


The Importance of Financial Literacy in Early Children in Sb Kampung Pandan Malaysia

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Abstract

The objective of this study is to enhance the financial literacy of students at SB Aisyiyah, Pandan Village in Malaysia, starting from a young age. This community service uses socialization methods, working on questions (Practice questions) as well as simulation and hands-on practice with the participants consisting of 10 students from the Ar-Razi class and 13 from the Ibnu Sina class, consisting of 10 female students and 13 male students. The findings and subsequent discussion indicate that the early childhood socialization of financial literacy and the significance of saving, through the creation of decorative money boxes using recycled materials, was effectively executed at SB Aisyiyah Kampung Pandan, Malaysia. The implementation proved to be advantageous for students in both Ar-Razi and Ibn Sina classes.

Based on the research and discussion results, it can be concluded that socializing the importance of financial literacy in early childhood, along with emphasizing the significance of saving by creating a decorative money box out of recycled bottles, can raise their level of financial literacy. The children's ability to complete the practice questions given indicated that the results were satisfactory and met expectations. Additionally, these activities proved beneficial for the students of SB Aisyiyah in Pandan Village from the Ar-Razi and Ibnu Sina classes.

Keywords: Financial Literacy; Sanggar Belajar

Pentingnya Financial Literacy pada Anak Usia Dini di Sb Kampung Pandan Malaysia

Abstrak

Pengabdian masyarakat ini bertujuan untuk meningkatkan pengetahuan pada anak sejak usia dini mengenai financial literacy pada siswa siswi SB Aisyiyah Kampung Pandan, Malaysia. Jenis pengabdian masyarakat ini menggunakan Pengabdian masyarakat ini menggunakan metode sosialisasi, pengerjaan soal (Soal Latihan) serta simulasi dan praktik langsung dengan peserta terdiri dari 10 siswa kelas Ar-Razi dan 13 siswa kelas Ibnu Sina, terdiri dari 10 siswi dan 13 siswa laki-laki. Berdasarkan hasil Pengabdian dan pembahasan dapat disimpulkan bahwa sosialisasi pentingnya financial literacy pada anak usia dini, serta sosialisasi pentingnya menabung dengan membuat celengan hias dari barang bekas yang dilaksanakan dapat meningkatkan tingkat finansial literasi mereka hal ini dibuktikan dengan anak-anak dapat menyelesaikan latihan soal yang diberikan dengan hasil yang memuaskan dan berjalan sesuai harapan serta bermanfaat bagi siswa siswi SB Aisyiyah kampung pandan pada kelas ar-razi dan kelas ibnu sina.

Kata kunci: Financial Literacy; Sanggar Belajar

1. Introduction

In recent decades, financial literacy has gained international interest among public administration, researchers, professionals, and the general public due to its significant influence on financial decision-making [1] and thus not only affecting the financial well-being of individuals [2] but also having positive consequences for the financial system and the economy in general [3], [4], [5]. Quoting from OCED/INFE 2020 It is recognized globally that financial literacy and financial inclusion, coupled with a strong financial consumer

protection framework, are essential for individual empowerment and can contribute to the global financial system's stability [6]. According to [7] in [8] Financial literacy can be defined as a combination of various attributes such as awareness, knowledge, skills, attitudes, and behaviors. It plays a crucial role in making informed financial decisions and achieving a state of personal financial well-being. A financially literate individual possesses the necessary skills to plan and save for retirement [8][9]. Therefore, in community service carried out to participate in this International Thematic KKN activity, I held socialization about the importance of financial literacy in early childhood and also socialization of the importance of saving with a decorative money box from used bottles for children at the Aisyiyah Learning Center in Pandan Village.

