

## FINANCIAL LITERACY EDUCATION FOR PRESCHOOL STUDENT

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### ABSTRACT

*Financial literacy has been implemented at various levels of education, however, early childhood financial literacy skills have not been fully identified. The purpose of this research was to learn why and how the teachers of the KB 2 Class at Nyai Ahmad Dahlan Full Day School Yogyakarta introduce financial literacy education to their students. This research was classified as qualitative research with a single case research approach. The data was collected through interviews and direct observation by researcher, then analyzed by data collection, data reduction, data presentation, and conclusion drawing. According to the findings of the research, financial literacy education in KB 2 Class was carried out along with the teachers' concerns about Indonesia's high rate of corruption. The education was done by introducing children to various financial concepts and inviting them to practice these concepts based on predetermined indicators. The results showed that 80% of children could distinguish banknotes and coins based on their shape, 100% of students saved at the school bank, 93% of students saved at home with a piggy bank, 93% of students enthusiastically participated in role-playing activities as sellers and buyers, 87% of students participated in market day activities, 67% of students wanted to share with their friends, 80% put money in the infaq box, and 53% could tell their belongings from those of their friends.*

**Keywords:** *Education, Literacy, Financial Literacy, Preschool, Early Childhood*



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## LATAR BELAKANG

The process of changing how children think, interact with one another, and interact with objects in their environment is known as child development. Children are the nation's next generation, with various types of potential that must be developed. Many factors influence whether or not a child's potential develops, one of which is education. The education provided will serve as a foundation for future life. Furthermore, it can serve as a capital for long-term national development.

Literacy education is something that children should start learning at a young age. According to Santrock, one of the skills that will influence children's critical reasoning in the next developmental period is literacy (Santrock, 2011). Basic literacy as a full-fledged 21st-century skill includes several components, including literacy and numeracy, science, information and communication technology (ICT), culture, citizenship, and finance. In line with this, in 2016, the Ministry of Education and Culture launched the National Literacy Movement (GLN) program. GLN is a response to the issuance of Permendikbud No. 23 of 2015 concerning Character Development (Kemendikbud, 2016).

According to Pahrudin (2018), financial literacy is a set of activities or processes that foster consumers' and the general public's knowledge, skills, and trust to enable better

financial management. Furthermore, the Organization for Economic Cooperation and Development (OECD) defines financial literacy as the perception, combination, knowledge, competence, behavior, and attitudes required for making sound financial decisions to achieve financial prosperity (Setiawan and Soetiono, 2018). Financial literacy occurs only when a person possesses a set of skills and abilities that allow them to use available energy sources to achieve future goals. People who are skilled at making sound financial decisions do not face financial difficulties, allowing them to maintain a healthy financial mindset and prioritize their needs over their desires. (Herawati, 2017).

Without good financial management, people tend to waste their hard-earned money. On the other hand, expertise in financial management can be an important factor in future success. All citizens, including children, must have good financial management skills. As a result, financial literacy is required to make it happen. Financial literacy is a long-term goal for all people, with one focus on early childhood. The goal is to encourage someone who was previously illiterate or under-literate to become well-literate.

According to Fadillah (2016), early childhood is a group of children who are involved in the process of development and growth, each with their characteristics. Early

childhood refers to a period of rapid growth and development, sometimes referred to as a developmental leap. Furthermore, Sujiono (2017) contends that early childhood is a period in a person's life when their personality undergoes fundamental and rapid development toward the next life. Early childhood is defined as ages 0 to 8 years. Human life is currently undergoing a period of rapid development in all aspects of development and growth. To treat children, the learning process must take into account the specific characteristics of each stage of the child's development.

As a developing country, financial literacy education is lacking in Indonesia, particularly in the family, school, and community spheres. Financial literacy education has not been implemented in a systematic and planned manner. Financial literacy education is required to educate people on how to manage their finances wisely and in accordance with their needs (Indriayu & Renol, 2017). Financial literacy education should begin as early as possible, ideally with preschoolers or children in their early childhood. Early exposure to financial literacy knowledge will prepare children to manage their finances properly and correctly in the future.

Children can be taught financial literacy as early as possible through formal or non-formal education. Early childhood financial

literacy must be taught as preparation not only for child growth and development but also for the next level of life skills and abilities.

