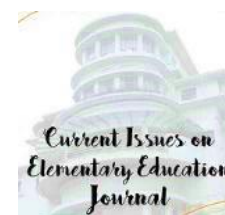




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Financial literacy of elementary school students: Understanding the concept of money and financial planning

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ABSTRACT

This study aims to evaluate the financial literacy skills of sixth-grade elementary school students, specifically in the areas of understanding the concept of money, financial planning, and distinguishing between needs and wants. Using a descriptive quantitative method with an ex post facto approach, this research involved 30 students from a public elementary school in Bandung. Data were collected through a multiple-choice test designed to measure students' financial literacy across six key indicators. The results indicate that the average financial literacy of students falls into the low category, with an average score of 56%. The highest-scoring indicator was the ability to distinguish between needs and wants (93%), while the lowest-scoring indicator was awareness of the importance of financial planning (4%). These findings suggest that financial literacy among students needs to be improved, particularly in the area of financial planning. The study is expected to serve as a foundation for the development of financial literacy programs in elementary schools, aimed at enhancing students' financial awareness and skills from an early age.

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1. INTRODUCTION

Financial literacy has become a crucial aspect of education in Indonesia, given its vital role in preparing individuals to face future economic challenges. As stated by Sidiq, et al, (2023),, financial literacy is one of the six basic literacies recognized in the World Economic Forum, alongside literacy in reading and writing, numeracy, science, digital literacy, and cultural and citizenship literacy. In the context of education, financial literacy must be integrated into the curriculum to ensure that young people possess the essential skills to manage finances wisely and responsibly.

As part of basic education, financial literacy should be introduced at an early age. Kafabih (2020) emphasizes that financial literacy education is critical for children, as it shapes their

ability to make sound financial decisions in the future. Therefore, financial literacy is not only a competency that students need to master but also a skill that teachers, as facilitators, should possess to guide students in understanding and managing their finances. This is crucial in preparing students to face the increasingly complex global economic challenges.

According to Siregar, et al. (2024), financial literacy is the understanding of financial concepts aimed at helping individuals achieve financial stability. Similarly, Poddala & Alimuddin, (2023) define financial literacy as an individual's ability to understand and use financial knowledge in personal financial decision-making. In other words, financial literacy is the ability to effectively manage and use financial information, which is essential for making financial decisions that will affect individual well-being in the future.

However, despite the critical importance of financial literacy, many individuals still lack adequate financial literacy skills. According to the 2019 National Survey on Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK), only 38.03% of Indonesians have adequate financial literacy, with a financial inclusion index of 76.19% (Rohmanto & Susanti, 2021). Although there was an improvement in 2022, with the financial literacy index reaching 49.68%, the level of financial literacy in Indonesia remains low (Hadiana, et al., 2024). This indicates that many individuals, including children and adolescents, still need to improve their ability to manage finances wisely.

Financial literacy for children is crucial as a foundational element for effective financial management in the future. The increasingly complex economy, especially with the rise of digital markets and digital currencies, requires that financial literacy in children be optimized (Rakhmawati, et al., 2021). Therefore, it is important to begin financial literacy education at an early age, including in elementary schools.

Given the importance of financial literacy for students and the low levels of financial literacy still observed, this study aims to assess the financial literacy of sixth-grade elementary school students. Sixth grade is the final stage in elementary education, where students are at an age capable of beginning to understand and manage finances independently. This study is expected to provide a clearer picture of the financial literacy levels of sixth-grade students and offer useful information for the development of curricula and educational policies that support the strengthening of financial literacy in elementary schools.

2. METHODS

This study aims to measure the financial literacy skills of sixth-grade students without providing any interventions or special treatments, so that the data obtained accurately reflects their natural abilities. Based on this, the approach used in this study is the *ex post facto* method. According to Sukardi (Mariah, 2022), *ex post facto* research is designed to identify potential causes that may influence behavioral changes, symptoms, or phenomena that have already occurred. In other words, this study seeks to explore the underlying factors of conditions or events that have already taken place, without influencing or intervening with the subjects. Syahrizal & Jailani (2023) explain that *ex post facto* research aims to study events or phenomena that have already happened and then trace back to the past to identify the factors that caused those events. In the context of this study, the researcher analyzes the level of students' financial literacy by examining existing data without influencing or intervening with the research subjects.

The subjects of this study are sixth-grade students from a public elementary school located in the city of Bandung. To collect data, the researcher used a multiple-choice test instrument, which was administered to 30 students. The test questions were designed to assess their level

of financial literacy, and the students were given one hour of instructional time to complete the test. After the test was completed, the results were used as data, which were then analyzed further by the researcher.

The data analysis process in this study was conducted using a descriptive quantitative approach. Quantitative analysis aims to examine phenomena by using numbers and statistics to measure the predefined variables. Ali, et al., (2022) explain that quantitative research focuses on measuring variables that can be quantified and analyzed statistically to draw conclusions that can be generalized or predicted. On the other hand, descriptive analysis is used to describe or depict the existing situation systematically, comprehensively, and in depth. Rustamana, et al. (2024) state that descriptive research aims to provide an accurate and factual depiction of the characteristics or facts of a population or phenomenon. In the context of this study, the descriptive quantitative approach was used to provide a clear picture of students' financial literacy levels based on the predefined indicators.

