

# The Effect of Financial Literacy Course Towards Financial Knowledge and Saving Intention for Student in SDN Cikawari 1 and SDN Mekar Jaya 1

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*Abstract. Economic growth is always been a goal of the government in every country since it reflects the prosperity of its people. Indonesian government believe that by increasing financial inclusion, economic growth will be increased. Therefore, Indonesian government set the target to increase financial inclusion up to 75% by the end of 2019. Meanwhile, increasing financial inclusion has to be followed by the increasing of financial literacy. Therefore, the researcher focusing on improving the financial literacy of individuals especially kids between third grade until sixth grade. The reason behind it because teaching kids is like writing on a white paper, rather than correcting negative habits that has been formed. This study uses experimental research to know the effect of financial literacy course towards financial knowledge and saving intention for student in elementary school. There will be treatment group and control group to make the comparison. The result suggest that a well targeted financial literacy course can increase financial knowledge for student in elementary school. Moreover, the research indicated those who took the course of financial literacy is associated with the increasing of saving intention.*

*Keywords: Financial Knowledge; Financial Attitudes; Experimental Research; Saving Intention*

## INTRODUCTION

Economic growth is always been a goal of the government in every country since it reflects the prosperity of its people. Indonesian government believe that by increasing financial inclusion, economic growth will be increased. Financial inclusion is individual's ability to access every kind of financial services (Bhaskar, 2013). According to Burgess, Levine, & Pande (2005), the impact of financial inclusion in the long term are macroeconomic environment; economic development and reducing poverty. So, Indonesian government set the target to increase financial inclusion up to 75% by the end of 2019. While Indonesia government does not realize that increasing financial inclusion should be followed by increasing financial literacy.

A method to increase financial inclusion is by increasing financial literacy. Financial literacy is financial skills and knowledge possessed by a person to be able to manage or use a certain amount of money to improve standard of living and aim to achieve prosperity (Lusardi & Mitchell, 2014). According to Zeti (2005) financial literacy can help consumers to maintain their spending, saving, borrowing and choosing financial services to reduce the risks of finance. Indonesia Financial Services Authority has made a strategy called National Strategy for Financial Literacy in Indonesia (SNLKI) as a guideline to conduct financial education to improve financial literacy in society.

Financial literacy in society will be increased by implementation of financial literacy course. The researcher believe that financial literacy course should have been implemented since elementary school in order to prepare them when they have to make financial decision in adulthood. If people just learn it in adulthood, it may be too late because there are so many financial decisions that they have to make (Odders-White, Batty, & Collins, 2015). This statement also supported by other findings that said from 8 years old onward, children can be surveyed (Borgers, Hox and Leeuw, 2000).

In this research, researcher used 5 weeks teaching method for financial literacy course. Thus, the researcher will find out the effect of financial literacy course of elementary school students on their financial literacy index. The researcher will find out whether implementing financial literacy course since elementary school will give impact to financial literacy index or not. If there is an impact, the researcher will also examine how big the impact is. Therefore, to properly assessed the financial literacy index, the researcher divides it into two parts, which are financial knowledge and saving intention. The research will be conducted in SDN Cikawari 1 and SDN Mekar Jaya 1, Bandung, West Java. The data gathered will be measured by Paired Sample T-Test, Independent Sample t-Test and Two-Way Manova in order to make comparison between treatment group and control group also pre-test and post-test result. The result suggest that a well targeted financial literacy course can increase financial knowledge for student in elementary school. Moreover, the research also indicated that those who took the course of financial literacy is associated with the increasing of intention to save.

## LITERATURE REVIEW

Financial literacy is a concept about financial awareness and financial knowledge (including financial products, institutions, and concepts); having the mathematical skills or numeracy necessary for effective financial decision making; and financial capability more generally financial management and financial planning (Xu, 2012). According to Damayanti, Murtaqi, and Pradana (2018) financial literacy plays an important role to help people increasing their financial awareness and financial knowledge because people who are illiterate has low self-esteem and may occur a depression (Damayanti, Murtaqi, & Pradana, 2018).

Foundation of Yayasan Sayangi Tunas Cilik Indonesia (2017) stated that children is well literate if basic concepts about the role of money, function of money, how to save, the difference between needs and wants, plan your financial, and how to be a good consumer are delivered already and the result indicating that the post-test score is higher than the pre-test. The measurement is developed by question that contains of those concepts. The level of knowledge is high if individuals can reach the maximum value of these concepts because people who has sufficient knowledge about finance are having a good skill to manage their finances.