Financial literacy education, particularly for young children, is rarely provided in Indonesia, either at home or at school. Financial literacy education has not been implemented properly or systematically because it is still regarded as unnecessary and unimportant, even among children. Education introduces financial literacy as an important science that is taught to children at a young age so that they will not waste their time and will make reasonable efforts in financial management to obtain what they desire later in life (Nabila et al., 2019). The long-term goal of financial literacy is to improve the literacy skills of children who do not have or do not have the literacy skills to comprehend the concept of financial literacy. Another literacy goal is to increase the number of people who use financial services efficiently and effectively (Yushita, 2017). This promotes financial literacy and allows for the identification of services and products that meet needs by taking into account the rights, benefits, obligations, and risks of the options considered.

Financial literacy education for children is more than just an introduction to money and nominal value; it is a broader understanding of the concept of proper financial management, controlling what costs are

necessary, and developing the ability to control expenses. This financial literacy education is critical for realizing people who understand how to manage their finances appropriately and wisely as needed (Novieningtyas, 2018). It is critical to teach financial literacy to children as early as possible, particularly preschool and elementary school age children because teaching financial literacy at a young age prepares children to handle finances appropriately in the future.

Today's society expects students' development to be balanced between values, attitudes, knowledge, intelligence, creativity, communication, and environmental and religious awareness. Meanwhile, an increasing number of parents (particularly mothers) are working outside the home for extended periods. As a result, mothers have very little time to directly care for their sons and daughters. A Kindergarten (TK) and Playgroup (KB) Aisyiyah Nyai Ahmad Dahlan Full Day, also known as Nyai Ahmad Dahlan Full Day School, were established as a result of a number of these factors. The school's vision is to realize a Qur'anic generation that excels in spiritual, emotional, and intellectual intelligence.

Nyai Ahmad Dahlan Full Day School is a KB TK affiliated with the Muhammadiyah-Aisyiyah branch of Kotagede. This school has a regular and full day system, with the regular

system running from 07.00 to 11.00 and the full day system running from 07.00 to 16.00 West Indonesia Time (WIB). At the KB level, there is only one class with a full-day system, the KB 2 class, which has 15 students aged 3 to 4 years. Mrs. DT and Mrs. HN were the teachers for the class.

Based on preliminary observations, teachers in KB 2 provide basic financial literacy education to their students. This is an intriguing finding, given that early childhood is frequently regarded as lacking in financial understanding. Furthermore, under the auspices of the Muhammadiyah-Aisyiyah Kotagede branch, this education is rarely provided for children of this age range in family planning and kindergarten. The specific question addressed by this research is why and how teachers provide financial literacy education to their students, what approach is used, and whether this education needs to be continued. As a result, a single case research research is required to reveal more deeply why and how this education is carried out.

## **METODE PENELITIAN**

This research applied qualitative research using a single case research approach. The researcher chose this research method because the researcher wanted to find out how and why the KB 2 Class teacher at Nyai Ahmad Dahlan Full Day School

Yogyakarta provided financial literacy education to the students. Mrs. DT and Mrs. HN, two teachers from KB 2 Class at Nyai Ahmad Dahlan Full Day School Yogyakarta, were the subjects of this research. The data was collected through interviews and direct observation by researcher. The collected data was then processed using interactive analysis techniques with four activity steps: data collection, data reduction, data presentation, and conclusion drawing.

**HASIL DAN PEMBAHASAN**

According to the results of interviews with research subjects, the biggest motivation for the teachers in providing financial literacy education to their students who were still at an early age was that they can train children to avoid corruption, gratuity, or other bad behavior in the field of finance in addition to help children master financial skills from an early age. As a result, implementing financial literacy education for early childhood was expected to raise awareness of good and healthy financial management in accordance with Islamic teachings. Furthermore, it was discovered that the factors influencing the holding of financial literacy education for KB 2 class students of Nyai Ahmad Dahlan Full Day School Yogyakarta were classified as supporting and inhibiting factors. Table 1 shows the factors that help and hinder financial literacy education in schools.

