



## Financial Literacy Improvement Through Family Financial Planning Management Training

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### Abstrak

Inklusi keuangan telah menjadi salah satu perhatian dunia namun tingkat inklusi keuangan Indonesia masih cukup rendah. Indeks literasi keuangan Provinsi Banten termasuk rendah yaitu hanya sebesar 38,18% pada tahun 2016 (OJK 2016). Desa Pasuluhan salah satu desa di Kabupaten Serang yang memiliki potensi ekonomi yang tinggi namun secara umum masyarakatnya kurang memahami bagaimana pengelolaan keuangan yang baik. Oleh karena itu kegiatan pengabdian masyarakat ini dilakukan untuk meningkatkan pengetahuan dan kemampuan masyarakat untuk pengelolaan keuangan jangka pendek dan perencanaan tujuan keuangan jangka panjang. Metode yang digunakan adalah pelatihan dan pemaparan materi oleh narasumber. Hasil kegiatan ini mendapatkan respon kepuasan dari peserta serta pemahaman yang lebih pada kemampuan peserta dalam perencanaan pengelolaan keuangan keluarga. Dalam jangka panjang, kegiatan pelatihan perencanaan pengelolaan keluarga di desa-desa diharapkan dapat meningkatkan tingkat inklusi keuangan baik di tingkat provinsi maupun tingkat nasional.

**Kata kunci:** literasi keuangan, perencanaan keuangan keluarga, pengelolaan pendapatan

### Abstract

*Financial inclusion has become one of the world's concerns, but Indonesia's level of financial inclusion is still quite low. The financial literacy index of Banten Province is low at only 38.18% in 2016 (OJK 2016). Desa Pasuluhan is one of the villages in Serang, Banten Province which has high economic potentials but in general, the people do not understand how to manage finances well. Therefore, Kegiatan Pengabdian Masyarakat is carried out to increase the knowledge and ability of the community for short-term and long-term financial goals planning. The method used is training and presentation. The results of this activity received a response of satisfaction from the participants as well as a greater understanding of the ability of participants in planning family financial management. In the long term, family management planning training activities in Desa Pasuluhan are expected to increase the level of financial inclusion at both the provincial and national levels.*

**Keywords:** financial literacy, family financial planning, income management



## **Introduction**

Financial inclusion has become one of the world's concerns since the United States economic crisis in 2008. World Financial Inclusion data also shows developing countries including Indonesia have a low level of financial inclusion, therefore several government efforts have been made starting in 2012 through the National Financial Strategy Inclusive to improve people's welfare. So that Indonesia's financial inclusion rate managed to increase to 67.8% in 2016.

In addition to the problem of financial inclusion and low economic growth, poverty is one of the economic problems in Indonesia (Sari and Kautsar 2020). Micro and Small Medium Enterprises (MSME) as one of the largest job providers can help reduce field figures, especially in Banten Province as one of the provinces with the highest unemployment numbers in Indonesia. However, running the MSME business has internal and external obstacles. One of the important internal factors is the human resources (HR), in terms of finance, one of which is the lack of awareness and ability to manage finances. MSME performers relatively nominated by private management. However, several studies have found that there are still many individuals who still have low financial literacy (Kiliyanni, 2016). Kiliyanni (2016) also stated that almost 89 percent of the young adult population required financial education. Then, only a few of the MSME businesses and households in Indonesia have access to credit or funds from formal financial institutions, this showed that there is great potential for demand for microfinance services. There are regulated microfinance providers that tend to cover most of the district and city-level microenterprise market. In addition to microcredit, microfinance includes activities such as savings.

The government has developed a subsidized microfinance program. However, there is a general lack of public awareness of the development and provision of microfinance in Indonesia. This is supported by the third National Financial Literacy Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019 showing a financial literacy index of 38.03% and a financial inclusion index of 76.19%. This figure is an increase compared to the results of the 2016 OJK survey, namely the financial literacy index of 29.7% and the financial inclusion index of 67.8%. Therefore, the integration of microfinance literacy is an important step to improve the management and development of public finances. Financial literacy encourages villagers to use the abundant available resources and available opportunities in the local market. Financial literacy also aims to protect villagers from aggressive money lenders because of the borrower's lack of knowledge and financial literacy.

Financial literacy will empower consumers, make rural people have knowledge of finance in a way that is suitable for rural life and enable rural communities to use this knowledge to evaluate products and make informed decisions. Financially literate rural people are more likely to save and engage in safe financial products. Rural communities as consumers need a certain level of financial understanding to compare financial products, such as bank accounts, savings products, credit and loan options.