Students that have learned about financial education are more feasible to make daily saving because financial education has been influencing student's positive attitude and behavior towards saving (Odders-White, Batty, & Collins, 2015). Furnham (1999) added a theory that shows children will do more savings as they grow older, they would get and save more money, spend their money differently (on different items) and be more interested in, and take part in, banking and saving. According to Odders-White, Batty and Collins (2015), saving attitude is measured by some items: "I leave my money on my savings", "Is it good to save money?", "How often do you find it easy to save money?", and "How often do you feel saving is an easy thing to do?".

Moreover, financial education appears to contribute significantly to saving intention, but the amount of contribution varies by the type of students taught. The step from saving intention to actual saving is not straightforward, it requires efforts of self-control and careful planning. The only factor involved in saving intention realization that has received considerable theoretical attention is self-control, self-control or more generally known as self-regulation refers to any efforts by human self to alter any of its own inner states or responses (Vons & Baumeister, 2004; Webley & Rabinovich, 2007). Self-control can be trained since the early stage of life, certain techniques can be applied in order to enhance self-regulation when it is needed (Fisher, 1930; Webley & Rabinovich, 2007). Fernandes, Lynch, and Netemeyer (2014) suggests that the effect of financial education is small even when they are statistically significant. In a similar vein, Lusardi and Mitchell (2014) suggest that measuring the average effect of financial education is misguided given the heterogeneity of student needs and contexts. Thus, it is difficult to conclude from the literature that broad financial education mandates are an optimal policy.

## METHODOLOGY

There are two types of variable will be used in this research, which are independent variable and dependent variable. The independent variable is financial literacy course and class grade while the dependent variables are financial knowledge and saving intention but there will be additional variable which is saving attitudes only to make comparison. This research is aimed to identify the differences of dependent variables before and after affected by independent variables. To assess it, the researcher makes pre-test and post-test financial literacy course.

This research will use quasi experimental research to collect the data. Researcher use quasi experimental research because this research is aiming to measure the module efficacy that has been developed by Yayasan Sayangi Anak Tunas Cilik and Indonesia Financial Service Authority. Furthermore, as research objective stated, this research is aiming to know the effect of financial literacy course towards financial knowledge and saving intention for students in SDN Cikawari 1 and SDN Mekar Jaya 1. This research will be conduct in *"5-in class meeting financial literacy course"* each meeting consists of 2 hours class activity. The treatment group delivered with five weekly modules. In the first meeting, student obligated to fill out the pre-test and fill out a questionnaire. In the last meeting, student obligated to fill out the post-test and a questionnaire. Moreover, for the control group, the post-test and questionnaire will be delivered after lesson activity in treatment group has been delivered.

There will be three facilitators to deliver the materials in each class. Before conducting *"5-in class meeting financial literacy course"*, facilitators are trained by the researcher about the materials that will be discussed in class with elementary school students. Moreover, parental consent and school permission are needed before this research begins. Researcher asked for permission to elementary school by giving research work permit from university and brought the letter to the school principal. After got the permission, the researcher gave a consent letter to each student. Thus, it can be delivered to their parents or guardian. Parents or guardian are asked to fill out the consent letter regarding permission to use their child's assessment survey data and required to sign then return it.

## FINDINGS AND ARGUMENT

Before further examination, next step is testing the validity and the reliability of the data collected from the respondents. According to table 3.1, the Pearson correlation scores of all variables exceed 0.3 thus all variables are valid to be processed. Next, reliability test is taken to test the consistency of the respondents' answer. Based on Sekaran (2006) Cronbach's Alpha should exceed 0.6 to gain reliability. Table 4.3 shows that the Cronbach's Alpha score for all the financial attitudes questionnaire is higher than 0.6 (0.692). Therefore, the data gathered are reliable.

