COMMUNITY SERVICES PROGRESS
EISSN : 2962-0422
www.journal.stie-binakarya.ac.id

STIE Bina Karya Students' Financial Literacy

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ABSTRACT

Financial litarcy is essential to be implemented seriously in individual life. The good financial management will lead someone into prosperity and the poor financial management will lead into financial collapse. Education background affects someone's ability in managing their expenses. The higher education, the better understanding on financial literacy . The purpose of this study was to gain the information from the 8th semester college students year 2023 STIE Bina Karya about their financial litearcy. This study implemented qualitative method which took 36 informants who represent each class. The researcher distributed open-ended questions through online based questionaire to obtain the data. The data then analyzed by utilyzing thematic analysis. The findings of this study were STIE Bina Karya the 8th semester students knew well about financial literacy, they have implemented the four parts of financial literacy those were: personal financial management, bank deposits, insurance, and stock investment. The implication of this research findings was to enhance the number of college students' understanding of financial literacy and to inform the benefits after implementing the correct financial literacy.

Keywords: *college students, financial, financial literacy, literacy*

ABSTRAK

Literasi keuangan sangat penting untuk diterapkan secara serius dalam kehidupan seseorang. Pengelolaan keuangan yang baik akan membawa seseorang menuju kemakmuran dan pengelolaan keuangan yang buruk akan membawa pada kemiskinan. Latar belakang pendidikan mempengaruhi kemampuan seseorang dalam mengelola pengeluarannya. Semakin tinggi pendidikan, semakin baik pemahaman tentang literasi keuangan. Tujuan dari penelitian ini adalah untuk mendapatkan informasi dari mahasiswa semester 8 tahun 2023 STIE Bina Karya tentang literasi keuangan mereka. Penelitian ini menggunakan metode kualitatif dengan mengambil 36 informan yang mewakili tiap kelas. Peneliti membagikan pertanyaan terbuka melalui kuesioner berbasis online untuk mendapatkan data. Data kemudian dianalisis dengan menggunakan analisis tematik. Temuan dari penelitian ini adalah mahasiswa semester 8 STIE Bina Karya telah mengetahui dengan baik literasi keuangan, mereka telah menerapkan empat bagian literasi keuangan yaitu: pengelolaan keuangan pribadi, deposito bank, asuransi, dan investasi saham. Implikasi dari hasil penelitian ini adalah untuk meningkatkan pemahaman mahasiswa tentang literasi keuangan dan menginformasikan manfaat setelah menerapkan literasi keuangan yang benar.

Kata Kunci: *keuangan, literasi, literasi keuangan, mahasiswa*

INTRODUCTION

Financial literacy continues to change rapidly, various advances occur not only in terms of financial theory, but also in practice in the real world, including in personal finance. Knowledge and understanding of personal finance is requiring individuals to make decisions the right one in finance, with the right knowledge and understanding then negative problems can be avoided in cash flow (Mutiara & Agustian, 2022). Personal financial management (financial planning and control) is one form of application of financial management. Financial management is not only important for companies but knowledge of financial management is also important to be applied within the scope of each individu (Sugiharti & Maula, 2019).

Lack of knowledge regarding financial planning is a serious problem for Indonesia people (Margaretha & Pambudhi, 2015). However, in 2022, the Indonesian financial literacy index is 49.68 percent, an increase compared to 2019 which was only 38.03 percent. Although the percentage is increased, but it is still poor compare with the number of adult person in Indonesia. Based on data from the Directorate General of Population and Civil Registration Dukcapil) of the Ministry of Home Affairs, the population of Indonesia reached 275.36 million in June 2022. Of this number, there were 190.83 million people (69.3%) of Indonesia's population who fall into the age category productive (15-64 years). This number indicates that public understanding in terms of financial management is still weak (Titik Ulfatun et al., 2016). Even most Indonesians do not apply the family financial planning. Indonesia is in the lowest rank with the majority of its citizens do not have a reserve fund for the emergency condition for at least two months.

Financial literacy is still a big challenge in Indonesia. Financial literacy is a long process that spurs individuals to have future financial plans for the sake of get welfare accordingly patterns and lifestyles they live. Meanwhile, in Indonesia, personal financial literacy is still rare, especially student in primary school to university students. As research result done by Nirmala et al. (2022) found that college students need to improve their financial literacy through financial plan in order to be more discipline and selective in consumption. Besides, Rodhiyah et al. (2022) said that family education background affects financial literacy knowledge as the result it was difficult for them to manage their family financial.

Education plays an important role in the formation of financial literacy (Baihaqqy et al., 2022), both informal and formal education in the family. In family, the level of financial literacy is determined by the role of parents in providing support in form of financial education in the family. Differences in social status parental economics makes a difference on parenting. Children are conditioned by subcultural positions and socioeconomic class which affect their cognition and behavior later on.

