchange, selling and buying activities. There are activities of exchanging, producing and marketing, also working. This ultimately aims to gain profit (Bertens, 2000).

The business community is formed through the strong desire of community members to work together in order to achieve certain business goals that have been mutually agreed upon. Furthermore, this community also gives mutual support and assistance between fellow members who can eventually develop together either through social media or other media that support good business activities, whether individually or with the community.



Data report of Global Social Media Overview, July 2020

According to the data report in July 2020, social media users in the past year to July 2020 have increased by more than 10 percent, to 3.96 billion. This was the first time that more than half of the world's population is currently social media users. Based on this data, the growth trend shows that on average, more than 1 million people started using social media for the first time every day over the past 12 months. It is equivalent to nearly 12 new users per second. This is predicted to increase in line with large-scale social restriction policies in several regions.

Social media is an alternative media for the growth of the digital business community. It is very strategic in increasing its role as a communication medium among the



business communities in order to design an effective business strategy. In addition, it is also be able to build good relationships among its members.

Allah SWT said in a hadith qudsi narrated by Imam Abu Daud and Hakim from Abu Hurairah, Rasulullah SAW said 'Allah SWT said, 'I am the third of two people who do the union (sharing) as long as the parties involved do not betray each other. In the event of treason, I will leave the union.' *Asbabul wurud* is the cause. The above hadith provides the basis for how association or cooperation between communities in the fields of economy and trade is regulated in Islam. It means that Allah SWT really loves every individual or person or group of people who carry out good business habits according to Islamic law.

In the midst of global pandemic, the role of the business community is crucial in order to formulate a marketing strategy in the digital era. This can be achieved by involving all members of the community so that all members of the business community get the benefits. Furthermore, the business community is able to give benefits to businesses, consumers and the market.

By creating business community, it can be reinforce the communication among its members, It also can be a forum for them to meet and exchange ideas for the sake of creating the progress of their businesses and develop the business together by giving the best input to improve the quality of business products and services.

## **2.2 Digital Business**

The Covid-19 pandemic encourages the world's population to take massive preventive and control measures. The government policies in many countries apply work from home regulation, including in Germany, introduced in March 2020. Social and economic restrictions have driven a huge jump in digitalization. The offline meeting has changed to online meeting. On the other hand, it increases the use of digital media in society. The existence of a crisis in society will be able to create and encourage innovation and its spread due to socio-political changes (Archibugi, 2017). The covid-19 pandemic has also resulted in a sudden increase in online shopping (Nielsen, 2020)

Digital business is a type of service business by utilizing technological sophistication in the process of creating products and marketing . At the time of pandemic, the digital business has implications for changing conventional business transitions to digitalization. Digital business has become a phenomenon in the midst of the world community in facing pandemic. Information communication and internet-based technology have made a borderless digital business strategy. In other words, it is easily accessible to the consumer community.

Digital business marketing strategy will provide opportunities and facilities for business actors to gain economic value through collaboration with stakeholders, customers and employees (Purkayastha & Sharma, 2016). The existence of technological advances has provided offers and opportunities for business actors to be able to evaluate data and use the information obtained in order to increase their productivity (Keegan & Rowley, 2017).

Productivity increases with the use of information. It provides opportunities to evaluate data and business amid technological advances (Keegan & Rowley, 2017). The creation of new opportunities is obtained from the use of various online media by business people (Gaikwad & Kate, 2016). The use of internet increased because it becomes the source of information for consumers as a reference before purchasing a product and service.

Internet-based digital business is a means to increase online sales. It also can be used for advertising the products on social media. It is a solution to reach various markets for business expansion (Banica et al., 2015). According to Bolat, Kooli, & Wright, (2016), in order to connect with more consumers, it can use internet technology. Internet provides opportunities for businesses through web and social media sites for various information which covers about the products and services (Smith, Smith, & Shaw, (2017).

The presence of technology has changed many aspects of people's lives. Digital business, including technological advances, has given birth to a method of transaction known as e-commerce or electronic commerce that facilitates public transactions. This transaction or sale and purchase has been explained in Quran in several verses, including: 'O you who believe! And those who disbelieve are the wrongdoers. (QS:al-Baqarah verse 254). Allah has bought from the people of Mu'min themselves and their wealth by giving them paradise. They fought in the way of Allah; then they kill or get killed. That has been a true promise from Allah. And who is more fulfilled than Allah? So rejoice in what you have done, and that is a great victory. And there is another verse that is in the Qur'an Surat Al-Baqarah verse 275, "... And Allah has made usury lawful and forbidden usury.

