

**DEVELOPING HOUSEHOLD FINANCIAL LITERACY TO ADVANCE
SOCIETY WELFARE IN KASEMBON, KASEMBON DISTRICT, MALANG
REGENCY**

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ABSTRACT

Kasembon is a developing village which has elevated potential in agricultural products. However, its society required a good financial literacy. The low knowledge of financial literacy became a demotivating factor that constructed outcome from community resource less than the maximum. Therefore, this Community Service Activity team initiated to develop the financial literacy through socialization for Kasembon Village society which assumed to improve their financial quality by transparent household financial management.

Keywords: financial management, finance, financial literacy for household

A. Introduction

Through the purpose of generate Indonesia became a developing country, government applies regulations in POJK (Financial Service Authority) number 76 of 2016 concerning Improving Financial Literacy and Inclusion in the Financial Services Sector for Consumers and/or the Community. This regulation was released to focus on the deficient knowledge and understanding in Financial Literacy. Low financial literacy has the potential to make

someone wrong in allocating their finances and ending up in a decline in welfare (Mendari & Soejono, 2019). Financial Literacy was anticipated to increase individual financial decisions and to adjust their attitudes and behavior in managing better financial statements. As a result, people or society were able to determine and utilize financial services which was appropriate with their needs and abilities in order to achieve prosperity with their needs with their needs (POJK no. 76, 2016).

Kasembon is a village located at the western tip of Malang Regency. It is located in the Kasembon sub-district, Malang Regency. It has a 360 HA area which is directly contiguous to several villages, namely Pringu in the east, Kreet Senggrong in the the west, Kuwolu in the south, and Jambearjo in the north. The distance from Kasembon village to the sub-district is approximately 7 km and 52,4 km away from Malang State University. The population consist of 3287 people with 7 hamlets, namely Sepudak, Sanggrahan Lor, Sanggrahan Kidul, Kasembon, Bejirejo, Kepuharjo, and Gajahrejo (BPS Kabupaten Malang, 2021). Their society is mostly working in the agricultural sectors which is high potential in agricultural products. However, this agricultural activity was not able to operate properly and optimally due to poor financial management and the living environment which is distant from urban areas.

The low knowledge in financial literacy was one of the major factors for the less optimal resource results in the Kasembon Village society. Therefore, this Community Service Activity team

initiated to develop their financial literacy through socialization. The increasing knowledge about financial literacy is expected to improve the quality of their business activity so it could became a strong economy foundation around Kasembon Village during this pandemic. This situation was encouraging our team to provide socialization about financial literacy in order to develop the economic foundation of rural communities, especially in the Kasembon Village.

Indonesian was required a particular strategy in order to manage their finances optimally in this pandemic era. This uncertain prediction of pandemic era had became a concern for Kasembon village society. They became the center of financial management at the smallest community level, namely household. The household environment is the main lead in the smallest community structure. Consequently, strengthening financial management in a household was very necessary during this pandemic. One of the methods to develop good financial management was through escalation knowledge about financial literacy. The

developing knowledge about financial literacy would directly become a strong foundation in stabilizing economic system on a regular basis. This activity could be started from family environment which was the basis of society that understands managing financial reports. In the courage to increase economic foundation of rural communities during this pandemic, the team was coordinated with partners regarding the problem. The problem faced by the Kasembon village society was the deficient of adequate education. It was evident from the very small number of High and Vocational High School, there is only one Senior High School and two Vocational High School in the Kasembon sub-district. On the contrary to the number of elementary schools and junior high schools, there are 24 elementary schools and 7 junior high schools. From the description above, it could be concluded that the Kasembon village society have a fairly low level of educational literacy. Owing to the lack of high and vocational high schools, the literacy about processing financial reports to maximize the results of natural and human resources in

Kasembon Village was less than optimal

The small level of education in Kasembon Village had an impact on the community's economy which became a poverty factor. With the average community who were graduated from elementary school, it was affecting a lack knowledge about managing finances for their household. Even though household financial literacy is one way to a prosperous household (Firmansyah et al., 2022). One of these factors also encourages public servants to provided financial literacy from the most basic scope in society, namely household in Kasembon Village, Kasembon District, Malang Regency.