Learning about financial literacy in university plays an important role in the process of students' financial literacy formation. Learning about financial literacy effectively and efficiently will assist students to have the ability to understand, evaluate, and take action on their financial interest. Developing countries such as the United States, Canada, Japan and Australia provide financial education to the citizen, especially students, so that financial literacy of society is increasing (Nurlaili et al., 2021).

Financial literacy is a basic necessity for everyone to avoid financial problem. Financial problem is not only just a function of income (the low income), financial problem can arise when there is a mistake in financial management (mismanagement) such as credit misuse, and the absence of financial planning. Having financial literacy is essential to get a prosperous life. The proper financial management which is supported by good financial literacy will lead into life level improvement. This applies to any level of income, because the high level one's income without proper management, good financial will definitely be difficult to achieve (Luburić, 2018).

Previous research which was related to the level of financial literacy among college students especially in Indonesia has been done in various university. As the result, this encourages to conduct the similar research to obtain findings regarding literacy level among students in STIE Bina Karya. This research purposes are to determine the level of financial literacy of STIE Bina Karya students and their personal opinions in financial decisions.

REVIEW OF RELATED LITERATURE

Literacy

According to Rintaningrum (2019), literacy is a fundamental skill that is essential for success in modern society. A review of related literature reveals a range of research studies that explore the concept of literacy and its impact on various aspects of personal and societal well-being. One important finding in the literature is that literacy is positively associated with improved academic achievement. Studies have shown that individuals who are proficient in reading, writing, and numeracy tend to perform better in school and have higher rates of graduation. This is likely due to the fact that literacy skills are necessary for understanding and engaging with academic content across a range of subjects.

Another important finding is that literacy is positively associated with improved employment opportunities and economic outcomes. Research has shown that individuals who are literate are more likely to be employed, earn higher wages, and experience greater economic stability compared to those who struggle with literacy (Budiwati et al., 2020).

Additionally, the literature suggests that literacy is not equally distributed across different demographic groups. Studies have found that women, minorities, and low-income individuals tend to have lower levels of literacy compared to their counterparts. This suggests that efforts to improve literacy may need to be targeted towards these groups to address literacy gaps and improve overall literacy rates.

In terms of literacy education programs, the literature suggests that these programs can be effective in improving literacy. However, the effectiveness of these programs may depend on a variety of factors, such as the content of the program, the format in which it is delivered, and the target audience. Programs that incorporate technology and interactive learning activities may be particularly effective for engaging learners and improving literacy outcomes (Agélii & Grönlund, 2013).

Overall, the literature suggests that literacy is a critical component of personal and societal well-being, and that efforts to improve literacy can have significant benefits for individuals and society as a whole.

Financial

According to Grozdanovska et al. (2017), financial refers to anything related to money, financial markets, and the management of money. It encompasses a broad range of activities and concepts, including personal finance, corporate finance, investment management, banking, insurance, and financial regulation. At a personal level, financial management involves managing one's income, expenses, savings, and investments in order to achieve financial goals and maintain financial stability. This can include budgeting, saving for retirement, investing in the stock market or real estate, and managing debt.

At a corporate level, financial management involves managing the finances of a business, including financial planning, budgeting, capital budgeting, and financial reporting (Sawitri & Arifin, 2021). This can include managing cash flow, analyzing financial statements, and making strategic investment decisions .

In the context of financial markets, financial refers to the buying and selling of financial instruments, such as stocks, bonds, and derivatives (*Financial Instruments , and Financial Market*, 2018). This can include activities such as trading, asset management, and risk management.

Overall, the concept of financial is closely linked to the management of money and financial resources, and encompasses a wide range of activities and practices across various sectors of the economy.

Financial Literacy

Financial literacy is a critical component of personal financial management (Zytek, 2019), and it has become an increasingly important issue in recent years. A review of related literature reveals a range of research studies that explore the concept of financial literacy and its impact on various aspects of personal financial management.

One of the most common findings across the literature is that financial literacy is positively associated with improved financial decision-making and outcomes. Studies have found that individuals with higher levels of financial literacy are more likely to save for retirement, invest in stocks and other financial assets, and make better financial decisions overall (Dwiastanti, 2015).

Another important finding in the literature is that financial literacy is positively associated with financial well-being. Financial well-being is a measure of an individual's overall financial condition, which includes their ability to pay bills, manage debt, and achieve financial goals (Lutfi, 2021). Studies have shown that individuals with higher levels of financial literacy are more likely to experience financial well-being.

Additionally, the literature suggests that financial literacy is not equally distributed across different demographic groups (Ndou, 2023). Research has found that women, minorities, and low-income individuals tend to have lower levels of financial literacy compared to their counterparts. This suggests that financial education programs may need to be targeted towards these groups to improve their financial literacy and overall financial outcomes. Overall, the literature suggests that financial literacy is an important factor in personal financial management and that efforts to improve financial literacy can have significant benefits for individuals and society as a whole.

