



Introduction to Financial Literacy in the Muara Penimbang Community

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ABSTRAK

Literasi keuangan adalah kemampuan individu untuk memahami dan mengelola sumber daya keuangan secara efektif guna meningkatkan kesejahteraan ekonomi rumah tangga. Rendahnya tingkat literasi keuangan masih menjadi tantangan utama di masyarakat pedesaan, terutama karena terbatasnya akses terhadap informasi dan pendidikan keuangan formal. Kegiatan pengabdian masyarakat ini bertujuan untuk memperkenalkan dan meningkatkan literasi keuangan dasar di masyarakat Muara Penimbang melalui pendekatan edukatif dan partisipatif. Metode pelaksanaannya meliputi sesi konseling, diskusi interaktif, dan simulasi pencatatan dan perencanaan keuangan rumah tangga. Evaluasi dilakukan melalui observasi partisipatif dan sesi tanya jawab untuk mengidentifikasi perubahan pemahaman masyarakat sebelum dan sesudah kegiatan. Hasil menunjukkan peningkatan pemahaman masyarakat tentang pengelolaan keuangan rumah tangga, perbedaan antara kebutuhan dan keinginan, serta pentingnya perencanaan keuangan keluarga. Secara keseluruhan, kegiatan ini memberikan kontribusi positif untuk mendorong perilaku keuangan yang lebih bijaksana dan berkelanjutan di tingkat desa.

ABSTRACT

Financial literacy is an individual's ability to understand and effectively manage financial resources in order to improve household economic well-being. Low levels of financial literacy remain a major challenge in rural communities, particularly due to limited access to formal financial information and education. This community service activity aims to introduce and enhance basic financial literacy among the Muara Penimbang community through an educational and participatory approach. The implementation methods include counseling sessions, interactive discussions, and simulations of household financial recording and planning. Evaluation was conducted through participatory observation and question-and-answer sessions to identify changes in community understanding before and after the activity. The results indicate an improvement in community understanding of household financial management, the distinction between needs and wants, and the importance of family financial planning. Overall, this activity makes a positive contribution to promoting more prudent and sustainable financial behavior at the village level.

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1. INTRODUCTION

literacy is a fundamental competency that plays a crucial role in improving the economic well-being of individuals and households. Financial literacy encompasses not only the ability to understand basic financial concepts but also skills in managing income, controlling expenses, and making rational and sustainable financial decisions (Lusardi & Mitchell, 2014). Individuals with a high level of financial literacy tend to have more mature financial planning skills and greater economic resilience in the face of various financial risks (World Bank, 2020).

However, the financial literacy level of the Indonesian people still faces various challenges, particularly in rural areas. National data shows a gap in financial literacy levels between urban and rural communities, influenced by limited access to information, low levels of education, and a lack of financial education programs reaching rural communities (Financial Services Authority [OJK], 2022). This condition results in weak household financial management, a low savings culture, and an increased risk of family economic instability (Huston, 2010).

Low financial literacy in rural communities is often characterized by a lack of systematic financial record-keeping, a mix of household and personal finances, and a lack of short- and long-term financial planning (Sari &

Wijaya, 2020). This situation makes it difficult for people to control their spending and makes them vulnerable to economic stress, especially when facing urgent needs or income fluctuations (World Bank, 2020).

Penimbung community is one rural community facing similar challenges in household financial management. Family financial management is still conducted informally and based on habit, without clear record-keeping and structured planning (Sari & Wijaya, 2020). Furthermore, community understanding of the difference between needs and wants remains relatively low, potentially encouraging unwise consumption patterns (OJK, 2023).

Higher education institutions have a strategic role in addressing these issues through community service activities focused on empowering and enhancing community capacity. These educational and participatory community service activities are considered effective in bridging knowledge gaps and encouraging direct and contextual changes in community behavior (Kemdikbudristek, 2022). Through this approach, the community not only receives information but is also actively involved in the learning process.

Based on these conditions, this Community Service activity is designed to introduce and improve basic financial literacy in the Muara Penimbung community. This activity focuses on understanding household financial management, recording income and expenses, separating needs from wants, and simple and practical family financial planning. It is hoped that this activity will make a real contribution to increasing community awareness and ability to manage finances more wisely and sustainably.

literacy is a multidimensional concept encompassing an individual's knowledge, skills, attitudes, and behaviors in managing financial resources effectively (Huston, 2010). Financial literacy relates not only to the ability to understand financial terms or products, but also to the ability to apply that knowledge in daily financial decision-making (Lusardi & Mitchell, 2014). Thus, financial literacy serves as a primary foundation in developing healthy and sustainable financial behavior.

Conceptually, financial literacy encompasses several key aspects, namely understanding income, expenses, savings, financial planning, and financial risk management (World Bank, 2020). Individuals with an adequate understanding of these aspects tend to be able to prepare household budgets, control expenses, and prepare reserves for urgent needs (Lusardi & Mitchell, 2014). Conversely, a poor understanding of basic financial concepts often leads to irrational financial decisions and negatively impacts economic well-being (Huston, 2010).

Various studies have shown that financial literacy has a significant relationship with household well-being. Communities with good levels of financial literacy tend to have higher economic stability, higher savings rates, and greater resilience to economic uncertainty (World Bank, 2020). Conversely, low financial literacy is correlated with consumptive behavior, low savings habits, and high vulnerability to economic stress, particularly among low-income groups (Sari & Wijaya, 2020).

