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MSME FINANCIAL LITERACY TRAINING FOR SERANG RAYA UNIVERSITY ALUMNAE

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ABSTRACT

Financial literacy is an important knowledge to improve people's welfare in the future. Some of the fundamental variables of financial literacy include an understanding of inflation, numeration or interest rates, risk diversification and compound interest. Every year, many Alumnae of Serang Raya University become young entrepreneurs who have a better level of education than the previous generation, including knowledge of finance. According to a report from the Central Statistics Agency (BPS) related to Indonesia's Population Projection, it is stated that the population with a vulnerable age of 20-34 years can simply be grouped into millennials and Alumnae are part of millennials. The millennial generation will in time have personal financial responsibilities. They will make important financial decisions that can affect the level of welfare in the future.

Keywords : Financial Literacy, Financial Education, Millennial Generation

PRELIMINARY

People around the world have a responsibility for their financial condition. The level of living needs that increases but is not proportional to income growth can be a potential financial problem in the future. In addition, changes in individual behavior with technological developments encourage people to be more consumptive. For example, the presence of online sales will encourage them to continue to consume excessively. Basic financial literacy is needed as knowledge that is considered capable of contributing to society to better prepare for future financial needs.

Financial literacy is the ability to understand how money works, including how to get money, manage and invest it. Furthermore, financial literacy knowledge is also considered capable of optimizing money so that it can continue to grow, for example by investing in financial instruments that have long-term profit potential, such as stocks, mutual funds and others. According to Stolper and Walter (2017), low knowledge of financial literacy will have an impact on the level of household vulnerability and also have the potential to experience losses in the future. The

millennial generation who will contribute to Indonesia's economic progress in the future, is expected to have knowledge of financial literacy.

Based on the results of a survey conducted by the Financial Services Authority (OJK) in 2017, it was stated that only 23.4 percent of students and college students had knowledge and skills regarding financial behavior. The low level of financial literacy is predicted due to the lack of socialization and education carried out related to providing basic financial understanding for the community, especially the millennial generation. On the other hand, a low level of financial literacy has the potential to create adverse impacts in the future, including not being able to carry out financial management optimally (Bernheim et al, 2001), having a smaller asset value than individuals who have a higher level of financial literacy. (Helman et al, 2007).

Based on the above background, it is important to conduct financial literacy training, especially for the millennial generation who will play an important role in the welfare of society and Indonesia's economic development in the future. Furthermore, this financial socialization and education needs to be carried out on an ongoing basis starting from providing a basic understanding of finance such as inflation, numeration or interest rates, risk diversification and compound interest, to advanced financial knowledge related to risk, family and company financial management.

IMPLEMENTATION METHOD

This community service activity in the Drangong Village was carried out in September - October 2022 at the Hall B Building, Serang Raya University. The community service activities carried out include training and financial bookkeeping assistance to be able to produce simple financial reports for business units. Training activities and simple bookkeeping assistance are carried out through the stages as shown in Table 1.

Table 1. Schedule of Activities

| No | Activity | September 2022 | October 2021 | Executor |
|----|--|-------------------|-----------------|--------------|
| 1 | Preliminary Survey and Problem Identification | V | | Service Team |
| 2 | Coordination with Entrepreneurial Alumnae | V | | Service Team |
| 3 | Simple Bookkeeping Training in the Hall of Building B UNSERA | V | | Service Team |
| 4 | Simple Bookkeeping Assistance for Entrepreneurial Alumnae | | V | Service Team |
| 5 | Compilation of Community Service Report | | V | Service Team |

The participants of this simple bookkeeping training are several Alumnae of Serang Raya University. In more detail, the implementation of community service is carried out in several steps with the following methods: (1) A preliminary survey was conducted in order to see the condition of the Alumnae Entrepreneurs of Serang Raya University. In addition, identification of the problems faced as a chart for designing training and mentoring materials in this community service activity was also carried out; (2) Coordination with the Alumnae Team of the Serang Raya University Student Affairs Bureau is carried out to ensure the place for community service activities as well as to map out common problems faced by Serang Raya University Alumnae Entrepreneurs, especially those related to financial management, (3) Collection of references and literature review related to simple bookkeeping for MSMEs as the basis for making training and mentoring materials. The material is made in the form of a complete presentation with case examples to facilitate the transfer of knowledge to MSMEs; (4) Design of simple bookkeeping methods and direct training and assistance provided to Alumnae Entrepreneurs of Serang Raya University.