B. Method of Implementation

The implementation of community service was realized through the process of planning, instigate actions, evaluating and reporting. The intended aim of this service program was to provide knowledge about financial literacy for Kasembon Village Households. This community service activity was an activity to educate the household of Kasembon Village which

was aligned with the UM service plan for 2020-2024. The target achievement in this community service activity was to amplify the financial literacy of Kasembon Village household so that it could improve their member quality. This community service activity was purposed to educate household members in the Kasembon Village society regarding the implementation of strengthening community economic during the pandemic through increasing financial literacy knowledge.

The following was a strategy for attained solutions and the output targets to be achieved, namely the stages to implement solutions for specific problems faced by partners. The implementation of this solution was made systematically which included preparation for socialization to evaluation of financial literacy socialization activities for household in

District, Malang Regency. There were numerous benefits which would be obtained by Kasembon Village society, so this community service activity was expected to provide a comprehensive understanding of financial literacy in order to advance household environment through knowledge and implementation of comprehensive financial literacy. This program was conducted by presenting financial literacy education and knowledge through information and implementation. The description of this community service activity briefly explained in Figure 1.

financial literacy its implementation. The next step was preparation of implementing activities.

2. Implementation Stage

The service activity included present financial literacy knowledge and its implementation for household in Kasembon Village, Kasembon District,

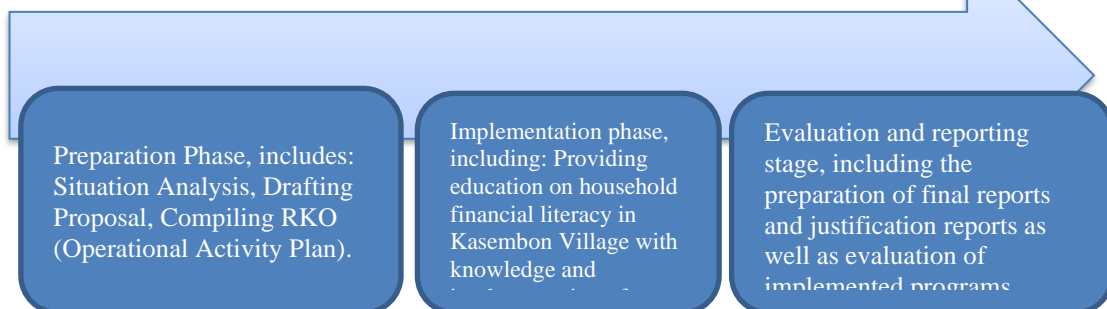


Figure 1. The sequence of Community Service Activities within Kasembon Village household, Kasembon District, Malang Regency

These following are explanation of the stages above:

1. Preparation Stage

The initial activity of this service is a situation analysis about financial literacy knowledge in the Kasembon Village household in Kasembon District, Malang Regency. The situation analysis process was performed by conducting preliminary survey and interviews with Village Head. The results imparted that the household need socialization about basic knowledge which contained

The activity was completed by providing information about financial literacy theory by experts. (Wardoyo et al., 2021) argued that giving the theory before practice was aimed to provide better understanding to perform on the provided software.

3. Reporting Stage

The remaining activity of this service program was making final report for community service activities implementation. Reporting process purposed to justify about implementation and expected outcomes in community

service activity. Then, in the process of validating the achievement output, team was required to make further coordination with Kasembon Village household in Kasembon District, Malang Regency regarding socialization results and applying financial literacy knowledge in Kasembon Village households, Kasembon District, Malang Regency.

C. Result and Discussion

Kasembon Village is area with high agricultural and tourism potential. However, the weak level of education became an impediment faced by society. This was happened due to the inadequate of high schools and vocational high schools that could be accessed by Kasembon village society. Thus, it made information about processing financial reports to maximize the natural and human resources results in Kasembon Village less than optimal

The government has implemented physical distancing where daily activities such as work, study and worship were advised to be completed in homes. The public's fear of Covid-19

virus has an impact on decreasing productivity (Rakhmadani, 2021). Thus, this prevention was also became one of the factors for the weak level education in Kasembon Village.

