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Instilling Financial Literacy in the Foster Children of the An-Nuriyyah Bekasi Orphanage

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Abstract: Financial literacy is an important skill to master from an early age. Children who have an understanding of finance will be better prepared to face future economic challenges, manage money wisely, and make better financial decisions. This article is the result of a collaboration between Perbanas Institute and UiTM Johor Malaysia at the An-Nuriyyah Orphanage Bekasi, West Java, Indonesia. The form of activities is in the form of lectures, demonstrations, video screenings and games that aim to provide an understanding of financial literacy from an early age and the benefits obtained if you understand financial literacy. In forming healthy financial habits for the community from an early age, the participation of the government, schools and academics is needed.

Keyword: Financial literacy, Foster children, & An-Nurriyah Orphanage.

INTRODUCTION

Based on the National Survey on Financial Literacy and Inclusion (SFLI) organized by the Financial Services Authority (OJK) in collaboration with the Central Statistics Agency (BPS) in 2024, the financial literacy index of the Indonesian people reached 65.43 percent, while the financial inclusion index was 75.02 percent. The financial literacy index measures the level of knowledge, skills, beliefs, attitudes, and behaviors of people in managing finances. Meanwhile, the financial inclusion index indicates the percentage of the population that has accessed and used financial products and services. Although there is an increase compared to the previous survey, there are differences between urban and rural areas. The financial literacy index in urban areas reached 69.71 percent, while in rural areas it was 59.25 percent. In addition, the survey also showed that the age group of 26-35 years had the highest financial literacy index of 74.82 percent, followed by the age group of 36-50 years with 71.72 percent, and the age group of 18-25 years at 70.19 percent. The age group of 15-17 years and 51-79 years had a lower financial literacy index, at 51.70 percent and 52.51 percent, respectively. The data shows that although access to financial services is increasing, people's understanding of financial management still needs to be improved, especially in rural areas and certain age groups.

In this modern era, financial literacy is one of the important skills that must be possessed by every individual, including school children. A good understanding of how to manage money early on will help them make wise financial decisions in the future. Financial literacy is a person's ability to understand and use various financial concepts to manage personal finances well. As the times progress, this ability is becoming more and more important, not only for adults, but also for children. In today's digital era, where access to financial products is getting easier, children need to be equipped with basic skills in managing money so that they can make wise financial decisions in the future.

A lack of understanding of financial literacy can cause a person to experience financial difficulties, get into debt, or even not have savings for urgent needs. Therefore, it is important for the government and educational institutions to teach financial literacy from an early age so that children have a strong foundation in managing money effectively.

Perbanas Institute and UiTM Johor Malaysia are educational institutions that care about financial literacy for children in Indonesia. As a form of concern, these two institutions collaborate in Community Service activities by providing financial literacy understanding to the foster children of the An-Nurriyah Bekasi Orphanage.

Tahfidzul Qur'an An-Nuriyyah Orphanage, located on Jl. Pendidikan II No. 37, Kp. Siluman, Mangunjaya Village, South Tambun District, Bekasi Regency, West Java, Indonesia. This orphanage was established in 1997 led by KH. M. Zuhri S.Ag, MM. This orphanage accommodates children aged 2 months to 20 years old, which currently totals 91 foster children. The daily activities of the foster children of the An-Nurriyah Orphanage include formal education in private schools, worship, and memorizing the Qur'an.

Good financial intelligence can be obtained through a high understanding of financial literacy. Financial literacy is a fundamental factor in understanding various aspects of personal financial management, including debt management, savings, and investments. Remund (2010) stated that financial literacy is a person's level of understanding of financial concepts and products, including skills in managing personal finances, making financial decisions, and planning future finances. Financial literacy includes two main aspects: financial knowledge and the application of this knowledge in daily financial decisions (Huston, 2010).

The Organization for Economic Co-operation and Development (OECD, 2012) states that financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors necessary to make healthy financial decisions to achieve individual financial well-being. Meanwhile, according to Chen and Volpe (1998), financial literacy is a person's ability to understand and apply basic financial concepts to make wise decisions related to personal financial management. Financial literacy is not only about financial knowledge, but also includes the ability and skills to manage finances wisely to achieve economic prosperity.

Financial literacy according to Lusardi and Mitchell (2014) shows that individuals with high financial literacy tend to be wiser in making financial decisions, especially in terms of investment and future planning. In addition, financial literacy can prevent individuals from falling into the risk of falling into fraudulent investments or other unhealthy financial practices. Rinarati et. al (2021), gave the opinion that financial literacy is an effort to encourage the public to better understand the ins and outs of financial institutions, especially banking, which includes: functions, products, facilities, and financial services so that they can be easily understood by all levels of society.