Table 1. Interview Transcripts of Factors Influencing Financial Literacy Education

Question Aspect	Transcript of Answers	
	Informant One	Informant Two
Supporting Factors	Government and school principal support in the form of complete guides and references	Socialization from authorities such as school supervisors
	There is support from parents in the form of physical and funding.	Support from parents / guardians of students in the form of physical and funding.
	Adequate facilities and infrastructure	Adequate facilities and infrastructure.
Inhibiting Factors	Lack of sensitivity from a small part of the school community.	Monotonous literacy activities
	Teachers' knowledge regarding financial literacy is still limited	Lack of support from parents to implement financial literacy at home

According to table 1, the two factors that influence the initiation of financial literacy education in KB 2 Class at Nyai Ahmad Dahan Full Day School Yogyakarta can be explained as follows:

**1. Supporting factors**

The following are some of the factors that contribute to the implementation of financial literacy education in schools: First, there is government and school principal support in the form of guidelines and references related to the implementation of financial literacy education at all levels of education. The role of the government and school principals in designing financial literacy education, according to Holden et al. (2009), is to establish policies and incorporate financial literacy education into the curriculum. The government, through its central bank or related authorities such as the OJK, played a strategic role, particularly in achieving the

population's target annual financial literacy level, because this directly affected the population's welfare.

Second, authorized parties such as school administrators and financial service providers socialized the entire literacy movement in schools. Financial literacy could be taught to parents, teachers, and children through pamphlets, books, games, and comics, as well as financial literacy outreach/campaigns or financial crimes such as corruption, according to Fianto et al. (2017).

Third, the majority of school members, including principals, teachers, administrators, and students, participated actively. According to Safitri and Subandi (2020), various parties, including school principals, teachers, and stakeholders, are required to build a culture of financial literacy.

Fourth, there was parental or guardian support for implementing financial literacy at school. According to Yuwono and Juniani (2020), the development of early childhood financial literacy cannot be separated from the role of parents. Outside of school, a child would be heavily involved in activities with their parents at home. Children's financial behavioral abilities, such as saving activities, would be greatly

influenced by their parents' financial behavioral abilities and habits.

Fifth, the KB Nyai Ahmad Dahan Full Day School Yogyakarta had adequate facilities and infrastructure. One of the activities carried out by schools to maximize financial literacy activities was the optimization of school banks and libraries. This was consistent with Ariyani's (2018) research findings, which state that implementing early childhood financial education in schools necessitates additional supporting facilities and infrastructure.

## **2. Inhibiting factors**

According to table 1, the inhibiting factors of financial literacy education at the KB Nyai Ahmad Dahan Full Day School Yogyakarta included: first, the lack of sensitivity and discipline of a small number of school members in participating in financial literacy education, which was feared would affect other school members. The school was expected to always supported and motivated students to participate in financial literacy education. The school could also enforce the policy in writing if necessary. According to Fianto et al. (2017), the development of the financial literacy movement in schools could not be separated from the school's culture.

Second, the monotonous school programs related to the implementation of financial literacy in schools. As a result, teachers in KB 2 had provided educational games several times to pique students' interest in learning financial literacy. According to Tersis & Matsouka (2020), play provides an opportunity to children to practice different social roles and learn social rules. This was consistent with the findings of a research conducted by Rakimahwati and Ardi (2019), who explained that one of the strategies used to improve kindergarten students' digital literacy culture is to conduct experiments using interactive games.

Third, because the teachers did not have a background in economic education, their understanding of financial literacy was still limited. As a result, a special program for teachers on the concept of systematically introducing financial literacy in schools was required. This is in line with Violeta's research (2022), which states that the more professional development trainings are continuously offered to preschool level teachers, the higher the teachers' self-confidence and level of preparation for work. Then, Deng et al (2013), discovered a positive relationship between teachers' financial knowledge and their students' financial education, implying that what the teacher

conveyed about financial literacy was improving.

The fourth inhibiting factor was a lack of parental support for implementing financial literacy at home. As a result, increased continuous synergy with student parents was required. As a result, financial literacy education could be achieved collaboratively with the cooperation of parents. According to Krisdayanthi's (2019) research, financial parenting has an impact on children's financial management abilities as adults.

