Financial Literacy: The Foundation for Children to Live Prosperly in the Future

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Abstract
This study aims to determine the financial literacy profile of early childhood, especially in Garut. Early childhood is considered too young to know and learn about finance. In the current digital era, the process of borrowing money is so easy that it makes many people trapped in online lending practices that are detrimental to various parties. In addition, the practice of the latter pay payment system is one of the factors that people get entangled in online loans. This happened because of the hedonistic nature of society and the lack of ability to manage finances properly. The approach used in this study is a qualitative approach with a case study method where the data collection process is carried out through observation, interviews, and documentation. The subjects in this study were kindergarten children, totaling 17 people. This research was conducted within 2 months. Based on data obtained from the field, early childhood literacy skills are very low, children do not yet understand the concept of currency, distinguish between wants and needs, the value of money, and the concept of saving.

Key words: Financial literacy, Basic Literacy, Early Childhood, Early Childhood Education

Introduction
Based on data from the Central Statistics Agency (BPS) as of September 2022, there are around 26.36 million Indonesians living on the poverty line (Badan Pusat Statistik, 2023). Poor people are residents with an average expenditure below per capita. Indonesia’s per capita in 2022 is 71 million rupiah per year or around 5 million rupiah per month. This shows that there are still Indonesians who are not yet prosperous. Apart from income, a person’s welfare is also influenced by the ability to manage finances (Masitoh et al., 2016). Currently due to the inability to manage finances and also an unbalanced lifestyle so that they are trapped in a consumptive lifestyle (Sazali & Rozi, 2020). This has caused millions of people to be in debt, especially debt that comes from online loans. Online loans are excellent because the procedure is easy (Tua & Surahman, 2020).

The ability to manage finances must be mastered by each individual and become a life skill (Sugiharti & Maula, 2019). Because the ability to manage finances is a skill that must be mastered by individuals, it must be mastered from an early age. There is a strong reason that the ability to manage finances must be mastered early on because this can become a provision when children enter productive age (Otoritas Jasa Keuangan, 2020). Providing understanding...
related to financial management to children, can be done by providing financial literacy education from an early age. However, in general, the community has the view that it is not yet time for children to know and master knowledge related to financial literacy. In fact, financial literacy education given to children from an early age can be a form of prevention and correction of financial management habits that can harm individuals and other people (Kasman et al., 2018).

Financial literacy is the ability to use knowledge and skills in managing finances effectively so that you have stable finances for life (Świecka, 2019). Another definition related to financial literacy is a combination of awareness, knowledge, skills and attitudes in making sound financial decisions so as to lead to the achievement of financial well-being (Atkinson & Messy, 2012). This shows that the way individuals behave in relation to finances has a significant impact on their welfare (Lusardi & Mitchell, 2014), for example consumptive and impulsive behavior in managing finances can lead to unstable financial conditions. So it is very important for individuals to have the ability and self-awareness in managing finances properly and wisely. Indicators of financial literacy for early childhood are children who are able to recognize the concept of money, understand wants and needs, the concept of the value of money, and the concept of saving (Otoritas Jasa Keuangan, 2020). Another indicator that can be used as a reference in the implementation of financial literacy education for early childhood is that children are taught to be able to spend money wisely, budget financially, and save (Kasman et al., 2018). These indicators can be used as a reference for schools and parents in teaching children to have good financial literacy skills. Parents and schools have a strong influence in providing financial literacy experiences to children (Grohmann et al., 2015).

Understanding financial literacy from an early age does not aim to make children formal financial experts, but for the sake of creating children who are able to make good financial decisions. Children must have good self-control so that they have the ability to budget, spend, weigh financial risks, and invest (Kasman et al., 2018). This ability can lead children to live prosperously in the future. Efforts to create children with good financial literacy skills have been carried out in various ways and methods such as through market day activities, where in this activity children are facilitated to get good and fun financial literacy education (Indrianti et al., 2022). The introduction and application of financial literacy can also be done through role playing activities where children can understand the concept of money (Anggarani et al., 2022). In addition, diorama learning media can also be an effective medium for introducing financial literacy to children (Nur & Bakir, 2021). Based on these studies, financial literacy is easy to introduce and instill in children from an early age because children can basically understand the basic concepts of finance.

