



## Education for Financial Literacy on Children Educational Fund Among Housewives in West Jakarta

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Article Info	Abstract
<b>Article History</b> Received: 2022-08-11 Revised: 2022-09-22 Published: 2022-12-01  <b>Keywords:</b> <i>Financial Literacy; Financial Planning; Children's Education Funds.</i>	This study exactly aimed to analyze financial literacy and financial planning in children's education funds among housewives. Respondents in this study were 100 housewives who live in Jakarta city. The data of this research was obtained through the distribution of questionnaires and interviews to dig up more in-depth information. The collected data were analyzed using descriptive statistical analysis, namely to determine the level of financial literacy and financial planning in children's education funds. Based on the results of the analysis carried out, the following results were obtained: 1) The level of financial literacy in planning children's education funds among housewives in Jakarta is high; 2) Financial planning for children's education funds among housewives in the Jakarta city is also relatively high.
Artikel Info	Abstrak
<b>Sejarah Artikel</b> Diterima: 2022-08-11 Direvisi: 2022-09-22 Dipublikasi: 2022-12-01  <b>Kata kunci:</b> <i>Literasi Keuangan; Perencanaan Keuangan; Dana Pendidikan Anak.</i>	Penelitian ini tepat ditujukan untuk menganalisis literasi keuangan dan perencanaan keuangan dana pendidikan anak di kalangan ibu rumah tangga. Responden dalam penelitian ini adalah 100 orang ibu rumah tangga yang tinggal di kota Jakarta. Data penelitian ini diperoleh melalui penyebaran kuesioner dan wawancara untuk menggali informasi lebih mendalam. Data yang terkumpul dianalisis dengan menggunakan analisis statistik deskriptif yaitu untuk mengetahui tingkat literasi keuangan dan perencanaan keuangan pada dana pendidikan anak. Berdasarkan hasil analisis yang dilakukan diperoleh hasil sebagai berikut: 1) Tingkat literasi keuangan dalam perencanaan dana pendidikan anak pada ibu rumah tangga di Jakarta tinggi; 2) Perencanaan keuangan dana pendidikan anak di kalangan ibu rumah tangga di kota Jakarta juga relatif tinggi.

### I. INTRODUCTION

In making financial planning, financial literacy is needed, including for housewives, especially when preparing education funds for their sons and daughters. Widiyati (2012) revealed that a person needs to have the knowledge, attitude and implementation of healthy personal finance which is known as financial literacy. Byrne (2007) found that low financial knowledge will lead to wrong financial planning, and cause a bias in achieving welfare when people are no longer productive. In line with this, Hailwood (2007) as quoted by Yulianti and Silvy (2013) states that financial literacy will further influence how people save, borrow, invest and manage finances. Financial skills here also emphasizes the ability to understand basic concepts of economics. and finance, to how to apply it appropriately. Several studies have examined financial literacy, Chen and Volpe (1998) examined financial literacy through understanding and making financial decisions among college students in America. Behrman, et al (2012) examined how financial literacy affects increasing wealth among households, then Lusardi and Mitchell (2014)

examined financial literacy regarding theory and practice.

Navickas, et al (2014) studied that financial literacy was able to influence personal financial management in households. Meanwhile, Rosaline (2014) tries to relate the level of financial literacy and income allocation among housewives. Based on the results of previous research, no one has tried to highlight the level of financial literacy in planning education funds among housewives. Due to research gaps and existing phenomena, there are still opportunities for further research on financial literacy regarding financial planning in children's education funds among housewives. From this background, the research problems can be formulated as follows (a) What is the level of financial literacy among housewives? (b) Is financial planning for children's education funds considered important by housewives? The benefit of this research is to look at financial literacy and financial planning in children's education funds among housewives so that they can provide input on how to prepare and manage children's education funds.

## II. METHOD

### 1. Population and Sample

The population in this study were housewives who worked and did not work in west Java. The location was chosen because of the education level of the people of west Jakarta, most of whom have high school education and above. the higher the level of education, the higher the level of financial knowledge, so that it is expected to have a high level of financial literacy and will assist in planning children's education funds (Lusardi and Mitchell, 2014). Method of collecting data. Research instruments were distributed to housewives in various ways, such as while at school, namely while waiting for their children's school hours; directly visiting mothers who were at home or by entrusting questionnaires to family members known to the researcher. The first process of data collection was for the *pilot test* by collecting as many as 30 questionnaires which was carried out for about two weeks, then the process of collecting questionnaire data for data analysis tests for about one month.

### 2. Concept Measurement

The variables measured in this study are financial literacy and financial planning in children's education funds. The measurement of financial literacy variables refers to Chen and Volpe (1991), which includes knowledge and decisions regarding knowledge regarding financial planning for children's education funds and financial decision making for planning children's education funds. Measurement of financial planning in children's education funds refers to Akbar (2007) in Unola and Linawati (2014), namely funds allocated separately to meet children's educational needs in the future.

### 3. Analysis Techniques

A *pilot test* to carry out reliability tests and validity tests was carried out on 30 respondents. A *construct* is said to be *reliable* if it gives a *Cronbach alpha value*  $> 0.7$  and an indicator is said to be valid if  $r\text{-count} > r\text{-table}$  (Wijaya, 2012). Questions on financial literacy variables in this questionnaire refer to the definition of Chen and Volpe (1998) which are adapted to planning children's education funds which consist of questions regarding knowledge of managing children's education funds (containing multiple choice questions) and making financial decisions on education

funds.

