

Financial Literacy for the Students in Christian Senior High School 1 of BPK Penabur in Cirebon to Prepare Them to be the Intelligent Investors

Herlina

Bram Hadianto*

Ika Gunawan

Peter

Martalena

Dini Iskandar

¹Department of Management,
Universitas Kristen Maranatha,
Bandung, West Java, Indonesia

email:

bram.hadianto@eco.maranatha.edu

Keywords:

Financial literacy

Senior High School Students

Risk profile

Received: December 2022

Accepted: March 2023

Published: July 2023

Abstract

Financial literacy is helpful for learners to recognize the features of the capital market and their instruments. With this knowledge, they are expected to manage their money wisely, especially in selecting the devices. Furthermore, to realize this condition, this service to the community aims to measure this literacy level and recognize risk profiles. The methods utilized in this service are lecture, discussion, and simulation. The participants in this service are the 40 students in the eleventh grade taking social science in the Christian senior high school 1 of BPK Penabur in Cirebon. Also, the precise answers of the students based on financial literacy items are used to evaluate this service. Surprisingly, the correct answers to these basic and advanced items are from 60.53% to 78.95% and 63.16% to 78.95%, respectively, indicating the middle financial level exists. This level is above the national literacy level in 2019 in Indonesia: 38.03%. Besides, related to the risk profile, most students are conservative (47.5%) and moderate (47.5%). Based on this outcome, the students with a conventional risk profile are expected to invest their money in a time-deposit account, government bonds, and fixed-income and money-market mutual funds. Meanwhile, students with a moderate risk profile should place their funds in blue-chip stocks and mixed mutual funds.



© 2023 Herlina, Bram Hadianto, Ika Gunawan, Peter, Martalena, Dini Iskandar. Published by Institute for Research and Community Services Universitas Muhammadiyah Palangkaraya. This is Open Access article under the CC-BY-SA License (<http://creativecommons.org/licenses/by-sa/4.0/>). DOI: <https://doi.org/10.33084/pengabdianmu.v8i4.4452>

INTRODUCTION

On November 7, 2019, the Indonesian Financial Service Authority (IFSA) announced national financial literacy and inclusion survey results. Its financial literacy index elevated to 38.03% this year from 29.7% in 2017 (Financial Service Authority, 2019). Despite this positive change, the index in 2019 was still low (Hidayatinnisa *et al.*, 2021). This evidence indicates that Indonesians still need to be financially educated (Prasidy, 2020). Additionally, the IFSA survey 2019 result delivered by Tirta Segara, a member of the commissioner board of IFSA in education and consumer protection, highlights that the financial literacy level for students aged between 15 and 17 is 16%, still smaller than the national level (Malik, 2021). Besides, financial literacy has become a core life in modern society; therefore, young adults must learn it to decide on financial-related matters wisely. Consequently, they will have a high living standard with good psychological and physical well-being (International Network on Financial Education, 2012). Moreover, financial literacy training delivered to the partners, especially schools and the students as the participants, is needed to support this destination. The lecturers take this opportunity as one of the forms of service to the community; for example, Pranoto *et al.* (2020) as well as Sumardi and Habibi (2022) utilize this topic for training vocational high school students in South Tangerang and so do Aravik and Tohir (2022) for similar students in Palembang. Also, Putra *et al.* (2020) employ it for training non-vocational high school students in Ungaran.

How to cite: Herlina, Hadianto, B., Gunawan, I., Peter, Martalena, & Iskandar, D. (2023). Financial Literacy for the Students in Christian Senior High School 1 of BPK Penabur in Cirebon to Prepare Them to be the Intelligent Investors. *PengabdianMu: Jurnal Ilmiah Pengabdian kepada Masyarakat*, 8(4), 523-522. <https://doi.org/10.33084/pengabdianmu.v8i4.4452>

Creating intelligent investors with precise decisions takes time to happen. Indeed, the associated candidates need financial literacy (Alaaraj & Bakri, 2020; Asfira *et al.*, 2020; Pertiwi *et al.*, 2020; Utami & Sitanggang, 2021) and the willingness to accept risk (Leon & Hadinata, 2018; Mubaraq *et al.*, 2021; Pak & Mahmood, 2015). This readiness is reflected in three risk profiles: conservative, moderate, and aggressive (CFI Team, 2022). Specifically, financial literacy training and risk profile detection still need to be experienced by Christian Senior High School 1 students of BPK Penabur in Cirebon. Therefore, when getting the related offering from the representative lecturer from Maranatha Christian University, Dr. Bram Hadiano, S.E., M.Si., the headmaster agreed to facilitate this training by sending the invitation letter No. 421/CRB-A01/H03/10/22 on September 30, 2022. This invitation letter was immediately followed up by forming the committee headed by Herlina, S.E., M.T. on October 2, 2022. Therefore, this service to the community aims to measure the financial literacy level of the students and know their risk profile. With this training, the students can understand and apply the related concepts in the future and choose suitable instruments based on each risk profile.