The financial literacy index of Banten Province is low at only 38.18% in 2016 (OJK 2016). Walantaka District is one of the sub-districts in Serang Regency, Banten. Walantaka District is a development area in the eastern part of Serang City, which is directed to the main functions of trade and services, government, public and social facilities. Based on the number of economic facilities and infrastructure, Pasuluhan Village has 38 grocery stores or stalls, which occupies the second largest position after Teritih Village as many as 67 grocery stores, this shows Pasuluhan Village has greater potential for micro-financing economics than other villages, especially for MSMEs. in the village.

However, in Pasuluhan Village there are no operating financial institutions, overall there is only one government-owned commercial bank in Walantaka District located in Pipitan Village, this shows the potential of the population that has not been reached by banks and financial institutions, and this shows the urgency of providing education about the importance of financial literacy. The OJK survey shows that people's financial goals are still dominated by short-term goals to fulfill daily life and sustain life. To achieve financial goals, the main effort chosen by the community tends to be short-term efforts that are in line with the tendency of their financial goals, namely 75.29 percent saving, 42.13 percent preparing a financial plan 38, 36 percent by working (OJK 2016). Even though there are several options other than saving in managing finances to achieve these financial goals.

The high potential that exists in Pasuluhan Village is seen from the number of residents and the number of micro-businesses carried out and then the potential for local natural resources in the form of bamboo plants accompanied by limited facilities for financial institutions and community infrastructure to reach financial institutions, and there is still potential to improve the understanding of the village community. of the importance and variety of financial management options, which in turn will improve the literacy of the financial community as a whole. Therefore, this community service activity aims to provide training on income management and microfinance for rural communities that is integrated with financial literacy learning.

### **Implementation Method**

The method used is training and presentation of material on financial literacy and the management of family financial planning. The stages of Community Service activities start from planning, implementing, and evaluating. At the planning stage, coordination is carried out between stakeholders such as Financial Institutions, Faculty of Economics and Business, LPPM, lecturers and students of the Department of Development Economics, Village Communities. The activity begins with gathering information on partner problems in terms of financial literacy, then the problems are arranged based on a priority scale and the solution is discussed, the solution proposed is training and then planning training activities.

Stages of implementation of activities carried out on the date. This training was held in one of the mosque halls in Nangka Bugang Village, Pasuluhan Village, Walantaka District, Serang Regency, Banten. In the implementation of the activities the stages that have been passed are 1) Provide an understanding of why family financial planning needs to be done; 2) Give examples of some problems in revenue management and how to solve them; 3) Provide knowledge on how to plan finances starting from income, expenses, assets/ prices, debt and protection/ guarantees: and 4) Provide knowledge on how to take appropriate steps in managing family finances.

After the presentation of the material, at the end of the activity a quiz was conducted to measure the participants' understanding of the material that had been presented. Then each participant fills out a questionnaire/questionnaire which is the basis for evaluating the activities that have been carried out.

### **Result and Discussion**

The Family Financial Planning Management Training in Nangka Bugang Village, Pasuluhan Village was carried out well. The implementation of the activity begins with the preparation of the committee (Figure 1). Then proceed with participant registration (Figure 2). The event began with an opening and remarks from the Village Head of

Pasuluhan Village, the Head of the RT and the Chief Executive. Next is the presentation of the material by the speakers (Figure 3).



Figure 1. Event Preparation

The presentation of the material went smoothly. Participants seemed enthusiastic in digesting the material presented and asked several questions to the speakers. The training was closed with a quiz session and filling out a questionnaire (Figure 4). The success or failure of the implementation of this community service program requires the participation of participants to resolve their financial problems. Participation of participants in the implementation of this community service program is to provide information about the problems and challenges faced regarding knowledge and financial management, then discuss solutions and problems faced and after participating in this training activity participants can practice the material presented in the training.



Figure 2. Participant Registration

The presentation of the material in this training used simple language so that it can be easily understood by the participants, this is due to the background of the participants who are mostly housewives, most of the participants are elementary school graduates so they do not have an accounting background. A study conducted by Kiliyanni (2016) found that gender, marital status, age, education, occupation, work experience and income affect people's financial literacy. After the presentation of the material, participants were invited to ask questions and the resource person also gave some questions to the participants to measure the participants' understanding. At the end of the event, participants provided feedback in the form of filling out a questionnaire.