### **The Implementation of Financial Literacy Education**

Financial literacy education was implemented programmatically at Nyai Ahmad Dahlan Full Day School through daily learning processes. Table 2 shows the indicators that have been determined and their implementation:

Table 2. Indicators and Implementation of Financial Literacy Education in KB 2 Class

Indicator	Implementation
Being able to distinguish between banknotes and coins/metal	The teacher shows the children a video of shopping activities while displaying coins and paper money. The teacher explains the differences between coins and banknotes using real money media while asking students to identify coins and banknotes by placing them
Being able to do savings activities	The teacher invites students to participate in saving activities by depositing a savings book filled out and signed by their respective parents to the school bank. The teacher then explains the basic concept and benefits of saving. Furthermore, the teacher instructs students on how to continue saving activities at home by providing
Being able to do buying and selling activities (regardless of nominal money)	This indicator is realized through role-playing and direct practice during market day activities. In the role play activity, the teacher instructs the students to act out the buying and selling process, with one child acting as the seller and the other as the buyer. The teacher uses a lottery to determine buyers and sellers to avoid children scrambling to choose whether to be sellers or buyers. The teacher simulates buying and selling to the students by having one of them act as a buyer. Children are asked to pay close attention to the teacher's buying and selling process, which will then be practiced based on the lottery results. The market day activities are then carried out during school hours, with buyers consisting of teachers and students' parents.
Being able to do sharing or giving activities	Students are invited to participate in sharing activities that begin in their own classroom environment. The trick is that students are divided into five groups of three children each. They were then instructed to color a large picture with a set of crayons that were alternately used. When a child wishes to use crayons of the same color, the teacher allows the child to take turns using the crayons. For example, if student A prefers to use red crayons first, student B can color other objects with different colors of crayons. Furthermore, the teacher introduces the simple concept of alms by placing money in the
Being able to distinguish between own belongings with others	Because KB 2 is a full-day class, students will need to bring some equipment to class, such as bags, drinking bottles, shoes, sandals, pillows, a change of clothes, and towels. Students are instructed to use items in accordance with their respective ownership. Students learn the fundamental concept of ownership through this activity, allowing them to distinguish between what is theirs and what is not

The researcher collected the data through participant observation, where the researcher went directly to observe the implementation of financial literacy education in KB 2 class. Based on the observations, the following conclusions were reached.

### 1. Literacy about forms of money

The results showed that 12 students, or 80% correctly answered that metal money went into the coin box and paper money went into the paper money box. Figure 1 depicts the findings of research into the differences between coins and banknotes.

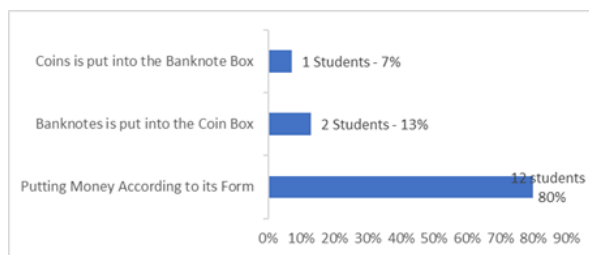


Figure 1. Literacy Responses in the Form of Money

### 2. Literacy about saving activities

The results showed that 15 students, or 100%, carried out saving activities at the school bank with the nominal already filled in on the deposit slip by their parents, and one student did not carry out saving activities with the piggy bank that had been given previously, for a percentage of 93% saving with a piggy bank at home.

The results of research on saving activity are presented in Figure 2 below.

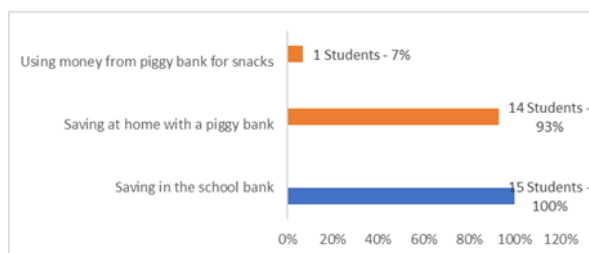


Figure 2. Literacy Responses to Saving Activities

### 3. Literacy in buying and selling activities

The findings revealed that 14 students, or 93%, enthusiastically



participated in role-playing activities at school, with the remaining 1 sleeping at the time. When the market day came around, 13 out of 15 students (87%) participated. Two students were absent because they had gone home earlier (the hour when the market day was held was 15.00, and the 2 students were picked up at 12.00 and 13.00). Figure 3 depicts the findings of a research on buying and selling activities.