Financial literacy for early childhood has not been the main focus in the learning process at school (Yuwono, 2020). This is because the existing curriculum does not accommodate financial literacy, teachers’ understanding is still low related to financial literacy, especially financial literacy for early childhood, and also the focus of parents in sending their children to early childhood education is to be able to read, write, and counting. So understanding literacy, especially financial literacy, is considered not to be an urgent need.

The limited research on financial literacy, especially in the realm of early childhood education, has prompted researchers to examine how early childhood financial literacy is, because we all understand that financial literacy is basic literacy that children must master from an early age so that children will have a prosperous life in the future. Through this research, it is hoped that there will be follow-up on how to teach or implement financial literacy learning in early childhood education

Method

This study uses a focused ethnographic method. This method was chosen because the research focused on a small part of society (Knoblauch, 2005). The smallest part referred to in this study is the event and research subject. The events that form the basis of this research are the large number of people who are entangled in loans both online and offline, this is allegedly due to the inability to manage finances and hedonism. Hedonism has also begun to be instilled in children from an early age which is the result of the construction of the surrounding environment. The subjects in this study were early childhood aged 5-6 years and a total of 17 people who attended RA Ar–Rahman Garut. Data obtained from observations during children carry out learning activities at school. Interviews were also conducted to strengthen the data from the observations. Interviews were conducted with school principals, teachers, and also children. Interviews with children were conducted informally. In addition, researchers conducted a search of documents, namely daily lesson plans to find out whether financial literacy learning had become part of learning activities or not. Data analysis techniques were carried out using a grounded theory approach. This is done because using grounded theory can facilitate the categorization of findings (Charmaz, 2006). Categorization of findings is done by means of initial coding, namely the naming stage of words or data segments. Furthermore, focused coding is the stage of selecting the use of codes that appear most often and are significant.

Results and Discussion

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Motivation of "Snacking" Children at School

Merchants gathered in front of the school during recess. The children immediately approached him, it seemed that the children were more dominant in buying toys than food. Various reasons underlie children buying toys compared to food. These reasons are that toys are more interesting than food being sold, there is a feeling of pleasure when buying toys, and it is better to buy toys because food is already available at home.

"I prefer to buy toys, if you want to eat later just at home"
(Interview with AF, 06 October 2022)

In contrast to AF, who prefers to buy toys because food is provided at home, CH chooses to buy toys because they are interesting.

"It's better to play, bun. The problem is that my brother's toys are good."
(Interview with CH, 06 October 2022)

Apart from being interesting, another reason is because of the feeling of pleasure after buying toys compared to when buying food.

"Food. Hey, toys. The problem is buying toys makes me happy."
(Interview with KN, 06 October 2022)

Children's motivation to buy toys can be an illustration of the potential for hedonism in children because children are more concerned with wants than needs. In this case, children prefer to buy toys compared to food. Individuals in carrying out shopping activities have shopping motivation. This motivation can be said to be a hedonic shopping motivation. Hedonic shopping motivation has several categories such as adventure shopping which is a feeling of pleasure like adventure, social shopping which is shopping to enjoy being together with other people, gratification shopping which is shopping activities to restore bad moods and relieve stress, idea shopping which is shopping so that you can following trends, role shopping, namely the pleasure of buying attractive gifts for other people, and finally, value shopping, namely shopping because of discounts or the value of an item purchased (Arnold & Reynolds, 2003).