Economic Study Program Students

The study of economics has become increasingly popular in recent years, with more and more students choosing to pursue undergraduate and graduate degrees in the field. A review of related literature reveals a range of research studies that explore the characteristics and outcomes of economics students.

One common finding in the literature is that economics students tend to have strong quantitative skills. This is likely due to the fact that economics coursework typically involves a great deal of mathematical and statistical analysis. Studies have shown that economics students perform well in standardized tests of quantitative skills and are more likely to pursue careers in fields such as finance and consulting that require strong quantitative skills (Kanserina, 2015).

Another important finding is that economics students tend to have high levels of academic achievement. Research has shown that economics majors typically have higher GPAs and graduation rates compared to students in other majors. This may be due in part to the fact that economics coursework is challenging and requires strong analytical skills.

The literature also suggests that economics students tend to be politically conservative and supportive of free-market capitalism. Studies have found that economics majors are more likely to support free trade, deregulation, and other policies associated with conservative economic ideologies (Solihat & Arnasik, 2018). However, the literature also suggests that economics students are generally open to diverse perspectives and are willing to engage in discussions and debates about economic policy.

Finally, research has shown that economics students tend to have high earnings potential and strong job prospects after graduation. This is likely due to the fact that economics graduates are well-equipped with the analytical and quantitative skills that are in high demand in many industries.

Overall, the literature suggests that economics students tend to be high-achieving, analytically-minded individuals with strong career prospects. However, the field of economics is not without its controversies, and economics students may be exposed to a range of different perspectives and ideologies throughout their coursework.

RESEARCH METHODOLOGY

This was a qualitative research. The purpose of qualitative research methods is to explore and understand complex social phenomena and human experiences in depth. This type of research focuses on gathering rich, detailed, and subjective data through methods such as interviews, observation, and document analysis.

Qualitative research aims to provide a comprehensive and holistic understanding of the research topic by analyzing and interpreting data in a way that captures the meaning and context of the participants' experiences. It is particularly useful in fields such as sociology, anthropology, psychology, and education, where the emphasis is on understanding human behavior, culture, and society. Qualitative research can be used to generate new theories, test existing ones, and develop insights into social issues and problems (Yusanto, 2019). The informants of this research were the 8th semester students of Economic Study Program year 2023 STIE Bina Karya. The researcher found thirty six informan who represent each class in 8th semester year 2023. The researcher chose the 8th semester randomly because they have learned subject *"Manajemen Keuangan"* (Financial Management) in previous semester.

The data were collected through distributing online questionnaire with open ended question related to financial literacy. Then after gainning the data, the researchers analyzed the data by implementing thematic analysis through six phases, those are 1) be familiar with the data, 2) generate initial codes, 3) search for the theme, 4) review the themes, 5) define and name the theme, and 6) produce report (Nowell et al., 2017).

RESULT AND DISCUSSION

There were 36 informants who represent each class in semester 8th year 2023 STIE Bina Karya. Mostly, they already worked (part timer worker and enterpreneur). Their income were in form of montly salary and also some are from their business income. The results of the analysis of the level of financial literacy of the 8th semester students year 2023 STIE Bina Karya showed that 80,6% students of 8th semester year 2023 STIE Bina Karya knew about financial literacy. While 19,4% students were not really sure about financial literacy. It means that mostly the 8th semester students year 2023 STIE Bina Karya already understood about financial literacy. It was a good condition if college students knew about it. Furthermore, there were 94,4% respondents agreed that understanding of financal literacy was essential.

This finding was inline with the research result by (Lantara & Kartini, 2015) that education background and academic disciplines are positively associated with the financial literacy level.

The 8th semester students year 2023 STIE Bina Karya did some efforts in order to manage their financial as seen on table 1.

Table 1. The Ways of Financial Management

personal financial management	66,7%
Bank deposits	44,5%
stock investment	13,9%
Insurance	8,4%

From table 1, it showed that students of the 8th semester year 2023 STIE Bina Karya were able to manage their financial through some financial literacy parts. Mostly they chose to have personal financial management (66,7%) like purchasing their needs the most important one and decreasing their wants. Managing personal finances can be challenging, especially for college students who may be new to handling their own money. Here are some tips for college students to manage their finances such as start by creating a budget that outlines all sources of income and expenses. This finding was supported by Rahmi & Friyatmi (2022) agreed that college students should make an expenses outline because it can help students keep track of where their money is going and identify areas where they may be overspending, next, prioritize spending means once students have a budget in place, they should prioritize their spending based on their needs and goals. Essential expenses like rent, utilities, and food should come first, followed by discretionary spending on non-essential items. Beside that, if students have debt, they should make a plan to pay it off as soon as possible. This may involve paying more than the minimum payment each month or consolidating debt into a lower interest loan. If students are struggling to manage their finances, they should seek help from a financial advisor, counselor, or a trusted friend or family member. Overall, managing personal finances requires discipline and planning, but with these tips, college students can take control of their finances and set themselves up for a more secure financial future.