RESULTS AND DISCUSSION

The implementation of the service begins by providing information about the literacy level of the Indonesian population and the potential problems that can occur if the community's financial literacy level is low. After that, it was continued by showing a slide containing the literacy level of the Indonesian people compared to other countries which was adapted from a survey conducted by Klepper et al (2015). The results of the report state that the financial literacy score of the Indonesian people is 32, still lagging behind Malaysia with a financial literacy score of 36 and Singapore, which is 59. The stages of material presented in this community service activity are carried out sequentially, starting from information on the basics of knowledge about literacy, such as inflation, numeration, risk diversification and compound interest. The next stage is to present several options related to investment instruments in Indonesia that can be used by the younger generation to start investing early. The final stage of this service activity is discussion and question and answer.

Based on the results of discussions, questions and answers and direct observations during community service activities, the results include: (1) Financial literacy education and socialization for the younger generation provides new information regarding the importance of knowing basic finance; (2) Participants who attended were very enthusiastic to seek more detailed information related to the materials being taught, especially those related to compound interest. This can be seen from the very active participation of the participants during the discussion and question and answer session; and (3) This community service has also succeeded in becoming a medium for the establishment of a Financial Literacy Study at the University of Serang Raya.



Figure 1. Opening of the Training by the Service Team



Figure 2. Presentation of Material for the Preparation of Simple Financial Statements

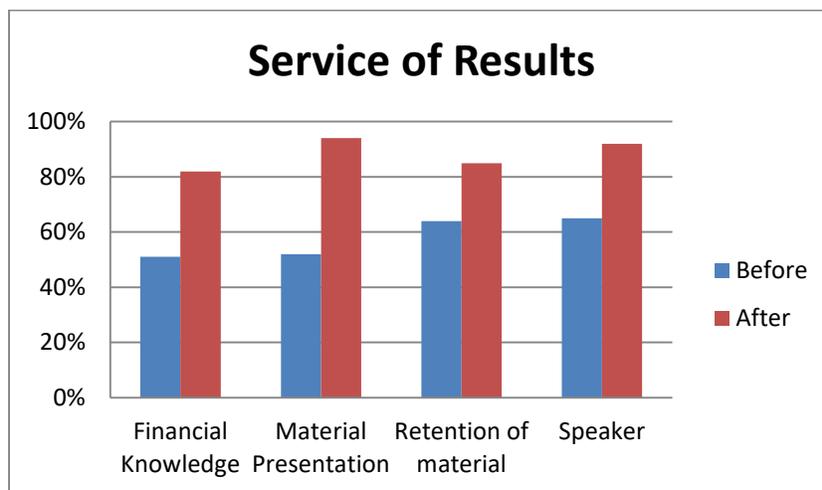


Figure 3. Tabulation of Service Results Before and After Implementation

Several supporting factors so that this community service activity can be carried out properly because of the high motivation of participants to learn new knowledge about basic finance. Participants were actively involved in discussions and asked questions, and were followed by sharing experiences several times which could be a medium for learning from each other.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the implementation of community service activities that have been carried out, several conclusions can be drawn as follows: Community service activities with the theme Financial Literacy Training for Alumnae Entrepreneurs at Serang Raya University are running smoothly. The participants who attended were 120 people representing more than a few Alumnae Forces of the University of Serang Raya. Participants are motivated to apply the material that has been taught in their daily lives, especially when they want to start investing early. This activity can add insight and also a medium of friendship that can be a friend of discussion related to financial literacy.

The suggestions that the author gives in community service activities with the theme of Financial Literacy Training for Alumnae of the University of Serang Raya, include: Participants are advised to study and try to apply material about financial literacy in everyday life, Participants are also expected to start investing early by began to study several investment instruments such as stocks, mutual funds, bonds and others. The government, practitioners and academics are expected to play an active role in socializing and educating the public about financial literacy.

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