3. RESULTS AND DISCUSSION

3.1 Results

Financial literacy encompasses knowledge and understanding of financial concepts and risks, as well as the skills and attitudes necessary to apply this knowledge in making effective decisions across various financial contexts. The goal is to enhance the financial well-being of individuals and communities, while contributing actively to the global economy (Suprananto & Hikamudin, 2023). Financial literacy is not only related to an individual's ability to manage financial issues, but also involves positive financial attitudes. These financial attitudes include openness to financial information, the ability to manage finances with a long-term orientation, and avoiding impulsive and consumer-driven behaviors, while remaining responsible in the management of financial resources (Krisdayanthi & Wijaya, 2023).

In this study, financial literacy skills were measured through a test consisting of 12 questions. The material tested was related to the theme of entrepreneurship, which was taught in the sixth-grade curriculum of elementary school. The financial literacy test was administered to students who had previously participated in lessons related to the entrepreneurship theme. The following data presents the results of the financial literacy test. The table below shows the distribution of test results across various financial literacy indicators.

Table 1. Results of the Students' Financial Literacy Test

No	Indicators	Student Responses (%)
1	Understanding Money and Its Functions	20
2	The Ability to Distinguish Between Needs and Wants (Financial Concept)	93
3	Awareness of the Importance of Financial Planning (Managing Personal Finances)	4
4	Motivation for Saving	83
5	Ability to Track Income and Expenses Simply (Financial Decision Making)	52

No	Indicators	Student Responses (%)
6	Awareness of Seeking Additional Income Sources (Future Financial Planning)	85
Average		56%

Based on the financial literacy test results given to the sixth-grade students, the overall average financial literacy score was recorded at 56%. Chen and Volpe (Soraya & Lutfiati, 2020) classify financial literacy into three categories: low (<60%), moderate (60-79%), and high (>80%). These findings indicate that the students' financial literacy on the entrepreneurship theme material is at a lower to moderate level. Additionally, there are some indicators that yielded better results, such as the ability to differentiate between needs and wants, which scored 93%. However, some indicators still show very low results, such as "Awareness of the importance of financial planning," which only received 4%. Overall, these results suggest that the financial literacy of sixth-grade students remains at a level that needs improvement, with most students demonstrating limited understanding of several basic aspects of financial literacy.

3.2 Discussion

The results of this study indicate that the financial literacy of sixth-grade students at the school being studied is still at a relatively low level, with an average financial literacy score of 56%. Based on the criteria outlined, the students' financial literacy falls into the "moderate" category, meaning they possess basic financial knowledge but still have much room for improvement.

One indicator that showed a relatively good result was the students' ability to differentiate between needs and wants, which scored 93%. This indicates that students can recognize the distinction between basic needs and consumptive desires, a concept often implicitly taught in everyday life. This finding aligns with Hanifah (2019) assertion that the use of contextual stimuli in test items can help students better understand basic financial concepts.

However, the lowest-scoring indicator was "awareness of the importance of financial planning," with only 4% of students demonstrating a good understanding. This suggests that most students are still unaware of the importance of planning finances for the long term, which could negatively impact their ability to manage finances in the future. According to Komarudin, et al., (2020), the inability to plan finances is often due to a lack of knowledge and experience in financial management. This can also be explained by the limited financial literacy education provided in elementary schools, as financial literacy is not part of the core curriculum in Indonesia (Suprananto & Hikamudin, 2023).

Furthermore, the low understanding of financial planning can also be seen in the minimal habits of saving and tracking income and expenses. Many students are not accustomed to these activities, which may be attributed to the lack of experiential learning in schools. Financial literacy education based on practical experience is essential to familiarize students with simple and effective financial management practices. Unfortunately, such learning methods are not consistently implemented in schools, and financial literacy is still rarely discussed in broader educational contexts (Ariyani et al., 2022).

Overall, the findings of this study indicate that financial literacy education in elementary schools needs greater attention, particularly regarding the introduction of money concepts,

financial planning, and record-keeping. Financial literacy education should begin early and be integrated into existing curricula, both in schools and at home. The formation of habits such as saving and managing money wisely should be encouraged by providing practical knowledge that can be applied in daily life, so that students can grow into individuals with strong financial skills in the future (Lahalo et al., 2023; Ratih & Zulfikri, 2024).

The importance of improving financial literacy among elementary school students cannot be overlooked, considering the increasingly complex world, especially with the development of financial technology and digital markets. Therefore, more intensive and experiential financial literacy education needs to be introduced to prepare the younger generation for the financial challenges they will face in the future.

5. CONCLUSION

Based on the results of the study, the financial literacy skills of sixth-grade students are still relatively low, particularly in the areas of long-term financial planning and tracking income and expenses. While some students are able to distinguish between needs and wants, their understanding of wise and responsible financial management remains limited. This indicates that financial literacy education in schools needs to be improved, both through integration into the curriculum and through experiential learning, so that students can develop better habits in managing their finances and preparing for their financial future.

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