### **2.3 Business Ethics**

Business carried out in pandemic situations encourage us to align our intention that the business we run must be based on ethics. Ethics in Islam recommends that we intend business solely to seek the pleasure of Allah SWT sincerely so that our business activities have the value of worship. Rosulullah SAW said that actually the deeds depend on the intention, and we will get compensation for the actions according to the intention. All activities carried out are in the framework of worshiping Allah SWT. (Q.S. Al-Dzariyat 51: 56, QS. Al-An'am 6: 162).

In today's digital business era, a Muslim should run his business based on worshipping Allah SWT. Therefore, every business undertaken by a Muslim should carry out ethics according to what is taught in Islam. It is in order to achieve the enjoyment of Allah. (M. Mathkur, 2019) In terms of running business activities, a Muslim businessman should always use business ethics taught by Islam which is always related to ethical or unethical habits or behaviour. (Wilardjo, 2011)

Islam teaches us that understanding ethics is the principle and value of goodness that comes from Al quran and hadiths (Al-Aidaros, Mohd. Shamsudin, & Md. Idris, 2013). Digital or conventional business activities that are built with Islamic business ethics are ethical norms based on Qur'an and hadiths. Therefore, in running a business, a muslim has to assure that the business should always be based on the Qur'an and Hadith (Djakfar, 2012).

According to Islam, business ethics is a study of how a business actor able to conduct mutually beneficial business relationships based on its Islamic values (Azis, 2013). Business ethics taught by Islam demands that humans have to do good to themselves, their fellows, their environment and Allah as the Creator and not making damage on earth.

“Whoever does righteousness - it is for his [own] soul; and whoever does evil [does so] against it. And your Lord is not ever unjust to [His] servants.” (Fushshilat: 46).

“O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful.” (QS. An-Nisa': 29).

“And for all are degrees from what they have done. And your Lord is not unaware of what they do.” (QS. Al-An'am : 132).

The implementation of business ethics principles in Islamic perspective includes; a business actor should always prioritize honesty as stated in the QS. Al Mutaffifin 83: 1-3. Furthermore, business actors should sell with good quality in accordance with their digital promotion also avoid lying and cheating which then has an impact on public unrest. It is because honesty will have an impact on calm. The business actors are encouraged to be lax and generous and build a good relationship also friendship with customers or business partners. Business actors are also encouraged to always be administrative orderly and be transparent in pricing (Djakfar, 2012).

## **Conclusion**

The global covid-19 pandemic has encouraged the world society to reform its business activities, open the opportunity for people to conduct digital-based business activities. On a broader scale, the covid-19 pandemic has educated the society to run their online business activities.

People are challenged to actively run the online business either through social media or other media platforms. It aims to support their business activities or form a business community. The data report in July 2020 shows that there are already 3.96 billion of social media users. It means, there are more than half of the world's population who currently use social media. In other words, social media has a strategic position in facilitating the Digital Business Community to run its digital business activities by prioritizing community identity as well as individual identity.

The digital business community is a social group in a community that consists of several individuals who interact in a particular environment. The main goal is to create a business platform, where they have a way to improve business performance. It can be realized by conducting regular meetings, with different theme and goal in every meeting.

By creating digital business community, it reinforces the business communication among its members. It can be a platform for them to meet and exchange thoughts in order to create progress. They also can develop their business together by providing the best to improve the quality of business products and services.

Digital Business is a type of service business that utilizes the sophistication of technology in the process of products creation and marketing. In this pandemic, business has implications for changing the conventional businesses to digital business. Digital business has become a phenomenon amid the society in facing pandemic. Communication information and internet-based technology result an unlimited digital business strategies. It means, the business is easily accessible to the consumer.

The digital-based business community should always straighten out the intentions by conducting business ethics in accordance with Islamic teachings

Business ethics taught by Islam demands that humans have to do good to themselves, their fellows, their environment and Allah as the Creator and not making damage on earth.

“Whoever does righteousness - it is for his [own] soul; and whoever does evil [does so] against it. And your Lord is not ever unjust to [His] servants.” (Fushshilat: 46).

"O you who believe! And do not kill yourselves; (QS. An-Nisa': 29).

"And every soul has a balance with what it does. And your Lord is not unaware of what they do." (QS. Al-An'Aam : 132).

By creating a digital business community with Islamic values, it will create a pattern of relationships that not only gain blessings in the world but also blessings in the afterlife.

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