The head of the special branch of Muhammadiyah (PCIM) Malaysia in collaboration with the Indonesian Embassy in Kuala Lumpur established a non-formal education (SB) center that prioritizes undocumented migrant workers (PMI) [10][11][12]. At SB Kampung Pandan, students learn various subjects such as mathematics, Indonesian, art, PAI, physical education, and PPKN. However, in addition to these subjects, many other aspects need to be learned. One such aspect is financial literacy, which is especially important for children to learn from an early age. Unfortunately, financial literacy is still not commonly taught in both family environments and learning institutions. Nonetheless, it is a crucial aspect that should be instilled in children from an early age, especially in this age and time.

Introduction and education about financial literacy have not been provided in a precise and organized manner, as it is still not considered a widely necessary skill. This has resulted in a lack of attention given to the knowledge, skills, and attitudes related to financial health, especially in children. Financial literacy in children involves not only an introduction to money and its value, but also an understanding of the concept of good financial management and the ability to differentiate between needs and wants when making financial decisions [13]. For children whose parents have limited time, because they have to work all day, this activity can teach children to be able to manage their money of wisely.

During my participation in the International Thematic KKN activities in Malaysia, I implemented socialization activities aimed at emphasizing the importance of financial literacy in early childhood and the significance of saving through the creation of decorative money box made from used goods. The entire process was divided into three stages: Preparation, Implementation, and Evaluation. In the preparation stage, I planned, surveyed and analyzed the needs, identified the problems, and provided solutions. The implementation stage involved conducting socialization activities, while the evaluation stage consisted of practice questions. Based on the results of the evaluation, it can be concluded that the socialization of the importance of financial literacy and the significance of saving using a decorative money box out of recycled bottles was successful. This was evident from the high level of enthusiasm displayed by the participants during the activity and the increased awareness of managing finances from an early age.

2. Literatur Review

2.1. Financial Literacy

Financial literacy refers to an individual's grasp of fundamental financial concepts, as well as their ability to confidently navigate short-term financial decisions and craft wise long-term financial strategies, all while considering life's unpredictable events and economic fluctuations [14].

Financial well-being is crucial for individuals, societies, and countries. Malaysia is making good progress towards achieving the UN Sustainable Development Goals (SDGs). The country has a remarkably low unemployment rate, significant infrastructural development, and high satisfaction rates for healthcare [15].

Financial literacy is a crucial subject that requires attention worldwide. Higher national income levels do not necessarily mean that the population is more financially literate. The "Big Three" questions provide a framework for a more in-depth understanding of financial literacy and allow for global comparison. These three essential questions have been utilized in various surveys, such as the National Financial Capability Study (NFCS) and the Survey of Consumer Finances (SCF), have been conducted worldwide [16].

2.2. Sanggar Bimbingan (SB)

The head of the special branch of Muhammadiyah (PCIM) Malaysia in collaboration with the Indonesian Embassy in Kuala Lumpur established a non-formal education “Sanggar Bimbingan” (SB) center that prioritizes undocumented migrant workers (PMI) [10][11][12]. Different economic and family conditions as well as some school administration requirements in Malaysia have hampered the rights of Indonesian citizens to Indonesian migrant children who do not have a complete and official identity to attend school. Through this guidance center, Muhammadiyah affirms its commitment as an Enlightenment movement to continue to support and guide the nation's children, wherever they are, in obtaining their right to education [11], [17].

2.3. Interest in Savings

The importance of saving habits for individual children and families, as well as the national economy, can be introduced to children from a young age [18], [19]. This will be useful when he grows up, as he will find it easier to manage finances [20]. Teaching children the importance of saving from an early age can have a significant positive impact on their present and future. It helps to shape their character and prepare them for a rapidly changing world. Saving enables the development of various aspects of a child's intelligence, such as number recognition, self-control, and prioritization. As a result, it is an essential tool for building competent resources for the future [21].

3. Method

This community service uses socialization methods, working on questions (Practice questions) as well as simulation and hands-on practice with the participants consisting of 10 students from the Ar-Razi class and 13 from the Ibnu Sina class, consisting of 10 female students and 13 male students. In the implementation of socialization activities on the importance of financial literacy in early childhood and socialization of the importance of saving by making decoration money box from used goods to carry out International KKN activities in Malaysia Some methods are:

3.1. Socialization

Socialization is the process of learning norms, values, roles, and all other requirements necessary to participate effectively in social life [22][23]. This activity involved explaining the importance of financial literacy and saving to students in the Ar-Razi and Ibnu Sina classes at SB Pandan Village, using a decorative money box.