METHODS

The service to the community is planned for October 26, 2022, in Christian Senior High School 1 of BPK Penabur in Cirebon as the partner. The activities related to this service involve six lecturers and five undergraduate students from the management department of Maranatha Christian University. The six lectures intended are Herlina, S.E., M.T., as the head of the committee, Dr. Bram Hadiano, S.E., M.Si., as the contact person between the committee and the school, Ika Gunawan, S.E., M.M as the committee member for consumption, Dr. Peter, S.E., M.T. and Martalena, S.E., M.M., as the committee member for the training substance, and Dini Iskandar, S.E., M.M. as the secretary. Meanwhile, the five undergraduate students as assistants are Laurensia Vina, Shierly Valencia Dewi, Septhani Santi, Adelya Nurita, and Valeria. Before the event, they write questionnaire items on a Google form, generate its link, and prepare a template for an auto-generated certificate. During the event, they take pictures for each section. After the event, they upload the related videos on YouTube. This community service is conducted in four stages. Firstly, the committee members, including the lecturer, go to Cirebon to coordinate with a teacher handling this meeting on October 14, 2022. This visit is used to know who the relevant participants are. After considering the themes delivered in this community service, the teacher decides these substances are appropriate for 40 students in the eleventh grade taking social science: 19 males and 21 females. Secondly, the committee members propose the rundown to the teacher. After discussion, the final rundown is created, as the first table demonstrates. Then, they check the room and its supporting facilities, such as projectors and sound systems. Fortunately, the room and its facilities are acceptable.

Table I. Rundown of the service to the community of financial literacy on October 26, 2022

Topic	Pearson in charge	Duration
Financial Literacy and Risk Profile	Herlina, S.E., M.T.	Between 08.50 and 09.30 AM
Virtual trading simulation	Martalena, S.E., M.M.	From 09.30 to 10.00 AM and 11.15 to 11.25 AM.
Investment Planning	Dr. Peter, S.E., MT.	Between 10 and 11.15 AM

The third is the execution. In this stage, lecture, discussion, and simulation are utilized. According to Kaur (2011), the lecture is a one-way teaching method where the instructor verbally presents the substances to the learners. The dialog facilitates the instructor to stimulate the students to comment on his or her presentation. Meanwhile, simulation is defined by Jones and Barrett (2017) as conditional creation by a lecturer where students experience a specific event. Finally, to evaluate the effectiveness of the service to the community, the precise answers of the students based on financial literacy items by referring to Lusardi and Mitchell (2009) is used as the final step. In other words, this financial literacy training is successful if at least 60%-79% of students can correctly answer at a medium level, based on Chen and Volpe (1998), still higher than 38.03%, as the 2019 national financial literacy level in Indonesia (Financial Service Authority, 2019).

RESULTS AND DISCUSSION

In the first section, the financial literacy and risk profile were presented by Herlina, S.E., M.T. (Figure 1). The substances were delivered by lecture and discussion. At the end of the first section, the students from committee members of the service to the community distributed the paper-based questionnaire containing six items of the risk profile based on the Financial Planning Standards Board to the participants. Then, their answers were calculated to determine their risk profile: aggressive, moderate, and conservative.



Figure 1. The situation during the presentation of financial literacy and risk profile

After processing the primary data from the survey, 40 students are classified into three types. The total number of students having conservative, moderate, and aggressive styles is nineteen persons (47.5%), nineteen persons (47.5%), and two persons (5%), one-to-one (Table II). Furthermore, students with:

1. A conservative risk should place their money in a time-deposit account, government bonds, and fixed-income and money-market mutual funds.
2. A moderate risk should put their funds in blue-chip stocks and mixed mutual funds.
3. An aggressive risk profile should invest their money in stocks and share mutual funds in the capital market.

