Fostering Financial Skills in Young Learners: A Pathway to Financial Independence

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Abstract. Financial literacy education is a fundamental skill that must be instilled from an early age to build financial independence. This study aims to analyze changes in students' behavior before and after receiving financial literacy education and identify the inhibiting factors in fostering a saving cul-ture among elementary school students. Using a qualitative approach, data were collected through in-depth interviews and surveys involving 30 stu-dents aged 10–15 years from diverse socioeconomic backgrounds. The find-ings reveal that financial literacy education significantly improves students' understanding of basic financial concepts, such as budgeting, saving, and managing allowances. However, several inhibiting factors were identified, including a lack of parental support, limited access to financial services, an underdeveloped curriculum, and students' limited understanding of the long-term benefits of saving. Additionally, social environments that promote con-sumerism further hinder the development of a saving culture. This study highlights the importance of collaboration between schools, parents, and the government to integrate financial literacy into elementary education. With a holistic approach, financial literacy can serve as a foundation for shaping a financially independent and responsible generation in the future.

Keywords: Elementary Education, Financial Independence, Financial Literacy, Money Management, Saving Culture.

1 Introduction

In this modern era, financial literacy has become one of the fundamental skills that every individual must possess to achieve financial independence. Financial literacy is not only about the ability to generate income but also includes the ability to man-age finances wisely, distinguish between needs and wants, and plan for the future financially. Unfortunately, the low level of financial literacy in society often be-comes the main cause of various financial problems, such as accumulating debt, loss of investments, and even poverty [2]. This indicates that financial literacy is not only a necessity for adults but should also be instilled from an early age, especially in elementary school children, as an initial step in building a strong financial foundation.

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One of the biggest challenges in financial management is the lack of knowledge and skills in managing finances. Many individuals are unable to differentiate be-tween needs and wants, leading to expenses that often exceed income. This phenom-enon is not only prevalent among adults but is also increasingly observed in young people exposed to a consumerist lifestyle. In Indonesia, the rise of illegal online loans and online gambling serves as concrete evidence of the low level of financial literacy in society. According to data from the Financial Services Authority (OJK), from 2018 to 2021, 3,516 illegal online loan providers were sanctioned, with 19,711 public complaints related to intimidation, data privacy breaches, and unethical debt collection practices [8. Additionally, data from the Financial Transac-tion Reports and Analysis Center (PPATK) revealed that online gambling transac-tions reached IDR 200 trillion in early 2023, with many teenagers falling into this trap, even to the extent of pawning family assets [5]. This phenome-non demonstrates that low financial literacy can make individuals vulnerable to serious financial problems.

In the context of education, financial literacy must be taught from an early age to shape children's mindset in managing finances wisely. Elementary schools, as foundational educational institutions, play a crucial role in instilling financial skills in students. One approach that can be implemented is introducing the culture of frugal living, such as saving money. The habit of saving not only trains children to manage money but also builds awareness of the importance of long-term financial planning. In this regard, educational media such as illustrated storybooks can be an effective tool to attract children's interest in learning financial literacy. Illustrated storybooks not only convey information visually but also build emotional engagement, making it easier for children to understand the financial concepts being taught [2].

However, implementing financial literacy in elementary schools is not without challenges. Financial literacy has not yet become part of the formal curriculum in many schools, while the level of financial literacy among teachers and parents is still low. Moreover, educational media that supports financial literacy is still very limited. Therefore, collaborative efforts between schools, parents, and the govern-ment are needed to integrate financial literacy into basic education. By doing so, children can be equipped with financial skills that not only help them manage money wisely but also serve as an initial step toward financial independence in the future.

This study aims to: (1) identify changes in students' behavior before and after be-ing provided with financial literacy education; and (2) identify the inhibiting factors in fostering a saving culture among elementary school students. By focusing on the development of financial skills from an early age, this research is expected to con-tribute to building a younger generation that is more financially independent.