The child's "snack" activity that is not controlled, based on the motivation of desire, pleasure, and the value of an item shows that hedonic shopping motivation already exists in the child. The category of hedonic shopping motivation that exists in children such as gratification shopping, where the child's heart feels happy when buying toys. Children also have shopping motivation based on value shopping, namely the pleasure of buying attractive gifts for other people, and finally, value shopping, namely shopping because of discounts or the value of an item purchased (Arnold & Reynolds, 2003).

Parents and Teachers of Financial Literacy Education Agents

Shopping activity, in this case "snacks" for children is a routine activity. This has the support of parents. Based on the information provided by the school principal, the children receive a large pocket money.

"Most of the children immediately approached the seller. The factor is the child's large allowance."
(Principal Interview, 06 October 2022)

Responding to this, the school has stated that children's provisions should not be large. This is done to train children to save money and buy the things they need.

"The school has conveyed during the parents' meeting that children are not allowed to bring too much pocket money. But until now there are still children whose pocket money is large"
(Principal Interview, 06 October 2022)

The appeal made by the school was not heeded because it was not made into written regulations that were mutually agreed upon. In addition, financial literacy education is not the focus of the learning process. This can be seen in the lesson plan prepared by the teacher, there is no plan to teach financial literacy to children. Parents and teachers do not provide assistance or direction to children when snacking or buying the things they want. Financial literacy education has not been a focus so it has not been seriously and planned to be carried out either at school or in the family (Ariyani, 2018). Parents and teachers have a strategic role in the process of children's financial literacy education. The teacher has an operational role where the teacher is the spearhead who interacts directly with children, while parents have a role as a companion in the process of financial literacy education at home (Yuwono, 2020). Teachers and parents must synergize in helping children to become figures who have good financial literacy skills so that children can manage their lives, especially those related to finances which ultimately lead children to be able to live prosperously.
Early Childhood Financial Literacy Ability

Early childhood is the right time to stimulate all aspects and abilities of children because children are in a sensitive and golden period. One of the abilities that must be properly stimulated is the ability to understand financial literacy. This period is also said to be the right time to instill financial literacy because cognitively children are in the pre-operational period (Rapih, 2016). Thus, schools must have financial literacy education plans and implement them properly and appropriately according to the stages of child development.

Financial literacy for young children certainly has different indicators from indicators of financial literacy for adults. Financial literacy that is introduced to children is still fundamental and limited to understanding concepts. This is because children are in the foundation phase which must be conceptually strengthened so that later they become adults, they not only understand financial literacy but can implement it properly. Indicators of early childhood financial literacy are understanding the concept of money, the concept of the value of money, distinguishing wants and needs, and the concept of saving (Otoritas Jasa Keuangan, 2020). The achievement of these indicators is a necessity that must be achieved by teachers and parents through a learning process that accommodates financial literacy.

Data obtained from the field shows that the indicators of early childhood financial literacy have not been optimally achieved. This is because there are still many children who do not understand the concept of money, that children do not understand that money is a tool in the buying and selling process. Children also do not understand the value of currency, for example children do not understand the value of the five thousand rupiah currency so that many of them "snack" more than the money paid. Children are also still unable to distinguish between wants and needs, this can be seen when they have snacks. The child conveys that the object he buys is more about the desire to buy it than the need. Another indicator is saving, children do not understand the concept of saving. This is because there is no stimulation or practice of saving for children. Savings activities that are part of the school program are saving activities for parents to help offset school administration costs such as paying school fees.

Conclusion

A prosperous life in the future is the hope of every individual. However, in reality, as adults, many individuals are in debt. This is due to the inability to manage finances. This ability can be mastered by individuals when stimulated early on because financial literacy is not something that is given only once in the learning process but must be given continuously. In efforts to provide financial literacy education to children, parents and teachers must collaborate and have the same vision and mission. Collaboration, planning and proper implementation will be able to improve children's literacy skills because based on the results of our research it shows that early childhood literacy skills are still low. This of course requires more and special attention for all existing stakeholders, for example schools can plan literacy learning through play activities or apply learning models or methods that are appropriate for children's development.

References