Table II. The risk profile of students

The type of risk profile	Total Students	Portion
Conservative	19	47.5%
Moderate	19	47.5%
Aggressive	2	5%

In the second section, Martalena, S.E., M.M. asked the students to download and install the virtual simulation platform from the Google play store on their smartphones. After that, she explained how to buy shares between 9.30 to 10.00 AM based on the imaginary money established and sell them between 11.15 and 11.25 on this installed platform (Figure 2a). This action is aimed at equipping the students with trading experience. In the third section, Dr. Peter, S.E., M.T., became the speaker on investment planning from 10.00 to 11.15 AM (Figure 2b). He utilized the lecture technique based on the associated substances and discussion method. This action functioned to enlarge students' knowledge about the various investment instruments, i.e., fixed assets and money and capital market instruments. Besides, it directed them to plan the selection of investments.



Figure 2. The situation during virtual trading on a smartphone (a) and the condition during the presentation of the investment planning (b)

After the materials for investment planning were delivered, other questionnaire items in the study of Lusardi and Mitchell (2009) were distributed by link. This action aimed to assess the financial literacy level after the students were trained. The test of this literacy covers five essential questions and eight complicated ones. Furthermore, the percentage of accurate answers is calculated. Based on it, the literacy position of students can be classified and determined based on Chen and Volpe (1998): low, medium, and high. Based on the observation from the primary data, the number of students filling in the financial literacy item is 38, where the correct answers based on the total students and their portion are displayed in Table III. From Table III, the number of students with accurate answers to basic literacy questions is between 60.53% and 78.95%. The portion of advanced literacy questions is from 63.16% to 78.95%. By denoting Chen and Volpe (1998), the students have a middle level because these ranges are between 60% and 79%. This circumstance demonstrates the successful meeting of this community service because this attained level is above 38.03% of the national financial literacy level in 2019 in Indonesia.

Table III. The number and portion of students with correct answers to the financial literacy question

No.	The topic of the question	The type of the question	The students with the proper answers	
			Total	Portion
1.	Numeracy	Basic	30	78.95%
2.	Compound interest	Basic	28	73.68%
3.	Inflation	Basic	24	63.16%
4.	Time value of money	Basic	23	60.53%
5.	Inflation and money illusion	Basic	24	63.16%
6.	The function of the capital market	Advanced	24	63.16%
7.	Mutual fund knowledge	Advanced	29	76.32%
8.	Interest rate and bond price	Advanced	24	63.16%
9.	Which one is safer: stock or mutual fund?	Advanced	24	63.16%
10.	Which one is more hazardous: stock or mutual fund?	Advanced	30	78.95%
11.	Long-period return	Advanced	23	60.53%
12.	Highest fluctuation instrument	Advanced	24	63.16%
13.	Risk diversification	Advanced	25	65.79%

CONCLUSION

The purpose of this service to the community is to know the financial literacy level of the students and their risk profile. Moreover, the students becoming the analysis target are from the Christian senior high school 1 of BPK Penabur in Cirebon. From the obtained and processed data, approximately, students have a medium level of financial literacy, reflected by accurate answers to basic literacy questions between 60.53% and 78.95% and advanced literacy questions from 63.16% to

78.95% based on moderate and conservative risk profiles. This description between literacy level and risk profile is fit: The students do not bravely take risks without an advanced literacy level; instead, they tend to moderately and conservatively take risks with a medium literacy level. Indeed, the ideal circumstance should show that all students have high financial knowledge; however, they only reach the middle level. To achieve it, therefore, they are suggested to search for and follow a free webinar associated with financial literacy held by banks and other financial institutions, as well as the Indonesian financial service authority.

