

Conference Paper

Is it Important for Elementary School Students to Learn the Basics of Finance?

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Abstract

Financial education is very important at all levels of education, even at the level of basic education. The purpose of this study was to determine the importance of elementary school students mastering the basic knowledge of finance. This study was conducted from May to October 2019 at SDN 1 Gandusari, Blitar Regency, East Java Province, Indonesia, and used a qualitative case study research method. This study used primary data in the form of interviews, focus group discussions (FGD) and documentation. The findings revealed the financial profile of SDN 1 Gandusari students as well as the financial behavior of students in daily life. Based on the results, it is important for policymakers, academics and practitioners in the field of basic education to include their own curriculum for financial education for elementary school students.

Keywords: elementary school student, learn, basics of finance

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1. Introduction

In recent decades, most countries in the world have focused on increasing financial literacy in all circles, even the field of financial education has become a top priority at various levels of education. [1]; [2]; [3]; [4] including children and adults. This is because there are many benefits of financial education for students and parents. Generally, a student in making their financial decisions will reflect on the accounting decisions made by their parents. Indirectly, parents 'saving habits affect students' decision to save without formal financial education [5]. Research from Bover that examines financial education in Spain states that the idea of financial education changes students' self-awareness about the consequences of future choices from choices created in the present [6]. Decisions made rationally in the present will create returns on a student's future. Learning finance for children is as difficult as other subjects so that most parents are reluctant to discuss their financial problems with their children. Besides, parents

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are considered not to have a good level of financial literacy. It is said to be financially healthy for parents if they have good knowledge about debt and savings, that many families lose because they are entangled in credit card debt. Therefore, the importance of saving and preparing pension funds is the right step for parents [7].

Financial education is the responsibility of all parties, not only parents of students but the government as well. World organizations such as the OECD and the World Bank have recognized the importance of special curricula on financial education to improve one's financial literacy. Research that focuses on student financial literacy agrees that the government should pay special attention to financial education. Students in Korea [8], Malaysia [9], while America [1] believes that the success of financial education is influenced by massive financial education. Besides, he added that the success of financial education is influenced by the economic status of the family if a student from a rich family tends to excel, something similar happens if the student is from an underprivileged family then their financial performance is not too good. [10]. The results of the study show a variety of financial literacy in various countries, but according to the suggestions of various researchers, it is necessary to intervene from various parties to improve one's financial literacy, especially in schools.

In Indonesia, there are a lot of researches on financial literacy, for example [11]; [12];[13] Their research results focus on the state of Indonesian people's financial literacy, which quantitatively increases Indonesia's financial literacy. This is also evident from the results of the latest OJK survey [14] which states that in 2019, the financial literacy index reached 38.03% and the financial inclusion index 76.19%. This figure is an increase compared to the results of the 2016 OJK survey, namely the financial literacy index of 29.7% and the financial inclusion index of 67.8%. Thus in the last 3 years, there has been an increase in public financial understanding (literacy) by 8.33%, as well as an increase in access to financial products and services (financial inclusion) by 8.39%. However, the results of the 2019 OJK survey have not shown significant results, this is because many rural communities do not yet have good financial literacy. Also, there is no follow-up for OJK to increase financial literacy from the age level of children. This is necessary because developed countries already have a special financial education curriculum for primary schools. Therefore, the purpose of this study is to determine how important the primary school financial education curriculum is made.

2. Method

This study uses a qualitative approach with a case study model. The case we studied is the importance of the financial education curriculum for primary schools. In qualitative research, data collection is carried out in nature, primary data sources, and data collection techniques use triangulation/combination. While the data is obtained through; Focus Group Discussion (FGD), observation, survey, in-depth interview, and document analysis. We selected 15 informants from the Focus Group Discussion (FGD). We communicated with participants, in-depth interviews, and FGDs which were conducted during May-October. The data collection was carried out by location-based researchers consisting of three stages: stage 1 (1-2 months) the observation participants observed the financial literacy scale; stage 2 (months 3-4) focus groups and stage 3 (months 5) semi-structured interviews

3. Result and Discussion

3.1. Description of Participant Data

Based on the results of our research, we identified 15 students in this study, namely students in grades 4, 5, and 6 of SDN Gandusari, Blitar Regency. The following table shows the participants (our names have been changed).

TABLE 1: Participant Data

No	Name	Gender	Class	Allowance
1. (P1)	Fajar	Male	4	IDR 5,000
2. (P2)	Rara	Female	4	IDR 4,000
3. (P3)	Imam	Male	4	IDR 5,000
4. (P4)	Fian	Male	4	IDR 10,000
5. (P5)	Selvi	Female	4	IDR 5,000
6. (P6)	Jovian	Male	5	IDR 5,000
7. (P7)	Michael	Male	5	IDR 10,000
8. (P8)	Ana	Female	5	IDR 10,000
9. (P9)	Cindy	Female	5	IDR 5,000
10. (P10)	Hanan	Male	5	IDR 4,000
11. (P11)	Gaby	Female	6	IDR 6,000
12. (P12)	Cia	Female	6	IDR 5,000
13. (P13)	Kevin	Male	6	IDR 5,000
14. (P14)	Haikal	Male	6	IDR 10,000
15. (P15)	Johan	Male	6	IDR 10,000

Based on the table above, we provide a code for each participant starting from P1 which means that the participant is number 1, and so on until P15 means that it is participant number 15. Our 15 student participants consist of 5 students from grade 4, 5 students from grade 5, and 5 students from grade 5. Besides, 15 participants consisting of 9 students have male gender and 6 students have female gender. Based on the daily allowance, students are generally given an allowance of IDR 4,000 to IDR 10,000 per day. This amount is used to buy food or drinks while at school.

