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THE ROLE OF EDUCATION IN INCREASING FINANCIAL LITERACY AMONG THE YOUNGER GENERATION

MELLIOFATRIA
Faculty of Social Sciences, Kuantan Singingi Islamic University
melliofatriahendri@yahoo.com

ABSTRACT

Financial literacy is becoming increasingly important in this era of globalization and digitalization. The younger generation, as the nation's successors, needs to be equipped with adequate financial knowledge and skills to be able to make wise and responsible financial decisions. Education plays an important role in increasing financial literacy among the younger generation. This journal aims to analyze the role of education in increasing financial literacy among the younger generation. The type of research in this research is a literature review (literature review). The data sources used are scientific articles, research reports, books and related journals. The data analysis technique uses qualitative analysis. The results of this research are the discovery of the role of education in increasing financial literacy among the younger generation and strategies for increasing financial literacy among the younger generation.

INTRODUCTION

A. Background of the problem

The importance of financial literacy for the younger generation is very significant because it helps them manage their finances better, avoid financial mistakes, and improve their quality of life. The reasons why financial literacy is important for the younger generation according to Astini et al., (2022) and Amanita, (2017) are:

a. Financial literacy helps young people understand how to manage money effectively, avoid unmanageable debt, and prepare for a more financially stable future.
b. Financial literacy helps young people avoid financial mistakes such as investing in volatile crypto assets, avoid financial fraud, and understand the rights and obligations in financial contracts.
c. Financial literacy helps the younger generation develop healthy habits in managing finances, such as creating a budget, saving and investing wisely.
d. Financial literacy helps the younger generation face increasingly expensive college costs, intense job competition, and volatile stock markets.
e. Financial literacy helps the younger generation improve the quality of life by developing healthy habits, managing finances wisely, and preparing for a brighter future.

f. Financial literacy helps increase the level of financial inclusion, thereby creating a financial sector that is more inclusive and contributes optimally to the national economy.
g. Financial literacy helps the younger generation reduce financial risks by understanding concepts such as how to invest, how to save, manage risk, and insurance.
h. Financial literacy also involves the use of technology in managing finances, such as financial management applications, which help increase digital literacy levels .
i. Financial literacy helps the younger generation improve the quality of life by developing healthy habits, managing finances wisely, and preparing for a brighter future.
j. Financial literacy is very important for the younger generation because it can help them manage their finances better, avoid financial mistakes, and improve their quality of life.

Financial literacy challenges among the younger generation can be found in several aspects, as explained by Rifdani & Cerya, (2022) :

1. Limited Knowledge: The younger generation often does not have sufficient knowledge about finance, including how to manage money, invest, and deal with increasingly expensive college costs.
2. Lack of Skills: The younger generation also lacks skills in managing finances, such as making a budget, saving and investing wisely.
3. Environmental Influence: The surrounding environment, such as peers and family, can influence the younger generation's attitudes towards personal finance. They often spend time and money shopping and playing online games.
4. Rapidly Changing Technology: Rapidly changing financial technology can make it difficult for younger generations to keep up with changes and manage finances effectively.
5. Financial Mistakes: The younger generation often experiences financial mistakes, such as uncontrolled debt and not having a clear financial plan.
6. Insufficient Financial Education: Insufficient financial education among the younger generation can cause them to not have sufficient knowledge about finance and not have skills in managing finances.
7. Limited Resources: Limited resources, such as limited access to financial information, can make it difficult for young people to manage their finances effectively.
8. Influence of Social Media: Social media can influence the younger generation by presenting unrealistic lifestyles and spending a lot of money. They often follow trends that are not commensurate with their financial capabilities.
9. Limited Financial Skills: Insufficient financial skills can make it difficult for young people to manage their finances effectively, such as not having the ability to budget and save
10. Family Influence: Families can influence the younger generation by providing less financial education or not providing financial education at all. They often do not have a good example in managing finances.

B. Formulation of the problem

Based on the explanation above regarding the importance of financial literacy education for the younger generation and the challenges of financial literacy among the younger generation, it can be concluded that the problem formulation that will be explained in this research is what is the role of education in increasing financial literacy among the younger generation? What strategies can be implemented to increase the effectiveness of financial literacy education? It is hoped that knowing the importance of financial literacy for this financial generation will bring significant benefits to the younger generation.