REFERENCES

- Alaaraj, H. & Bakri, A. (2020). The effect of financial literacy on investment decision-making in Southern Lebanon. *International Business and Accounting Research Journal*, *4*(1), 37–43. <https://doi.org/10.15294/ibarj.v4i1.118>
- Aravik, H. & Tohir, A. (2022). Improving financial literacy comprehension of students of the vocational high school of Muhammadiyah 1 in Palembang. *Aksi Kepada Masyarakat*, *3*(1), 29–36. <https://doi.org/10.36908/akm.v3i1.429>
- Asfira, N., Rokhmawati, A., & Fathoni, A. F. (2020). The effect of financial literacy and investment experience on risk tolerance and investment decision. *Jurnal Ekonomi*, *27*(4), 340–352. <http://dx.doi.org/10.31258/je.27.4.p.340-352>
- CFI Team. (2022). What is risk tolerance? *Corporate Finance Institute*. <https://corporatefinanceinstitute.com/resources/wealth-management/risk-tolerance/>
- Chen, H. & Volpe, R. P. (1998). An analysis of personal financial literacy among college students. *Financial Services Review*, *7*(2), 107–128. [https://doi.org/10.1016/s1057-0810\(99\)80006-7](https://doi.org/10.1016/s1057-0810(99)80006-7)
- Financial Service Authority. (2019). *Press conference: Public financial literacy and inclusion indexes enhanced based on financial service authority in 2019*. <https://www.ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Siaran-Pers-Survei-OJK-2019-Indeks-Literasi-Dan-Inklusi-Kuangan-Meningkat.aspx>
- Hidayatinnisa, N., Fauziah, F., Trivena, S. M., & Aini, Y. N. (2021). The effect of financial literacy and financial inclusion on economic growth in Indonesia. *JBMP: Jurnal Bisnis, Manajemen, & Perbankan*, *7*(2), 339–359. <https://doi.org/10.21070/jbmp.v7vi2.1539>
- International Network on Financial Education. (2012). *Financial students in schools*. https://www.oecd.org/finance/financial-education/FinEdSchool_web.pdf
- Jones, J. D. & Barrett, C. E. (2017). Simulation as a classroom teaching method. *Journal on School Educational Technology*, *12*(4), 49–54.
- Kaur, G. (2011). Study and analysis of lecture model of teaching. *International Journal of Educational Planning & Administration*, *1*(1), 9–13
- Leon, F. M. & Hadinata, C. (2018). The influence of demography and risk tolerance on portfolio investment selection of post-graduate students. *Jurnal Manajemen*, *22*(3), 360–380. <https://doi.org/10.24912/jm.v22i3.427>
- Lusardi, A. & Mitchell, O. S. (2009). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness. *Quarterly Journal of Finance*, *7*(3), 1–31.
- Malik, A. (2021). The low literacy level: The students are vulnerable to influencer persuasion. *Bareksa*. <https://www.bareksa.com/berita/belajar-investasi/2021-08-24/tingkat-literasi-rendah-pelajar-rentan-terkena-bujuk-rayu-influencer>
- Mubaraq, M. R., Anshori, M., & Trihatmoko, H. (2021). The influence of financial knowledge and risk tolerance on investment decision making. *Jurnal Ekonomi Bisnis & Kewirausahaan*, *10*(2), 140–153. <https://doi.org/10.26418/jebik.v10i2.47089>

- Pak, O. & Mahmood, M. (2015). Impact of personality on risk tolerance and investment decisions: A study on potential investors of Kazakhstan. *International Journal of Commerce and Management*, **25**(4), 370–384. <https://doi.org/10.1108/ijcoma-01-2013-0002>
- Pertiwi, T. K., Wardani, N. I. K., & Septentia, I. (2020). Knowledge, experience, financial satisfaction, and investment decisions: Gender as a moderating variable. *Jurnal Manajemen & Kewirausahaan*, **22**(1), 57–64. <https://doi.org/10.9744/jmk.22.1.57-64>
- Pranoto, P., Fauzi, R. D., Kustini, E., Maduningtias, L., & Yuangga, K. D. (2020). Financial literacy for the vocational high school students of Sasmita Jaya. *BAKTIMAS: Jurnal Pengabdian Pada Masyarakat*, **2**(2), 119–122. <https://doi.org/10.32672/btm.v2i2.2137>
- Prasidya, Y. (2020). Lifestyle, lack of tech adoption, impediments to Indonesian financial literacy. *The Jakarta Post*. <https://www.thejakartapost.com/news/2020/08/10/lifestyle-lack-of-tech-adoption-impediments-to-indonesias-financial-literacy.html>
- Putra, L., Silfiana, I., Khoiriyah, A., & Sapiroto, R. (2020). The financial literacy application in managing the money of students. *Jurnal Karya Abdi Masyarakat*, **4**(1), 132–135. <https://doi.org/10.22437/jkam.v4i1.9830>
- Sumardi, S. & Habibi, P. (2022). Financial literacy training for generation Z in the vocational high school. *El-Mujtama: Jurnal Pengabdian Masyarakat*, **3**(1), 83–92. <https://doi.org/10.47467/elmujtama.v3i1.2253>
- Utami, N. & Sitanggang, M. L. (2021). The analysis of financial literacy and its impact on investment decisions: A study on generation Z in Jakarta. *Inovbiz: Jurnal Inovasi Bisnis*, **9**, 33–40. <https://doi.org/10.35314/inovbiz.v9i1.1840>