In its application, accounting was not only operated for companies. However, it had many functions and roles in managing household finances. Accounting which applied for households acted as a tool to control household finances so that it could create a sense of secure and transparency among family members (Rozzaki & Yuliati, 2022).

Derived from (Rozzaki & Yuliati, 2022), household accounting was originally the application of accounting aspects for family financial transaction activities. It began with financial planning, financial recording, and making financial decisions in the household. By means of accounting practice in household, it was expected to facilitate a good family financial goals for short and long term.

According to (Suwarni & Arman, 2017) there are 3 categories of accounting practices in households, including:

1. Planning and budgeting

Budget planning is a detailed description of every need in the household. Households need planning, budgeting, and financial reserves to avoid stifling expenses. Planning and budgeting must be prepared carefully by prioritizing the important needs of households.

2. Recording

The next step is recording. Recording in the household aims to be able to find out the size and importance of the budget issued every day. Not only related to expenses, recording can also help provide an overview of the amount of funds that can be stored in savings or other forms. Recording must be done neatly and consistently every day, week, and month.

3. Decision making

This process is a very important part that needs to be done with careful consideration and not in a hurry. This decision-making must also be based on the most important needs in the household first, so that the budget is not spent on goods that are considered less useful.

Financial planning was not only accomplished by companies and business units, but the literacy on

financial planning was important to be applied for individuals and families. Financial planning in the family would have a affiliation with how much income was received, expenses were used for family needs and how much money was used for future savings in order to prepare reserve budget to avoid future financial bulge.

According to (Manurung, 2013) in (Astutik, 2018) stated that financial planning in a household was employed to convene household needs. It was an achievement process or a measurable success process. By measuring each household need, it was necessary to pay attention with detailed financial planning. It happened because financial planning had significant role in managing family finances so that it could develop family synchronization.



Figure 2. Photos activity of presenting household financial literacy materials

The training commence with lecture on developing household financial literacy to advance society welfare in Kasembon, Kasembon District, Malang Regency. In this section, it began with presenting general concepts about Household Accounting, namely financial management in the household. This concept would create serenity in household financial management. It could be utilize for evaluation and long-term decisions for savings by communicating finance to create trust, serenity, and intimacy. This was intended in financial management to create transparency between husband, wife and children about completed activities.

By means of good communication, there was no doubt between family members in managing household finances. In addition to financial transparency, families could discuss future goals through financial communication so that husband and wife could be directly involved and participate an active role in planning, organizing, and managing family finances.

Moreover, the activity of applying theory directly to the situation in Kasembon village community. This activity was a series of lectures, but it provided more solutions in managing household finances to the Kasembon village society. Researcher imparted solutions according to the condition of people who have unexpected expenses and also provide alternative solutions by providing examples to allocate the household income.

This service activity obtained full support from the Kasembon Village society and also assigned the following results:

1. Enhancing knowledge about household financial literacy which generated peace in household financial management.
2. Enhancing society enthusiasm in managing the finances of each household so that they could construct a plan for the future and cost planning together with their family with no doubts.

D. Conclusion

The training to increase household financial literacy could be performed smoothly. The participants were very passionate to participate in every

activity with a cooperative and conducive manner. As a result, participants could apply household financial accounting easily. As well as the raising of understanding and competence within managing household finances in Kasembon Village, Kasembon District, Malang Regency to apply it and they could develop community welfare. Participants' understanding was more ample with complete material of household financial literacy assistance and how to properly apply this literacy for future requirement.

This training activity had been completed smoothly and hastily because participants were very active during lecture and QnA activity so that it made them comfortable to form an optimal conceptual understanding. Intended for this reason, sustainability activities could accomplished in a larger scope since the Kasembon village society had been able to complete this activities. Hence, they were more efficient in time and energy in providing an understanding of increasing household financial literacy.

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