THE NEED OF FINANCIAL LITERACY PROFICIENCY LEVEL FOR GENERATION Z STUDENTS AT SCHOOL

Frederika Widi Prihartanti¹, Wiedy Murtini², Mintasih Indriayu³
Pendidikan Ekonomi/Universitas Sebelas Maret
Email: erika.praska@gmail.com, idik_53@yahoo.co.id, mientasihindriayu@yahoo.com

ARTICLE INFO

Received: February, 26th 2022
Revised: March, 16th 2022
Approved: March, 18th 2022

ABSTRACT

Financial Literacy has a significant role in the individual decision-making process. Existing studies have proven that lower levels of financial literacy lead to irrational financial decisions funds as well as savings and debt. Basically, Indonesian students in PISA 2018 have the lowest mean scores compared to other countries. At the same time, there is no integration in Indonesia curriculum with financial education. This study focuses on a review of financial education used in the current literature as well as their corresponding limitations. This study focuses on reviewing the implementation of financial education among countries in current literature as well as the corresponding limitations. The result in this study that Financial education can be done simply. Experiential financial education appears to be an effective strategy for teaching financial literacy, even at lower grade levels.

KEYWORDS

Financial literacy, financial education, curriculum, generation Z

INTRODUCTION

Referring to the results of the 2020 population census, the Central Bureau of Statistics, Indonesia's population is dominated by Generation Z and the millennial generation. Generation Z is residents who were born between 1997-2012, and the millennial generation was born between 1981-1996 (BPS, 2021; Puslitdakjibud, 2021).
Generation Z has been referred to as iGen to reflect the internet generation since the internet has become a part of their lives (Gabriëlova & Buchko, 2021). This makes it possible for them to have greater access to make transactions and access financial services. Current trends point to the importance of acquiring financial literacy skills in the future as today's youth are likely to face more complex decisions (Amagir, van den Brink, Groot, & Wilschut, 2022; OECD, 2020). Education about finance plays a role in relation to consumer financial protection and regulation, and equips people with the skills necessary in understanding more complex products and services, choosing the most suitable one for them, and protecting themselves from financial fraud. As for today, financial literacy is one of the most important skills a tech-savvy Generation Z student can acquire (Sconti, 2022). Indonesian students aged 15-16 years who participated in the World Student Assessment Program (PISA) in 2018 had lower averages than students from 20 other countries regarding financial literacy (OECD, 2020). In a broader scope, income inequality grows less in countries where economic literacy is higher (Lo Prete, 2013).

As economic conditions have changed due to a pandemic, a person must be able to have a good ability to manage his finances. Finance is an important part of everyday life and financial literacy is the best way to prevent excessive citizen debt (Tomášková, Mohelská, & Němcová, 2011). Financial literacy is the knowledge and skills to apply an understanding of concepts and risks, skills to be able to make effective decisions in a financial context to improve financial well-being, both individually and socially, and to be able to participate in the community (KemdiKbud, 2017). The Ministry of Education and Culture has announced the National Literacy Movement (GLN) since 2016 as part of the implementation of the Regulation of the Minister of Education and Culture Number 23 of 2015 concerning the Growth of Character (Rahayu, Rossari, Wangsanata, Saputri, & Saputri, 2021). Financial literacy is one of the six basic literacies that are activated by the government (Sujud & Setiaji, 2020). Financial literacy is the knowledge and skills to apply an understanding of concepts, risks, skills, and motivations in a financial context. This knowledge is important because so that a person can make effective decisions to improve financial well-being, both individually and socially, and can participate in the community.

The results of a study conducted in Belgium involving 688 Generation Z students, namely grades 8 and 9, found that literacy education can stimulate better consumer choices (De Beckker, De Witte, & Van Campenhout, 2021). In addition, financial literacy helps reduce inconsistencies between risk preferences and risk behavior. The researchers found that financial literacy reduces the inconsistency between risk preferences and risk behavior for risk-seeking households, but increases this inconsistency for risk-averse households. The inclusion of financial literacy education into the school curriculum is an effective way for improving students' ability to manage finances more rationally (Kaiser, Lusardi, Menkhoff, & Urban, 2021; Lührmann, Serra-Garcia, & Winter, 2015; Opletalová, 2015; Shephard, Kaneza, & Moclair, 2017).

**RESEARCH METHOD**

This study focuses on reviewing the implementation of financial education among countries in current literature as well as the corresponding limitations.
RESULT AND DISCUSSION

In the PISA assessment related to student performance on financial literacy, Estonia managed to be in first position followed by Finland, Canadian provinces, Poland and Australia.

Table 1 Comparison of Financial Literacy Education Forms in Several Countries

| PISA Rank | Country   | Financial Literacy education                                                                                                                                                                                                 |
|-----------|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1         | Estonia   | The institution responsible for providing literacy education is the Financial Services Authority. Cross-curricular (the 2010 curriculum combines topics related to monetary and finance in elementary and junior high schools). WEBSITE: www.minuraha.ee. This website contains information on various financial services and products (insurance, savings and investments), various calculators as well as information centered on life events and on complaints and redress mechanisms (how to deal with financial difficulties, how to complain, useful information for students etc.). (DfE, 2014) |
| 3         | Canada    | In Canada, the national strategy focuses on the financial literacy related to money management, planning and protection (ie manage money and debt wisely, plan and save for the future; and prevent and protect against fraud and financial abuse). The institution is the Financial Consumer Agency of Canada (FCAC). Website: www.fcac.gc.ca Financial Consumer Agency of Canada (FCAC). A databasis provided by the Canadian Financial Literacy Database as a one-stop shop highlighting resources that can be accessed from public, private and non-profit organizations across the country to help people improve their financial knowledge and skills. The Agency is also active in social media (Twitter, Facebook, LinkedIn and YouTube). (DfE, 2014) |
| 5         | Australia | In Australia, financial literacy education has been added to the primary and secondary school curriculum. Teachers now have the added responsibility of educating students after receiving some form of professional development (Blue, Grootenboer, & Brimble, 2014). |