3.2. Practice Questions

By providing practice questions about mathematics subjects about money and the application of financial literacy. Following the financial literacy socialization at SB Kampung Pandan, the students were assigned some work. They were then evaluated using an assessment system, and the average score that resulted from their work was above 90. This indicates that the students at SB Kampung Pandan had a clear understanding of the concept of financial literacy, and the socialization was successful.

3.3. Simulation and hands-on practice

By demonstrating the procedure for making decorative money box with used bottles in front of the class and after that the children can practice it in class together. The children were taught how to make decorative money box with used bottles and then practiced making them. They followed the instructions well and were successful in making a decorative money box out of recycled bottles, which is evident from the results of their work.

4. Result and Discussion

The purpose of implementing the community service program at this KKN KI event is to be able to make the community aware of the importance of financial literacy, especially for SB Aisiyah children in Pandan village, and the use of bottle waste in a fun and creative way. The importance of introducing and developing financial literacy from an early age and must pay attention to the characteristics of children, the environment, parenting, and family understanding of financial literacy [24], [25]. Therefore, a community service program was carried out regarding the socialization of the importance of financial

literacy in early childhood and socialization of the importance of saving with a decorative money box out of recycled bottles which was carried out as follows:

1. Socialization of the Importance of Financial Literacy in Early Childhood



Figure 1. Socialization of the importance of financial literacy in early childhood

In Figure 1, there is a photo of a socialization activity focused on the importance of financial literacy in early childhood. The activity involves presenting material on what financial literacy is and teaching children about money, its use, and the difference between desires, needs, and priorities. In this socialization using teaching tools with PowerPoint media that are displayed using a projector, the material presented although important but packaged in a fun and interesting way So a children can still enjoy and focus on the material taught. Afterward, the children worked on math materials that included story problems about financial.

2. Socialization of the importance of saving with a decorative money box



Figure 2. Read and explain the story “Olin Gemar Membaca”

Figure 3. Making a decorative money box out of recycled bottles

In the socialization activity on the importance of saving with decorated moneybox, children were read a story first. In the figure 2, the writer shown reading a storybook called "Olin Gemar Menabung" which was presented by the Financial Services Authority. The story book "Olin Gemar Menabung" the book is very interesting because there are lots of adorable illustrations, but the story is very good about financial literacy, which is important to understand and apply regarding needs and desires and the importance of saving for the future.

In Figure 3, we can see the sequence of events that occurred following the reading of "Olin Gemar Menabung". The children of SB Aisiyiah in Pandan village were shown how to make a decorative money box out of recycled bottles, and were given the opportunity to try it themselves. This activity not only taught them about the importance of saving money, but also helped them to recognize their own needs, wants, and priorities, while fostering their creativity and resourcefulness.

After the socialization program on the importance of financial literacy in early childhood and the socialization of the importance of saving with a decorated moneybox, children know the difference between needs and wants, knowledge about financial literacy, the benefits of saving for the future, priority scale and children can also increase creativity. and skills and can utilize used bottle waste by making decorative money box from used bottles.

5. Conclusion

Socialization regarding financial literacy is important to give since children are still at an early age to prepare children for the future. The purpose of implementing the community service program at this KKN KI event is to make people aware of the importance of financial literacy, especially for the children of SB Aisiyiah Kampung Pandan, and the utilization of recycled bottles in a fun and creative way. It is recommended that future student services conducting similar activities should aim to increase the number of participants and broaden the scope of discussion on financial literacy. It would be beneficial to involve professional experts in the financial field to educate children and the community more effectively. Furthermore, it is recommended that the government provides facilities and infrastructure such as books, financial magazines, and other financial literacy materials, to support the development of children's financial literacy in SB Kampung Pandan.

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