Figure 3. The Presentation

Based on observations during the training activities, several important things were obtained, including the enthusiasm of the participants in listening to material related to financial planning management, then the enthusiasm of the participants in conveying several problems in the management of family financial planning where this can be discussed by resource persons to jointly discuss the solution. and make learning for other participants. Some of the financial problems faced by participants include financial management where expenses are always greater than income, income that always runs out especially to pay debts, no savings even though they have worked for years, new debts to cover old debts and fulfillment of sudden needs.



Figure 4. Questions and Answers Session

Along with the development of technology, people in general move from conventional savings to savings whose storage is more modern. The flow of financial transactions will also be easier when people use i-banking or m-banking facilities. However, most participants never access these facilities. The lack of financial facilities in the village is one of the obstacles. Andreou and Anyfantaki (2020) found a positive relationship between the level of financial knowledge and the level of use of i-banking. More importantly, people with lower education were found to report financial problems related to lack of modern financial facilities and lack of confidence in financial skills being their main reasons for not using modern banking services.



Figure 5. The Participants

The impact of training on family financial management planning is expected to directly increase the level of community financial literacy, because financial literacy refers to the ability of individuals and households to manage personal finances effectively. Pulungan (2017) found that financial literacy has a significant positive influence and is able to influence people's financial behavior. Kiliyanni (2016) states that phenomena such as increasing life expectancy, increasing cost of living, complexity of financial products, pension plan contributions, and growth in financial markets make knowledge about financial issues indispensable to secure one's finances in the future.

At the end of the event participants were given a questionnaire to evaluate whether the community service activities that had been carried out were useful and the material was presented well. Figure 6 shows that 92.3% of participants stated that the material presented had increased participants' knowledge of financial management planning.

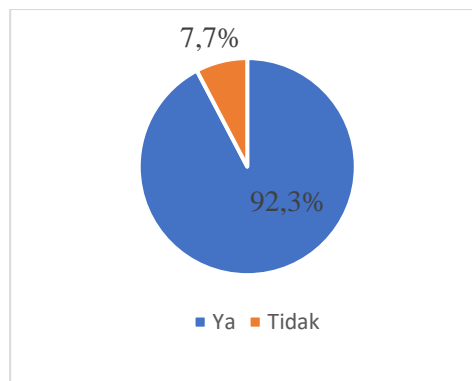


Figure 6. Material Understanding by The Participants

Based on Figure 7, on average, participants have savings (Rekening Bank) in the form of a bank account by 16.7 percent and cash (Uang Tunai) by 16.6 percent, while 66.7 percent of participants have savings in other forms and none of the participants has savings reserves in the form of gold (Emas). Investment decisions made by participants can be influenced by several factors.

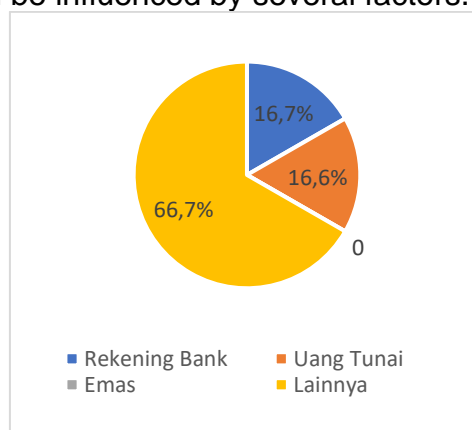


Figure 7. The Participants' Saving and Investment

In the sharing session with participants, it was found that participants did not know the types of financial products that could be an alternative to saving savings. With this community service activity, it is hoped that it will improve the financial literacy

of participants so that in the long term participants can determine investment decisions from income to more diverse financial products. Dewi and Purbawangsa (2018) state that high financial literacy and a good understanding of finance are important factors in determining investment decisions.

## Conclusion

The conclusions obtained during the training activities include:

1. Community service activities in the form of family financial planning training have been running smoothly. Participants were very enthusiastic in listening to the material presented by the speakers. The resource persons also conveyed the material well so that it could be easily understood by the trainees.
2. With this activity, participants can understand the importance of family financial planning, recognize the family's financial condition, the hierarchy of household needs, the types of expenditure portions, how to manage family finances well.

Based on the feedback given by the participants, activities like this need to be carried out continuously, for example every six months. Financial planning activities are also needed by the Pasuluhan Village community by other levels of society such as special sessions for teenagers. The recommendation for the sustainability of this activity is that it is necessary to provide assistance and training activities from a more in-depth accounting perspective so that participants gain a better understanding.

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