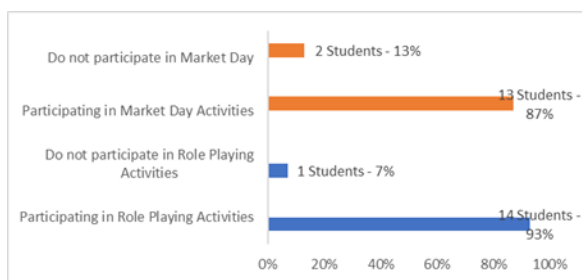


Figure 3. Literacy Responses to Buying and Selling Activities

#### 4. Literacy about sharing or giving activities

The findings revealed that ten students, or 67%, wanted to share their experience coloring a large picture with a set of crayons used alternately. The remaining five people cried because they didn't want to wait to take turns and were fighting over other friends. Then, during the infaq, 12 out of 15 students (80%) put money in the infaq box, while the remaining three did not because their parents forgot to give them money for

infak. Figure 4 depicts the findings of a research on sharing or giving activities.

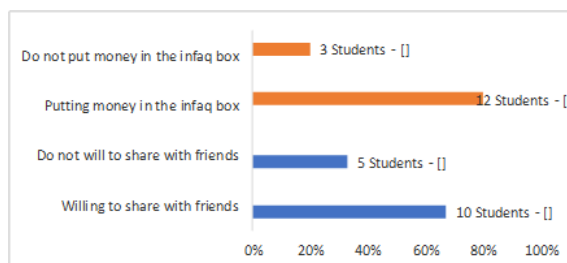


Figure 4. Literacy Responses to Sharing or Giving Activities

#### 5. Literacy about ownership

According to the findings, 8 students (or 53% of the total) could distinguish their belongings from those of their friends, while the remaining 7 students did not understand and thus borrowed their friends' belongings without permission. Figure 5 depicts the findings of a research on saving activities.

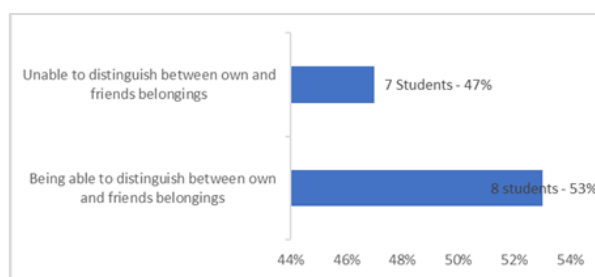


Figure 5. Literacy Responses to Ownership

According to the research's findings, the students were able to distinguish money based on its form, and carry out saving and buying and selling

activities without regard for the nominal amount of money, because family planning age had not been taught to count, they were only learning numbers. Furthermore, the concept of sharing is not only about money, but also about taking turns using goods (not fighting over it with friends). Some KB 2 students continued to refuse to share with their peers because it was natural for children to have very high self-esteem. However, for infaq activities, they understand the concept of sharing because the teacher always emphasized the importance of infaq and alms to students. They could also understand how were the children out there who could not go to school because they could not afford it by watching videos about a child giving alms to other children in need. Finally, nearly half of the students still could not tell their belongings from those of their friends. As a result, students continued to borrow items belonging to their friends without the owner's permission. In line with the findings of this research, Kasman & Hammond (2018) discovered that financial education in early childhood focuses more on changing mindsets in controlling unexpected cash expenditures (control impulses). The research showed that when a child aged 3-11 years can control their money well,

they already have good planning in the form of a private house, investment, and retirement fund at the age of 32, compared to children aged 3-11 who cannot control their money.

## KESIMPULAN

Financial literacy instruction in KB 2 Class of Nyai Ahmad Dahlan Full Day School is carried out in response to teachers' concerns about the high rate of corruption in Indonesia. Educational activities are carried out both inside and outside the classroom. The education was done by introducing children to various financial concepts and inviting them to practice these concepts based on predetermined indicators, including the ability to distinguish between banknotes and coins, the ability to save, the ability to buy and sell (without regard for the nominal amount of money), the ability to share or give, and the ability to differentiate between one's belongings and those of others. According to the research findings presented above, the KB 2 teacher's initiative to introduce basic financial literacy to young children should be continued, because students show positive results, as evidenced by the achievement of all indicators exceeding 50%.

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