LITERATURE REVIEW AND HYPOTHESIS

- **Financial literacy concept**

Financial literacy is a person's ability to understand and use financial concepts, including how to manage finances, invest, and deal with increasingly expensive college costs. The following are several financial literacy concepts according to Kartini & Mashudi, (2022) ; Amanita, (2017) :

a. Knowledge of financial concepts: Financial literacy begins with knowledge of financial concepts, such as how to manage finances, invest, and deal with increasingly expensive college costs.
b. Ability to communicate about financial concepts: The ability to communicate about financial concepts is a person's ability to explain financial concepts clearly and effectively.
c. Ability to manage personal finances: The ability to manage personal finances involves a person's ability to make appropriate financial decisions and manage finances wisely.
d. Financial decision-making ability: Financial decision-making ability involves a person's ability to make appropriate decisions about investing, taking on debt, and managing finances.
e. Confidence to make financial planning: Confidence to make financial planning involves a person's ability to make clear and effective financial plans.
f. Financial education in the family: Financial education in the family influences an individual's personal financial management. Families can provide better financial education to their children, thereby increasing their financial literacy.
g. The influence of financial education in the family on personal financial management: Financial education in the family influences individual personal financial management. Families can provide better financial education to their children, thereby increasing their financial literacy.
h. Financial literacy level: The level of financial literacy in Indonesia is still low, especially among students. Research shows that there are still many students who do not have sufficient knowledge about finance and do not have skills in managing finances.
i. The influence of financial literacy on investment decisions: Financial literacy influences respondents' investment decisions before being given financial literacy and after being given financial literacy. Financial literacy

helps respondents make better investment decisions and increases their confidence in managing finances.

j. The influence of financial literacy on personal financial management behavior: Financial literacy influences personal financial management behavior by increasing individuals' ability to manage finances, make better financial decisions, and increase their self-confidence and skills through objective information, training and advice.

- **Benefits of financial literacy for the younger generation**

The benefits of financial literacy for the younger generation are very important and here are some of the benefits that can be felt as explained in www.kompasiana.com and fiscal.kemenkeu.go.id:

1. Understand Basic Financial Concepts: Financial literacy helps young people understand basic financial concepts, such as managing a budget, paying bills, and understanding the concepts of interest and inflation.
2. Instilling the Habit of Saving: The younger generation needs to realize the importance of saving as a first step to achieving long-term financial goals.
3. Manage Debt Wisely: Financial literacy helps young people understand the risks and benefits of managing debt, and avoid potentially detrimental financial pitfalls.
4. Understanding Investments and Financial Markets: Investing is not just for adults, the younger generation can start investing their money wisely, building wealth for the future.
5. Technology and Financial Literacy: Technology plays a key role in financial literacy, helping young people understand and manage their finances more effectively through technology apps and platforms.
6. Learn from Financial Mistakes: The younger generation needs to know that financial mistakes are part of learning, and use those experiences to grow financially.
7. Supporting Financial Literacy Initiatives in Schools: It is important to include financial education in school curricula, so that young people can build a solid foundation for their financial future.
8. Increase Financial Awareness: Financial literacy increases financial awareness by understanding how to invest, how to save, manage risk, and insurance, thereby ensuring financial security in the future.
9. Developing Financial Management Skills: Financial literacy helps young people develop the financial management skills necessary to manage finances wisely, such as budgeting, saving, and investing.
10. Increases the Power of Financial Management: Financial literacy increases the power of financial management by enabling individuals to manage finances wisely, avoid financial mistakes, and build wealth for the future.
11. Developing Digital Skills: Financial literacy also helps the younger generation develop digital skills to manage finances effectively through financial applications and technology.
12. Increase Financial Strength: Financial literacy increases financial strength by enabling individuals to choose the right financial products, manage

financial risks, and understand their rights and obligations in financial contracts.