In rural communities, financial literacy issues are often exacerbated by limited access to formal financial services and a lack of financial education programs reaching local communities (Financial Services Authority [OJK], 2022). Rural communities generally manage their finances based on inherited habits without systematic record-keeping and structured planning (Sari & Wijaya, 2020). This situation makes it difficult for communities to control household cash flow and are less prepared to face urgent needs and long-term economic risks (World Bank, 2020).

literacy education is seen as an effective strategy for improving the economic capacity of rural communities. Participatory and contextual education has been shown to be more readily accepted by communities because it is tailored to local socioeconomic and cultural conditions (Putri & Lestari, 2021). Practice-based approaches, such as financial record-keeping simulations and simple budgeting, help communities understand abstract financial concepts in a more concrete and applicable way (Sugiyono, 2019).

Furthermore, a community service approach that emphasizes active participant involvement allows for a two-way learning process, where the community not only receives material but also connects financial literacy concepts to real-world problems they face (Ministry of Education, Culture, Research, and Technology, 2022). This aligns with the view that improving financial literacy is not simply about providing information but requires mentoring and habituation to foster sustainable changes in financial behavior (OJK, 2023).

theoretical study, introducing financial literacy through community service activities is a relevant and strategic approach to increasing understanding and awareness of household financial management among rural communities. The integration of basic financial knowledge, hands-on practice, and a participatory approach is expected to foster wiser financial behaviors oriented toward long-term well-being.

2. METHOD

This Community Service activity was conducted in Muara Penimbang Village, targeting the general public, particularly heads of families and housewives (Kemdikbudristek, 2022). The methods used were educational and participatory to increase active community involvement in the learning process (Sugiyono, 2019).

The activity phase begins with an introduction to the basic concepts of financial literacy and the importance of household financial management (OJK, 2023). This is followed by an interactive discussion to explore financial challenges faced by the community and discuss relevant practical solutions (Sari & Wijaya, 2020). The activity concludes with a simulation of recording income and expenses and preparing a simple household budget (World Bank, 2020).

Activity evaluation was conducted through participatory observation and question-and-answer sessions to assess changes in community understanding before and after the activity (Sugiyono, 2019). This evaluation approach was used to measure the effectiveness of the activity and serve as a basis for future program improvements (Putri & Lestari, 2021).

3. RESULTS AND DISCUSSION

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Figure 1. Delivery of introductory material on financial literacy to the Muara Penimbang community

The material was delivered interactively, using simple language and examples relevant to people's daily lives. This approach aimed to ensure that financial literacy materials were easy to understand and immediately applicable to participants (OJK, 2023). The community's enthusiasm during the outreach sessions demonstrated that financial literacy topics were a real need and relevant to the problems they faced (World Bank, 2020).

Simple financial record-keeping simulations are one of the primary methods that have a significant impact on improving public understanding. Through these simulations, people are trained to record income and expenses and differentiate between needs and wants (Putri & Lestari, 2021). This practice-based approach helps people understand budgeting concepts in a more concrete and applicable way (Sugiyono, 2019).



Figure 2. Interactive discussion and simulation of household financial recording

Interactive discussions during the event provided a space for the community to address the financial challenges they face and share experiences in managing family finances. This discussion process encouraged two-way learning and strengthened the community's understanding of the concept of financial literacy (Sari & Wijaya, 2020). The active involvement of participants demonstrated that the participatory approach was effective in increasing public awareness and interest in better financial management (Putri & Lestari, 2021).

Theoretically, these findings reinforce the view that financial literacy is not only related to increased knowledge but also related to changes in people's financial attitudes and behavior (Huston, 2010). The increased understanding of financial recording and planning in the Muara Penimbang community indicates the potential for changing financial behavior toward a more planned and sustainable direction (Lusardi & Mitchell, 2014). This aligns with the national financial literacy policy, which emphasizes the importance of community-based financial education as an effort to improve community welfare (OJK, 2023).

4. CONCLUSION

Community service activities, including introducing financial literacy to the Muara Penimbang community, have made a positive contribution to increasing public understanding and awareness of the importance of household financial management. Results indicate that the educational and participatory approach implemented has improved public understanding of recording income and expenses, separating needs from wants, and simple and structured family financial planning. These findings confirm that financial literacy is a crucial foundation for developing wiser and more sustainable financial behavior at the household level.

The increased understanding gained from participating in this community service activity demonstrates that financial literacy education delivered in a contextual and practice-based manner is more easily accepted and implemented by rural communities. Financial record-keeping simulations and interactive discussions have proven effective in helping communities connect financial literacy concepts to real-life problems. Thus, this activity not only increases knowledge but also encourages changes in community financial attitudes and behaviors toward a more planned direction.

In addition to providing direct benefits to the community, this activity also strengthens the role of universities in carrying out community service functions as an effort to empower and increase the capacity of rural communities. The integration of theoretical knowledge, hands-on practice, and a participatory approach is a key strength in implementing this activity. Therefore, financial literacy promotion activities need to be developed sustainably and expanded in scope to have a broader impact on improving the economic well-being of the community.

Overall, the introduction of financial literacy to the Muara Penimbang community can serve as a model for effective and relevant community service activities to address household financial management issues in rural areas. Going forward, similar activities are expected to be complemented by ongoing mentoring and collaboration with various relevant parties to ensure the sustainability of financial literacy implementation in community life.

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