2 Literature Review

Financial skills are essential abilities that individuals must possess to manage per-sonal finances effectively. Lusardi & Mitchell (2014) [12] define financial skills as the ability to understand and manage various financial aspects, ranging from budgeting and saving to investing. These skills have become increasingly relevant in the era of globalization and digitalization, where individuals face more complex financial choices. However, data from the OECD (2020) shows that only 30% of teenagers in member countries have adequate financial knowledge, indicating an urgent need to improve financial education, particularly among younger generations.

Financial skills encompass not only theoretical knowledge but also the practical ability to apply that knowledge in daily life. For instance, an individual who under-stands the concept of compound interest but cannot manage a monthly budget will struggle to achieve financial goals. Therefore, the development of financial skills must be comprehensive, covering basic skills such as budgeting and saving, as well as advanced skills like investing and risk management. Research by Mandell (2008) [13] shows that teenagers with basic financial skills are more likely to avoid debt and have better savings habits. Meanwhile, Atkinson & Messy (2012) [3].

emphasize the importance of advanced financial skills in helping individuals achieve long-term financial independence, such as through investments in high-return assets.

Financial education in schools is one of the main strategies to improve the finan-cial skills of younger generations. Many countries have integrated financial educa-tion into their curricula. For example, Australia and Canada have successfully im-plemented comprehensive financial education curricula, covering topics such as budgeting, saving, and investing (World Bank, 2018). In Indonesia, although finan-cial education has not yet been fully integrated into the national curriculum, some local initiatives have been undertaken to introduce these concepts to students. An effective financial education curriculum must be relevant to students' daily lives. For instance, introducing financial concepts through games or simulations can make learning more engaging and interactive. Jorgensen & Savla (2010) [10] found that stu-dents involved in experiential learning are more likely to remember and apply the financial skills they learn.

Teachers play a crucial role in teaching financial skills. They are not only responsible for delivering the material but also for creating a supportive learning environment. McCormick & Tchounikine (2018) [15] emphasize that teachers trained in financial education are more effective in teaching these skills to students. Additionally, teachers can serve as role models for students in financial management. By demonstrating good financial practices, such as saving and investing, teachers can encour-age students to develop healthy financial habits. In this regard, collaboration be-tween schools, parents, and the community is essential to create a holistic financial education ecosystem.

In the context of learning theories, cognitive, constructivist, and behaviorist approaches provide relevant foundations for financial education. Cognitive theory, Piaget (1970) [19] highlights the importance of mental processes in learn-ing. In financial education, students need to actively engage in the learning process to better understand financial concepts. For example, students can be encouraged to analyze real financial situations and design appropriate budgets, allowing them to learn not only theory but also develop practical skills. Research by Chen & Volpe (1998) [6] shows that students who actively participate in learning tend to have better financial knowledge compared to those who passively receive information.

Constructivist theory, pioneered by Vygotsky (1978) [21], emphasizes that knowledge is built through social interaction and experience. In financial education, this ap-proach can be applied through collaboration among students in small groups to solve financial problems. For instance, students can work together to plan a simple business project, requiring them to apply the financial skills they have learned. Activi-ties such as market simulations or role-playing games can also be effective tools for teaching financial skills. Research by Kartika & Rahman (2022) [12] indicates that project-based learning can enhance students' understanding of financial concepts and encourage them to apply these skills in their daily lives.

Meanwhile, behaviorist theory, as developed by Skinner (2005), focuses on the influence of the environment on individual behavior. In financial education, this approach can be applied through positive reinforcement to encourage students to develop good financial habits. For example, rewarding students who successfully save a certain amount of money over a specific period can motivate them to continue the habit. Additionally, teaching financial skills should include practice and repeti-tion to ensure that students internalize the concepts being taught [1]. found that positive reinforcement and consistent practice can significantly improve students' financial skills.

Overall, the literature shows that financial skills are a critical element in building financial independence. Financial education in schools, supported by teachers, par-ents, and the community, can be an effective first step in equipping younger genera-tions with the financial skills they need. By integrating relevant learning theories, such as cognitive, constructivist, and behaviorist approaches, financial education can be designed to have a greater impact in shaping healthy and sustainable financial habits.