3.2. Basic Knowledge of Student Finance

The following is a table of interview protocols in our study for students' basic financial knowledge.

3.3. Learning finance in schools

Based on our findings in the field, it is stated that there is no formal financial learning in schools. Subject teachers do not know how to teach basic finance in elementary schools. One class teacher stated that:

"I don't know how to teach finance to my students, because I think their parents have taught them about saving at home"

Another teacher stated that "I want to teach them about basic finance, but I don't know where to start teaching it"

From the explanation above, it can be seen that there is no desire to teach elementary school students to learn finance, classroom teachers think that it is not their capacity to provide financial lessons for elementary school students. Besides, other classroom teachers think that the demand for a formal curriculum does not exist so that they do not need to teach finance to their students. This is following the excerpt from our interview with one of the class teachers

"So far there is no curriculum from the government, so I teach according to the curriculum"

Besides, one of the students admitted that they did not get financial lessons while in school. They learn finance from their parents and their peers. As in the following interview excerpt:

TABLE 2: List of Interviews

No	Indicator	Questions
1.	Make spending decisions	<ol style="list-style-type: none"> 1. Do you need money to buy food? 2. Do you need money to buy toys? 3. What is the allowance your parents give you every day? 4. If you had an allowance of IDR 5,000 what would you buy? (Researchers provide some pictures and along with the prices listed in the image) 5. If you have an allowance of IDR 10,000, which item will you buy? (Researchers provide some pictures and along with the prices listed in the image)
2.	Expenses and Savings	<ol style="list-style-type: none"> 1. Have you ever saved money? 2. Where do you save money? 3. Who taught you to save all this time? 4. What do you know about saving activities? 5. Do you save regularly? 6. How much do you usually save? 7. What do you usually save for? 8. When you save your money, can you get the things you want? 9. When you want things and you don't have enough money, what will you do?
	How to earn money	<ol style="list-style-type: none"> 1. Where do you get your allowance? 2. Is there an additional allowance when you help your parents with work?
	The Meaning of Money	<ol style="list-style-type: none"> 1. How much is this money? (the researcher gives a lot of money and then asks to count) 2. How many types of money do you know? 3. Which money do you like the most? Banknotes or coins? 4. Why is this money called paper money? (while showing one bill) 5. Why is this money called coins? (while showing 1 coin)
6.	Spending plans	<ol style="list-style-type: none"> 1. What do you know about spending plans? 2. Have you ever made an expense plan? 3. How do you plan your expenses? 4. Have you ever discussed spending plans with your parents? 5. Does the financial plan stay the same every year? 6. What expenses do you usually plan for? 7. Is charity one of your spending plans? 8. What are you saving for? 9. Explain the form of your financial plan notes! 10. Have you ever changed your financial plan records? 11. Does your expenditure plan cover primary needs, secondary needs and tertiary needs?
	Financial responsibility	<ol style="list-style-type: none"> 1. Have you ever wished that if you spent more on your allowance, you could expect your parents to give you more money? 2. Do you know the use of receipts in purchasing goods? 3. Can you return the items that you have bought if you still have labels and receipts? 4. What is the benefit of you writing down your expenses? 5. Can you check your money balance? 6. Can keeping records of finances encourage you to save money?

"I have never had financial lessons at school, the teacher only explains boring material".

"I know saving from my parents, my teacher never taught me to save".

"If I save because my friends usually set aside their pocket money for savings, so I also set aside money too, but I don't know why I have to save".

The explanation from students and teachers of SDN 1 Gandusari can be concluded that they do not know at all that many developed countries have implemented financial education at the primary school level, this ignorance is also not without reason because Indonesia does not have an official curriculum for financial learning at the elementary school level. This is different from developed countries such as the USA, for example the government has set a special curriculum on financial education at the primary school to tertiary level. In fact, there are a lot of research results in Indonesia that discuss the level of financial literacy in Indonesia and that is the reason why the level of Indonesian literacy is not maximal even though the OJK has provided socialization about financial literacy. Therefore the official curriculum for financial education at the primary to high school level must be established.

3.4. Home finance lessons

Parents are their children's first education, what parents do will be emulated by their children. In terms of financial decisions made by children, it is very dependent on the financial behavior of their parents. For example, parents who are diligent in saving their children will also follow the habit of saving. This is reflected in the results of interviews with students

"I usually save IDR 1,000 to buy a bicycle" (P3)

"I know my parents buy cars from their savings, so I also want to buy toys by saving money" (P9)

The discussion of learning finance at home is not structured and only through light discussion with the family. Generally, parents only give advice on saving without teaching them how to plan their children's budget. This is because the skills to make parental budget plans are very low. So that rarely parents make the right budget plan. Most only made a large nominal budget plan or expenses that are nominal in nature so that they do not make a regular budget plan. This keeps students from knowing the correct way to plan a budget.

4. Conclusions

Financial education in Indonesia is still informal in nature from family financial education, however, many families do not understand the importance of financial education for their children so that parents are reluctant to explain and provide good lessons about finance to their children. This is also due to the low level of parental financial literacy. Therefore it is necessary to make a special curriculum that guides students to achieve a good level of financial literacy. so that they will become accustomed to making rational financial decisions

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