13. Developing the Right Investments: Financial literacy helps the younger generation develop the right investments and plan for retirement, thereby ensuring a financially brighter future.
14. Increase Investment Awareness: Financial literacy increases investment awareness by understanding how to invest, how to save, manage risk, and insurance, thereby ensuring financial security in the future.
15. Developing Financial Management Skills: Financial literacy helps young people develop the financial management skills necessary to manage finances wisely, such as budgeting, saving and investing.

By having good financial literacy, the younger generation can prepare themselves to face complex financial challenges and ensure a more financially stable future.

The role of education in increasing financial literacy. Education plays an important role in increasing financial literacy, especially for the younger generation. Following are some of the benefits of education in increasing financial literacy according to Sudrajad et al., (2021) ; Saparie, (2017); HS & Indriayu, (2017) :

a. Understand Basic Financial Concepts: Financial education helps young people understand basic financial concepts, such as managing a budget, paying bills, and understanding the concepts of interest and inflation.
b. Instilling the Habit of Saving: Financial education helps the younger generation instill the habit of saving as a first step to achieving long-term financial goals.
c. Manage Debt Wisely: Financial education helps young people understand the risks and benefits of managing debt, and avoid potentially detrimental financial pitfalls.
d. Understanding Investments and Financial Markets: Financial education helps young people understand the basics of investing and how they can start investing their money wisely, building wealth for the future.
e. Technology and Financial Education: Technology plays a key role in financial education, helping young people understand and manage their finances more effectively through technology apps and platforms.
f. Learn from Financial Mistakes: Financial education helps young people learn from financial mistakes and use those experiences to grow financially.
g. Supporting Financial Literacy Initiatives in Schools: Financial education is important to include in school curricula so that young people can build a solid foundation for their financial future.
h. Increase Financial Awareness: Financial education increases financial awareness by understanding how to invest, how to save, manage risk, and insurance, thereby ensuring financial security in the future.
i. Developing Financial Management Skills: Financial education helps young people develop the financial management skills necessary to manage finances wisely, such as budgeting, saving, and investing.
j. Increases Financial Management Power: Financial education increases financial management power by enabling individuals to manage finances wisely, avoid financial mistakes, and build wealth for the future.

k. Developing Digital Skills: Financial education also helps the younger generation develop digital skills to manage finances effectively through financial applications and technology.
l. Increases Financial Strength: Financial education increases financial strength by enabling individuals to choose the right financial products, manage financial risks, and understand their rights and obligations in financial contracts.
m. Developing the Right Investments: Financial education helps the younger generation develop the right investments and plan for retirement, thereby ensuring a financially brighter future.
n. Increase Investment Awareness: Financial education increases investment awareness by understanding how to invest, how to save, manage risk, and insurance, thereby ensuring financial security in the future.
o. Developing Financial Management Skills: Financial education helps young people develop the financial management skills necessary to manage finances wisely, such as budgeting, saving, and investing.

By having good financial education, the younger generation can prepare themselves to face complex financial challenges and ensure a more financially stable future.

METHODOLOGY

The type of research in this research is a literature review (literature review). The data sources used are scientific articles, research reports, books and related journals. The data analysis technique uses qualitative analysis.

RESULTS AND DISCUSSION

- **The role of education in increasing financial literacy among the younger generation**

  The role of education in increasing financial literacy among the younger generation is very important and here are some of the benefits that can be felt:

  a. Understand Basic Financial Concepts: Financial education helps young people understand basic financial concepts, such as managing a budget, paying bills, and understanding the concepts of interest and inflation.
  b. Instilling the Habit of Saving: Financial education helps the younger generation instill the habit of saving as a first step to achieving long-term financial goals.
  c. Manage Debt Wisely: Financial education helps young people manage debt wisely, avoiding potentially detrimental financial traps.
  d. Understanding Investments and Financial Markets: Financial education helps young people understand the basics of investing and how they can start investing their money wisely, building wealth for the future.
  e. Technology and Financial Education: Financial education uses technology to help young people understand and manage their finances more effectively through technology apps and platforms.
  f. Learn from Financial Mistakes: Financial education helps young people learn from financial mistakes and use those experiences to grow financially.