According to the Financial Services Authority (OJK) (2024), financial literacy is the understanding that a person needs to make the right financial decisions, in order to improve their financial well-being. In line with the OJK, the Indonesian Ministry of Finance through the Leading Indonesian Financial Literacy (*Like It*), focuses on financial literacy in 2024 in providing a deeper understanding, especially to the younger generation. The younger generation must understand how financial literacy plays an important role in making wise and sustainable investment decisions, as well as to invite the young generation of Indonesians to become retail investors in the country. That with a good understanding of financial literacy, fraud and illegal financial activities will be avoided. Financial literacy must continue to be improved, not only stopping at the level of knowing the types of financial sector products such as banking, pension funds, insurance, capital markets, and financing (OJK, 2024).

METHOD

The method used is a participatory method, with the active participation of children in lectures, presentations, discussions and question and answer activities. The activity stage starts from planning, implementation, to evaluation. By actively involving participants or audiences in activities, there will be more understanding of financial literacy, so that the resulting solutions can be more relevant and sustainable (Ambarwati, 2022).

RESULTS AND DISCUSSION

Three important things conveyed in this activity are related: the importance of financial literacy from an early age, how to instill financial literacy in children, the role of educational institutions in financial literacy.

The Importance of Financial Literacy from an Early Age

Children who have good financial literacy will better understand the value of money, how to manage it, and how to spend and save wisely. Some reasons why financial literacy is important for children:

1. **Helping Children Appreciate Money**
   Children often think of money as something that can be easily obtained, without understanding that money must be earned through effort and hard work. By introducing financial concepts from an early age, children will learn to appreciate money more and not waste it carelessly.
2. **Instill the Habit of Saving**
   Saving is a good habit that must be taught from an early age. Children who are used to saving will have the understanding that not all the money they have has to be spent immediately. They will also better understand the importance of having a reserve fund for urgent needs in the future.
3. **Teaching the Difference between Needs and Wants**
   One of the important aspects of financial literacy is understanding the difference between needs and wants. Children often want many things, but they must be taught to discern which ones are really necessary and which are only momentary desires. This will help them in making wiser financial decisions.
4. **Preventing Consumptive Behavior**
   In the digital age, advertising and social media are very influential in children's lifestyles. Without good financial literacy, they can be carried away by excessive consumptive currents. With the right education, children will be better able to control unnecessary shopping cravings.
5. **Preparing for a Better Future**
   By having a basic understanding of finance, children will be better prepared to face future economic challenges. They will have a better understanding of how to manage salaries, pay bills, and invest for the future.

How to Instill Financial Literacy in Children

Several ways to instill financial literacy in children can be done in the following ways:

1. **Giving Pocket Money as an Exercise in Managing Finances**
   Giving pocket money to children can be an initial exercise in managing finances. Orphanage administrators can teach children to allocate their allowance in the right way, such as dividing it into three parts: for daily needs, to save, and to share with others.
2. **Teaching Children to Save**
   The orphanage administrator can provide a piggy bank or open a children's savings account to help them learn to save. Teach your child to set savings goals, such as buying toys or saving money for future needs.
3. **Using Educational Games**
   Many educational games can help children understand financial concepts, such as monopoly games or other financial simulations. In this way, children can learn while playing so that it is easier to understand the basic concepts of finance.
4. **Setting a Good Example**
   Children tend to imitate their parents' behavior. Therefore, parents must set a good example in managing finances, such as avoiding waste, saving regularly, and shopping wisely.
5. **Teaching the Concept of Investing Early**
   In addition to saving, children also need to be introduced to the concept of investment. For example, the teacher can explain that the money saved in the bank will grow more than the money saved at home.

The Role of Educational Institutions in Financial Literacy

Schools can play a role in improving children's financial literacy by including financial lessons in the curriculum. Financial education programs can be provided in the form of economics or extracurricular subjects that teach the basics of financial management.

The Orphanage Management as parents of foster children has a major role in providing financial understanding to children. Open discussions about family finances, providing examples of good money management, and involving children in small financial decisions are some of the ways parents can improve their children's financial literacy.

CONCLUSION

Financial literacy is an important skill that must be taught from an early age. Children who understand the basics of financial management will be better prepared to face economic challenges in the future. By instilling the habit of saving, teaching the difference between needs and wants, and providing an understanding of the importance of investing, children can grow into wise individuals in managing finances. The role of parents and schools is very important in forming a healthy financial mindset so that children can achieve a more economically stable future.

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