## III. RESULT AND DISCUSSION

### 1. Financial Literacy. Financial Knowledge Regarding Financial Planning in Children's Education Funds

The following is the result of a descriptive test to see the average score, the highest value and the lowest value of financial knowledge regarding financial planning for children's education funds. Financial knowledge is said to be high if the score is correct, that is, it is at an average score  $\geq 5$  and low if the average score is  $< 5$ . From the calculation results, the average score for the level of financial knowledge regarding financial planning in children's education funds among housewives is in the range of 8.14, this score is included in the high category because it is above a score of  $\geq 5$ . This is because the education level of housewives is the Respondents in this study were mostly high school and undergraduate graduates. Lusardi and Mitchell (2014) found that the higher the level of education, the higher financial knowledge. With an adequate level of financial knowledge, it will make it easier for housewives to make financial decisions regarding financial planning for children's education funds.

### 2. Financial Decisions Concerning Education Fund Financial Planning.

The following is the result of a calculation to see the percentage of financial decisions regarding the financial planning of education funds. From this it can be concluded that housewives already know the goals to be achieved when planning children's education funds. According to Goss (2001) in making financial planning it is necessary to set measurable financial goals. Meanwhile, Kapoor, *et al* (2011) in making financial planning in setting financial goals need to be specific. By setting measurable and specific goals, it will make it easier to determine calculations regarding the estimated funds allocated for financial planning in children's education funds. Furthermore, in financial decisions, namely carrying out calculations regarding the estimated costs of education needed in the future, 70% of respondents have already done this. As stated by Mrs. Ayu (Householding, age 48) in the results of the interview: "*make estimates, for example the thesis is outside the city how much funds are needed such as boarding costs, then the cost of study tours held*

on campus, if the budgeted funds are one million extra in case of illness."

From this, respondents did not only estimate tuition fees, but also estimated the costs of children's college needs. In addition, there were also respondents who had calculated the estimated children's education funds from the previous five years, namely the results of an interview with Mrs. Dwi (household manager, age 54): *"My youngest child is still five years away. at least I have to multiply the funds twice as much as his brother"*.

### 3. Financial Planning for Children's Education Funds

The following is the result of calculating the average financial planning score for children's education funds. The average score of financial planning on children's education funds is said to be high if it is  $\geq 3$  and it is said to be low if it is  $< 3$ . Based on the results of calculating the average score of financial planning on children's education funds, namely 4.22, it can be categorized as high because it is above the average score of 3, so it is on the agreed scale. The highest average score is found in indicator one, namely considering higher education as important for children, namely 4.6. This indicates that parents are starting to realize the importance of higher education for children as a provision for their children in the future. This is evident in financial decisions from the results of interviews with respondents who have set a minimum target for their children's education to be S1. The next indicator is funding children's college with prepared investments, with an average score of 4.23. Some respondents have already prepared children's education funds in the form of general savings, education insurance, education savings and other instruments. Whereas in the third indicator, setting aside approximately 20% of income every month for children's education funds with an average score of 4.21, it means that the housewives who were respondents in this study agreed with this, but in practice only about 37% of housewives households that have allocated  $\geq 20\%$  of income. This is because some respondents reasoned that the existing funds were allocated for daily needs, business needs, and other reasons. In addition, if seen from household income, they are still in the range of the middle class group.

The fourth indicator, which is preparing funds for children's education from birth, is in

the range of 4.22, meaning that the average housewife agrees to prepare funds for children's education from birth. Children's own education funds need to be prepared well in advance considering that education costs continue to increase and so that it is not too urgent in terms of preparing these education costs in the future. Furthermore, for the fifth indicator, namely estimating the cost of education is at an average score of 4.11 and the sixth indicator is evaluating the planning of children's education funds on a regular basis at an average score of 3.96, meaning that the average housewife agrees with doing estimate costs and evaluate the planning of children's education funds. When viewed from the results of interviews on financial decisions planning children's education funds, there are several things that are done by several respondents, namely not only estimating the child's college costs but the cost of college needs and carrying out financial planning five years before the child goes to college, which then evaluates financial records which exists. So that from the average score of financial planning on children's education funds, it can be concluded that housewives consider this important

## IV. CONCLUSION AND SUGGESTION

### A. Conclusion

Financial literacy among housewives is relatively high, this is due to the education factor of some housewives who are high school and bachelor graduates, but this is inversely proportional to the characteristics of planning children's education funds, there are still many housewives who allocate less than 20% of their education funds. existing income, this is due to household income factors that are in the middle class so that existing income is allocated for daily needs, business and others. Housewives consider financial planning for children's education funds important, including as in the results of interviews several housewives have set financial goals for tertiary education so that from this housewives consider higher education important for children, housewives have also done estimates regarding future education costs and evaluates financial planning for children's education funds. Applied Implications. Financial planning for children's education funds is important, considering that education is a provision for children in the future and

the cost of children's education continues to increase every year, therefore it is necessary to plan children's education funds from an early age so that it is not too burdensome in the future. In addition, allocating funds for financial planning for children's education should housewives set aside 20% of their income, considering the cost of education.

## B. Suggestion

Discussion related to this research is still very limited and requires a lot of input, a suggestion for the next author is to examine more deeply and comprehensively the Education for Financial Literacy on Children Educational Fund Among Housewives in West Jakarta.

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