3 Methodology

This study employs a qualitative approach to explore students' experiences, perspectives, and understanding of financial skills development. This approach was chosen because it provides in-depth insights into how children comprehend financial con-cepts and the [7]. In-depth inter-views and focus group discussions were used to examine the factors influencing the mastery of financial skills, such as family environment, education, and personal experiences [14].

3.1 Research Participants

The participants consisted of 30 students aged 10–15 years from diverse socioeconomic backgrounds and types of schools (public and private). This age range was selected because students at this stage begin to understand concepts such as money, saving, and investing. A purposive sampling technique was used to select partici-pants based on relevant criteria, such as age, educational background, and experienc-es related to financial learning. The researcher also obtained permission from schools and parents to ensure the smooth conduct of the study.

3.2 Research Instruments

The instruments used included questionnaires and in-depth interviews. The ques-tionnaire was designed to collect quantitative data on students' financial knowledge, attitudes, and behaviors, while in-depth interviews were used to gain richer insights into students' experiences. The validity and reliability of the instruments were tested through a pilot study with a small group of students and expert reviews in the field of financial education.

3.3 Data Collection and Analysis Procedures

Data were collected through the distribution of questionnaires in classrooms and individual interviews conducted in comfortable environments for students, such as empty classrooms or libraries. Questionnaire data were analyzed using descriptive statistics to provide an overall picture, while interview data were analyzed using thematic analysis techniques Braun & Clarke (2019) [4] to identify key themes relevant to the research objectives.

4 Result and Discussion

4.1 Changes in Student Behavior Before and After Financial Literacy Education

Financial literacy education has been proven to have a significant impact on the financial behavior of elementary school students. Based on the findings of this study, students who received financial literacy education demonstrated an improved understanding of basic financial concepts, such as budgeting, saving, and managing their allowances. This aligns with previous research, such as a study by Lusardi & Mitchell (2014) which revealed that individuals who receive financial literacy edu-cation are better equipped to make wise financial decisions. In the context of ele-mentary school students, a survey conducted at a school in Jakarta showed that 80% of students began saving regularly after participating in a financial literacy [18]. This indicates that financial literacy education can act as a catalyst for fostering healthy financial habits from an early age.

These behavioral changes are not limited to saving habits but also extend to daily money management. Before receiving financial literacy education, most students tended to spend their allowances on consumptive needs, such as snacks or toys. However, after participating in the program, students began to demonstrate the abil-ity to plan their expenses. Survey data revealed that 65% of students felt more con-fident in managing their money after completing the program. Additionally, students started creating simple budgets for their daily needs, such as setting aside part of their allowance for savings or purchasing more useful items. These findings are consistent with research by (Atkinson & Messy, 2012), which showed that financial literacy education can enhance students' ability to plan and manage budgets.

Financial literacy education also plays a role in changing students' attitudes to-ward money. Before the program, many students viewed money merely as a tool to fulfill short-term desires. However, after receiving financial literacy education, stu-dents be-gan to understand the importance of saving for long-term goals, such as purchasing more valuable items or preparing funds for higher education. A longitu-dinal study by the OECD (2020) [17] found that students who received financial educa-tion had a more positive attitude toward saving and investing. At one school imple-menting this program, students reported that they started setting simple financial goals, such as saving to buy a bicycle or school supplies. This demonstrates that financial literacy education not only changes behavior but also shapes a more strate-gic mindset in financial management.

Despite its significant impact, the implementation of financial literacy education in elementary schools still faces various challenges. According to a World Bank Kar (2023) [11] only 30% of elementary schools in Indonesia have structured financial literacy programs. Most schools still rely on local initiatives or supplementary pro-grams that are not yet integrated into the national curriculum. Additionally, the lack of teacher training in delivering financial literacy education is a major obstacle. Teachers often feel less confident in teaching financial topics, which limits the ef-fectiveness of these programs. This highlights the need for greater support from the government and educational institutions to ensure that all students have equal access to quality financial literacy education.

Overall, the changes in student behavior before and after financial literacy education demonstrate the significant potential of these programs in shaping a more fi-nancially literate generation. With a better understanding of financial management, students can not only avoid financial mistakes in the future but also have greater opportunities to achieve financial independence. Therefore, financial literacy educa-tion should be a priority in the elementary education system to build a strong finan-cial foundation for future generations.