g. Supporting Financial Literacy Initiatives in Schools: Financial education is important to include in school curricula so that young people can build a solid foundation for their financial future. Entrepreneurship Skills: Financial education helps young people develop entrepreneurial skills to increase the effectiveness of financial literacy education.
h. Learning Design Development: Learning designs that embrace the dimensions of knowledge, skills and attitudes must be developed to increase the effectiveness of financial literacy education.
i. Use of Observations and Interviews: Observations and interviews can be used as research methods to increase the effectiveness of financial literacy education.
j. Use of Triangulation Analysis: Triangulation analysis can be used to increase the effectiveness of financial literacy education by collecting data from various sources and techniques.
k. Use of Documentation: Documentation can be used as a data source to increase the effectiveness of financial literacy education.
l. Use of Knowledge and Understanding: Financial education should increase students' knowledge and understanding of financial and economic literacy.
m. Use of Entrepreneurial Skills: Financial education should improve students' entrepreneurial skills to increase the effectiveness of financial literacy education

By having good financial education, the younger generation can prepare themselves to face complex financial challenges and ensure a more financially stable future.

- **Strategies to increase the effectiveness of financial literacy education**

The strategy to increase the effectiveness of financial literacy education includes the following steps according to Purwanto et al., (2023) ; Umar & Batubara, (2023) ; Muttaqin & Rizkiyah, (2022) :

1. Integration in the School Curriculum: Financial literacy education should be integrated into the school curriculum as part of a national strategy to improve students' financial literacy.
2. Use of Technology: The use of technology can increase the effectiveness of financial literacy education by modernizing and digitizing information.
3. 4C Skills: Financial literacy education must improve students' 4C skills, namely Communication, Collaboration, Critical Thinking, and Problem Solving.
4. Shared Commitment: Joint commitment between families, schools and communities is needed for the success of instilling financial literacy values in children.
5. Learning Design Development: Learning designs that embrace the dimensions of knowledge, skills and attitudes must be developed to increase the effectiveness of financial literacy education.
6. Use of Observations and Interviews: Observations and interviews can be used as research methods to increase the effectiveness of financial literacy education.

7. Use of Triangulation Analysis: Triangulation analysis can be used to increase the effectiveness of financial literacy education by collecting data from various sources and techniques.
8. Use of Documentation: Documentation can be used as a data source to increase the effectiveness of financial literacy education.
9. Use of Knowledge and Understanding: Financial literacy education should increase students' knowledge and understanding of financial and economic literacy.
10. Use of Entrepreneurial Skills: Financial literacy education should improve students' entrepreneurial skills to increase the effectiveness of financial literacy education

By using these strategies, financial literacy education can increase its effectiveness and help students understand and manage finances wisely. Education plays an important role in increasing financial literacy among the younger generation.

CONCLUSIONS AND RECOMMENDATIONS

The role of education in increasing financial literacy among the younger generation is very important for the following reasons:

a. Understand Basic Financial Concepts: Financial education helps young people understand basic financial concepts, such as managing a budget, paying bills, and understanding the concepts of interest and inflation.
b. Instilling the Habit of Saving: Financial education helps the younger generation instill the habit of saving as a first step to achieving long-term financial goals.
c. Manage Debt Wisely: Financial education helps young people manage debt wisely, avoiding potentially detrimental financial traps.
d. Understanding Investments and Financial Markets: Financial education helps young people understand the basics of investing and how they can start investing their money wisely, building wealth for the future.
e. Technology and Financial Education: Financial education uses technology to help young people understand and manage their finances more effectively through technology apps and platforms.
f. Learn from Financial Mistakes: Financial education helps young people learn from financial mistakes and use those experiences to grow financially.
g. Supporting Financial Literacy Initiatives in Schools: Financial education is important to include in school curricula so that young people can build a solid foundation for their financial future.
h. Entrepreneurship Skills: Financial education helps young people develop entrepreneurial skills to increase the effectiveness of financial literacy education.
i. Learning Design Development: Learning plans that embrace the dimensions of knowledge, skills and attitudes must be developed to improve

The suggestions concluded from this research are that further research needs to be carried out to find out the most effective strategies in increasing financial literacy among the younger generation and that cooperation is needed between various related parties, such as government, schools, families and communities, in an effort to increase financial literacy. young generation.

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