Basically, Indonesian students in PISA 2018 have the lowest mean scores compared to other countries (OECD, 2020). So far, the Financial Services Authority (OJK) has played an active role in providing financial literacy education through financial literacy media in electronic form in collaboration with the Ministry of Education and Culture in 2018. Financial literacy education in Indonesia is still not integrated with the School curriculum. In August 2021, the new government Officially included financial literacy in the curriculum. So far, financial literacy education is still being provided independently with the initiative of teachers to adapt appropriate learning media to develop students' financial literacy (Anwar, 2021).
CONCLUSION

Financial education can be done simply. Experiential financial education appears to be an effective strategy for teaching financial literacy, even at lower grade levels. It is also a relatively inexpensive approach that does not require extensive teacher preparation. With the inclusion of financial literacy education in the curriculum, it is hoped that the literacy level of students will also increase.

REFERENCES

Amagir, Aisa, van den Brink, Henriëtte Maassen, Groot, Wim, & Wilschut, Arie. (2022). SaveWise: The impact of a real-life financial education program for ninth grade students in the Netherlands. *Journal of Behavioral and Experimental Finance, 33*, 100605. https://doi.org/10.1016/j.jbef.2021.100605

Anwar, Saiful. (2021). Pengembangan Media Literasi Keuangan Syariah bagi I-Generation (Internet Generation) sebagai Upaya Membangun Sharia Economic Society. *Jurnal Ekonomi & Ekonomi Syariah, 4*(1), 681–695.

Batty, Michael, Collins, J. Michael, O’Rourke, Collin, & Odders-White, Elizabeth. (2020). Experiential financial education: A field study of my classroom economy in elementary schools. *Economics of Education Review, 78*(May 2018), 102014. https://doi.org/10.1016/j.econedurev.2020.102014

Blue, Levon, Grootenboer, Peter, & Brimble, Mark. (2014). Financial literacy education in the curriculum: Making the grade or missing the mark? *International Review of Economics Education, 16*(PA), 51–62. https://doi.org/10.1016/j.iree.2014.07.005

De Beckker, Kenneth, De Witte, Kristof, & Van Campenhout, Geert. (2021). The effect of financial education on students’ consumer choices: Evidence from a randomized experiment. *Journal of Economic Behavior and Organization, 188*, 962–976. https://doi.org/10.1016/j.jebo.2021.06.022

DfE. (2014). National Strategies (archived). In OECD.

Gabriélova, Karina, & Buchko, Aaron A. (2021). Here comes Generation Z: Millennials as managers. *Business Horizons, 64*(4), 489–499. https://doi.org/10.1016/j.bushor.2021.02.013

Kaiser, Tim, Lusardi, Annamaria, Menkhoff, Lukas, & Urban, Carly. (2021). Financial education affects financial knowledge and downstream behaviors. *Journal of Financial Economics, (xxxx).* https://doi.org/10.1016/j.jfineco.2021.09.022

Lo Prete, Anna. (2013). Economic literacy, inequality, and financial development. *Economics Letters, 118*(1), 74–76. https://doi.org/10.1016/j.econlet.2012.09.029

Lührmann, Melanie, Serra-Garcia, Marta, & Winter, Joachim. (2015). Teaching teenagers in finance: Does it work? *Journal of Banking and Finance, 54*, 160–174. https://doi.org/10.1016/j.jbankfin.2014.11.009

OECD. (2020). *PISA 2018 results (Volume IV): Are students smart about money?*

Opletalová, Alena. (2015). Financial Education and Financial Literacy in the Czech Education System. *Procedia - Social and Behavioral Sciences, 171*, 1176–1184. https://doi.org/10.1016/j.sbspro.2015.01.229

Rahayu, Sucik, Rossari, Dwi Vianita, Wangsanata, Susana Aditiya, Saputri, Nuriana Eka, & Saputri, Nuriani Dwi. (2021). IMPLEMENTASI MANAGEMEN PENDIDIKAN ISLAM PADA DOSEN PERGURUAN TINGGI ISLAM DI ERA PANDEMI COVID 19. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan, 4*(2), 297–308.
Sconti, Alessia. (2022). Digital vs. in-person financial education: What works best for Generation Z? Journal of Economic Behavior & Organization, 194, 300–318. https://doi.org/10.1016/j.jebo.2021.12.001

Shephard, Daniel D., Kaneza, Yves V., & Moclair, Paul. (2017). What curriculum? Which methods? A cluster randomized controlled trial of social and financial education in Rwanda. Children and Youth Services Review, 82(March), 310–320. https://doi.org/10.1016/j.childyouth.2017.09.011

Sujud, Fatih Atsaris, & Setiaji, Khasan. (2020). Determinan Tingkat Literasi Keuangan Siswa Sekolah Menengah (Studi Komparatif Indonesia dan Vietnam). Journal of Economic Education and Entrepreneurship Studies, 1(1), 1. https://doi.org/10.26858/je3s.v1i1.13903

Tomášková, Hana, Mohelská, Hana, & Němcová, Zuzana. (2011). Issues of financial literacy education. Procedia-Social and Behavioral Sciences, 28, 365–369.