4.2 Barriers to Establishing a Saving Culture Among Elementary School Students

Although financial literacy education has great potential to foster saving habits, several barriers hinder the establishment of a saving culture among elementary school students. These barriers include family factors, socioeconomic environment, educational curriculum, and students' understanding of the benefits of saving.

Lack of Parental Support. Parents play a crucial role in shaping children's saving habits. However, many parents in Indonesia lack adequate knowledge of financial management. According to a UNICEF survey (2020), nearly 40% of parents in Indo-nesia admitted to having insufficient understanding of financial management, mak-ing it difficult for them to set an example or teach their children the importance of saving. As a result, students do not receive enough motivation or guidance to devel-op saving habits. Additionally, in some cases, parents from low-income backgrounds prioritize meeting basic needs, making saving a less important priority.

Limited Access to Financial Services. Socioeconomic factors also serve as a major barrier. Many students come from families with limited financial means, leaving them with insufficient pocket money to save. Furthermore, access to financial ser-vices, such as children's savings accounts, remains limited. Data from Bank Hartadinata & Farihah (2021) [9] shows that only 20% of children in Indonesia have a savings account at a bank. This is due to a lack of child-friendly financial facilities, high administrative fees, or parents' lack of awareness about the importance of opening savings accounts for their children. Without adequate access, students miss the opportunity to practice formal saving habits.

Educational Curriculum That Does Not Support Financial Literacy. The educa-tional curriculum in many elementary schools in Indonesia has not fully integrated financial literacy materials, including saving habits. Most schools only teach finan-cial concepts in a limited way through mathematics lessons or extracurricular activi-ties. A study Riley et al. (2011) [20] found that unstructured financial educa-tion can lead to students having a poor understanding of the importance of saving and money management. Additionally, teachers often lack adequate training to ef-fectively teach financial literacy. This highlights the need for collaboration between schools and financial institutions to design relevant and engaging financial literacy programs for students.

Lack of Understanding of the Long-Term Benefits of Saving. Many students do not understand the long-term benefits of saving, which reduces their motivation to save. Before receiving financial literacy education, students tend to use their pocket money for consumptive needs, such as buying snacks or toys, without realizing the importance of setting aside money for long-term goals. Research by Jorgensen & Savla (2010) [10] found that students who lack a clear understanding of the purpose of saving are less likely to develop consistent saving habits. Therefore, it is essential to educate students on how saving can help them achieve financial goals, such as pur-chasing desired items or preparing funds for future education.

Influence of Social Environment. The social environment also affects students' saving habits. In some communities, a consumerist culture is more dominant than a saving culture. Children are often influenced by peers who prefer to spend their pocket money rather than save it. Additionally, the lack of programs or activities that promote a saving culture in schools, such as student savings programs, is anoth-er obstacle. According to a survey conducted by the Financial Services Authority (OJK) in 2021, only 25% of elementary schools in Indonesia have organized student savings programs. This highlights the need for greater initiatives to create an envi-ronment that supports saving habits.

5 Conclusion

This study demonstrates that financial literacy education has a significant impact on shap-ing the financial behavior of elementary school students. After receiving financial literacy education, students showed an improved understanding of basic financial concepts, such as budgeting, saving, and managing their allowances. Additionally, students began adopting regular saving habits and were able to plan their expenses more wisely.

This indicates that financial literacy education can serve as a catalyst for fostering healthy financial habits from an early age.

However, the study also identified several barriers to establishing a saving culture among elementary school students. These barriers include a lack of parental support, limited access to financial services, an educational curriculum that does not fully support financial litera-cy, and students' limited understanding of the long-term benefits of saving. Furthermore, the influence of a consumerist social environment poses additional challenges in building a saving culture among students.

To address these challenges, a holistic and collaborative approach involving schools, par-ents, and the government is needed. Integrating financial literacy into the formal curricu-lum, providing training for teachers, and offering child-friendly financial services can be strategic steps to support the development of a saving culture. Thus, financial literacy edu-cation not only helps students manage their finances wisely but also serves as a critical foundation for building a financially independent generation in the future.

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