Followed by 44,5% students were deposit some of their financial in banks like saving their money in their bank account. College students should make saving a priority, even if it's just a small amount each month. Saving can help students build an emergency fund, pay off debt, or invest for their future. Here are some reasons why they need to do so: Here are some reasons why: 1) Emergency Fund: Having savings in a bank account can help college students build an emergency fund. This can be used to cover unexpected expenses like medical bills, car repairs, or unexpected travel. 2) Financial Security: Savings can provide a sense of financial security for college students, as they can access the money if they need it. This can help students feel more confident and less stressed about their finances. 3) Future Goals: Saving in a bank account can also help college students achieve their future goals. For example, they may be saving for a down payment on a house, a study abroad program, or to start their own business. 4) Earn Interest: Many savings accounts offer interest, which means that the money in the account can grow over time. While interest rates may be relatively low, it can still be a way for college students to earn some extra money on their savings. 5) Learn Financial Responsibility: By having a savings account, college students can learn financial responsibility, such as setting savings goals, tracking expenses, and making regular deposits into their account. Overall, having savings in a bank account can be a smart financial move for college students, providing financial security, helping them achieve their goals, and teaching them important financial skills. As Dupas et al. (2017) wrote in their findings that saving in bank account will give benefits for the customers.

Not only that, 13,9% students chose to invest some of their financial in stock investment so they will be able to sell some of it whenever it is possible and avoid them from debt. This finding was similar to Pertiwi et al.(2020) who said that college students may choose to invest in the stock exchange for several reasons, such as: 1)Building Wealth: Investing in the stock market can be a way for college students to build wealth over time. By investing early, students can benefit from the power of compound interest and potentially earn higher returns than other investment options. 2) Learning about Finance: Investing in the stock market can provide college students with an opportunity to learn about finance, economics, and business management. This can help them to develop important skills that will be useful throughout their lives, regardless of their future careers. 3) Diversification: Investing in stocks can help students to diversify their investment portfolio, reducing their overall risk. By investing in different types of stocks, they can spread their investments across a range of industries and companies, reducing the impact of any one investment performing poorly. 4) Long-Term Savings: Investing in the stock market can also be a way for college students to save for their future. By investing consistently over time, they can build a nest egg that will be available to them when they graduate and enter the workforce. However, it is important to note that investing in the stock market carries risks, and it is not suitable for everyone. It is essential to conduct thorough research and seek advice from a financial advisor before making any investment decisions.

Furthermore college students chose to put some of their financial into insurance. There were 8,4 % did that. According to Mackert et al. (2017), Insurance can be a critical component of financial management for several reasons: 1) Protection against Losses: Insurance can protect individuals from financial losses due to unexpected events such as accidents, illnesses, natural disasters, and theft. Without insurance, these events could result in significant financial hardship for individuals and their families. 2) Risk Management: Insurance is a way to manage risk, by transferring the potential financial consequences of a loss to an insurance company. This can provide peace of mind and reduce financial stress. 3) Long-Term Financial Planning: Insurance can also play a role in long-term financial planning. For example, life insurance can provide financial security for a family if the primary breadwinner were to pass away. Similarly, disability insurance can help to protect against the loss of income due to a disabling injury or illness. 4) Compliance with Legal Requirements: Some types of insurance are required by law, such as auto insurance or workers' compensation insurance for certain employers. Failing to comply with these requirements can result in legal and financial consequences. 5) Reduced Financial Risk: Insurance can help to reduce overall financial risk. For example, having health insurance can help to reduce the risk of catastrophic medical expenses, while having home insurance can help to reduce the risk of financial loss due to damage to a home. Overall, insurance can be an important tool for financial management, providing protection against losses, managing risk, and helping individuals to achieve their long-term financial goals.

CONCLUSION

In conclusion, financial literacy is crucial for college students as it equips them with the knowledge and skills necessary to manage their finances effectively. By developing a good understanding of financial concepts such as budgeting, saving, investing, debt management, and insurance, college students can make informed financial decisions and achieve their short-term and long-term financial goals. Financial literacy also empowers college students to navigate the complex financial landscape, avoid financial pitfalls, and build a solid financial foundation for their future. With the right tools and resources, college students can improve their financial literacy and set themselves up for financial success. To sum up, having a good financial literacy will give some benefits for those who do it. They will get the benefits whenever they need money to support their study later on, especially for college students. College students can do personal financial management, bank deposits, stock investments, and insurance. All of these part will lead to the prosperity and avoid them from financial collapse.

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