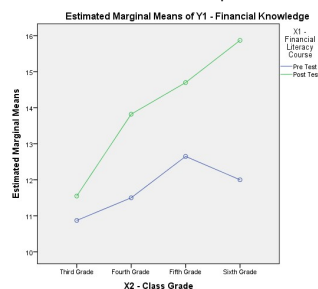
**Table 1. Validity and Reliability Test of Financial Attitudes**

Question	Pearson Score	Cronbach's Alpha
SA1	0.627	0.692
SA2	0.398	
SA3	0.787	
SA4	0.494	

**Table 2. Conclusion Comparison Between Independent Population**

		TREATMENT GROUP - PreTest	TREATMENT GROUP - Post Test	CONTROL GROUP - Post Test
Financial Knowledge	3	10.88	11.80	9.75
	4	11.50	13.82	10.06
	5	12.65	14.70	11.5
	6	12.00	15.87	15.6
Financial Attitudes Towards Saving	3	17.29	15.00	14.75
	4	14.21	14.96	11.06
	5	12.55	13.95	11.67
	6	14.97	15.03	13.00

The table show the condition of financial knowledge of students between treatment group and control group after 5-in class financial education lessons has been delivered. There were 136 students for treatment group and 46 students for control group. There were 25 question that was asked. Based on variance that calculated using paired sample t-test, the condition of financial literacy index before the implementation of teaching method in treatment group is lower than the post-test result. Meanwhile for the control group, the variance result for post-test is lower than post-test result in treatment group.



**Figure 1. Display Interaction Effect of Financial Knowledge Across the Group Financial Literacy Course and Class Grade**

The result also describe through the graphs. A significant ordinal interaction effect occurs between Financial Literacy Course (Y1) to Class Grade (Y2). Therefore, there is interaction between financial knowledge to financial literacy course and class grade. It is already indicated both from main effect interaction between financial literacy course towards financial knowledge and class grade its Sig.value is 0.000 which means significant

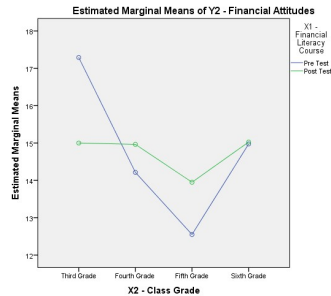


Figure 1. Display Interaction Effect of Financial Attitudes Across the Group Financial Literacy Course and Class Grade

The statistical tests confirm what was shown in the graphs. An insignificant disordinal interaction effect occurs between Financial Literacy Course (Y1) to Class Grade (Y2). If it is found to be disordinal, the statistical tests of main effects are not valid. Therefore, there is no interaction between financial attitudes to financial literacy course and class grade. It is already indicated from main effect interaction between financial literacy course towards financial attitudes, its Sig.value is 0.995 which means insignificant though the main effect between Class Grade towards attitudes is significant with Sig. value is 0.000.

### *Saving Intention*

Before the implementation of financial literacy course, in the first meeting facilitators asked to group of students in the class whether they have intention to do saving. There were some students who answered the question with “Yes” meanwhile the other students did not have any interest to the question and did not have any intention to do saving. Then, in the last meeting facilitators tried to asked them again with the same question whether they have intention to do saving. Surprisingly, all group of students in the class answered and shouted with “Yes, I want”.

Researcher could assume that this financial literacy course can effectively increase students’ intention to do saving because they have quite good engagement to the financial literacy course which held every Saturday in the class. They were excited when the facilitators came to the class and started the course. This happened because the materials delivered to the students in each meeting has different form of activity for example group discussion, games, and individual task.

## CONCLUSIONS

Based on research objective, this chapter will summarize the result of experimental research on The Effect of Financial Literacy Course Towards Financial Knowledge and Saving Intention for Student in Elementary School. Furthermore, by asking the questions related to basic financial knowledge adapted from Yayasan Sayangi Tunas Cilik Indonesia Foundation (2017). After that analyzed the result using paired sample t-Test, Independent sample t-Test and Two-Way MANOVA, the results show:

1. The level of financial knowledge and saving intention is lower than after the implementation of financial literacy course.
2. It implies the treatment of the financial literacy course has a positive impact on students’ financial knowledge. It shows from the pretest score to the post-test score which has increased in all class grade from third grade until sixth grade. Moreover, financial literacy course can effectively increase students’ intention to saving. It shows that this program can be implemented to increase saving intention.
3. There is distinction result among the group in the treatment group from third grade until sixth grade for financial knowledge from pretest to post-test. The highest score for pretest in financial knowledge is fifth grade with score 12.65 while in post-test is sixth grade with score 15.87.
4. According to the analysis, the mean score for financial knowledge for the treatment group is higher than the control group.

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