

# Family Financial Management Education for Village Communities Based on Digital Financial Literacy

## Author

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## Abstract

Low financial literacy remains a major challenge in maintaining household economic stability, particularly in rural communities. Limited understanding of control, management, and spending contributes to high household financial vulnerability. This community service program aims to improve this understanding. The implementation method involves several stages, starting with needs identification, material design, educational implementation, and community satisfaction evaluation. Forty-four participants participated in the program, with a very high satisfaction rate of 84%. These findings demonstrate that the phased financial management education effectively increased the program's acceptance and relevance among rural communities.

**Keywords:** financial literacy; family financial management; digital financial literacy; community service in rural areas.

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## Introduction

Financial literacy is a fundamental aspect in maintaining household well-being and economic resilience. Various studies have shown that low financial literacy contributes to unhealthy financial behaviors, such as consumer debt, excessive spending, and the absence of an emergency fund (Mitchell & Lusardi, 2015; OECD/INFE, 2023). This situation is further complicated in rural communities due to limited access to financial education. Technological developments are also changing the way people manage their finances. The OECD/INFE (2023) emphasizes that digital literacy encompasses not only the ability to use applications but also understanding decision-making.

In Indonesia, strengthening financial literacy has been included in the agenda of the Indonesian National Financial Literacy Strategy (SNLKI), which emphasizes community-based and family-based approaches and the use of technology. The 2024 OJK-BPS survey recorded a financial literacy index of 65.43%. However, for the 15–17 age group, the figure remains at 51.7%, demonstrating the importance of early financial education. Meanwhile, the 18–25 age group has reached 74.04%, a sign of good development. Furthermore, the 26–35 and 36–50 age groups have the highest financial inclusion indexes, at 89.96 percent, 86.10 percent, and 85.81 percent, respectively. Conversely, the 51–79 and 15–17 age groups have the lowest financial inclusion indexes, at 66.88 percent and 74.00 percent, respectively. Therefore, active outreach is needed to increase community knowledge. Field conditions indicate that Community Service (PkM) activities are often not designed sustainably (El Hasan et al., 2023). However, PkM activities are expected to improve community financial literacy.

Several findings from Community Service (PkM) activities indicate that individuals who understand financial literacy will be able to manage their assets, which will impact their investment behavior (Kunaifi & Akbar, 2019). This is confirmed by Maulidah et al., (2022), who also stated that one

of the supporting factors in achieving financial goals is financial literacy. Financial management is not only important within organizations or companies, but also within the family. Families are considered vulnerable to potential financial risks, as mismanagement can lead to marital problems, such as divorce, difficulty financing children's education, and spouses' financial burdens (Farma et al., 2024). Kumalasari et al., (2023) stated that family financial well-being depends on good financial management, and financial management is highly dependent on the family's financial literacy. Indriyani (2022) in her research also found that financial literacy and financial technology partially influence financial inclusion. Given the importance of financial literacy, this financial awareness needs to be fostered from an early age.

The results of Community Service (PkM) activities Octrina et al. (2023) stated that many students have never known or sought information about financial literacy and investment. In fact, people who are financially literate can understand financial planning and make financial decisions to achieve their financial goals (Sumantri & Indraswari, 2024). Other research findings from Husna & Lutfi (2021) show a significant influence between financial experience and knowledge on a person's ability to manage family finances. Hambali et al. (2024) cite several factors contributing to low financial literacy in villages, including a lack of formal education and access to formal education. Therefore, this Community Service Program (PKM) activity serves as a platform to help improve community knowledge.

Based on these conditions, PkM activities in Sugihmukti Village were held with a phased and contextual approach. The objectives of this financial management and financial literacy activity for the village community are as follows:

1. Increasing financial awareness
2. Increasing financial literacy knowledge
3. Increasing awareness of financial fraud

After this outreach, it is hoped that the community will have a better understanding of financial management and financial literacy. Furthermore, it is hoped that a number of positive impacts and behavioral changes will emerge among the participants.

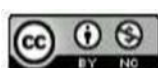
## Method

This Community Service activity was held in Sugihmukti Village, Pasirjambu District, South Bandung, West Java, with 44 participants. The activity took the form of outreach, presentations, and discussions with the village community. This activity was conducted in four stages:

1. Identification of Problems and Needs: Initial communication and observation were conducted with the village community to identify key issues related to financial management.
2. Designing Educational Materials and Methods: Based on the needs identification results, the Community Service team designed educational materials covering:
  - a. The Importance of Family Financial Management
  - b. Household Budget Planning and Control
  - c. Separating Needs from Wants
  - d. Financial Risks and the Importance of Emergency Funds
  - e. Introduction to Digital Financial Management Applications
3. Implementation of Interactive Education and Discussion: In this stage, the material was delivered through an interactive lecture method combined with discussion and Q&A. Participants were also encouraged to share their financial management experiences, fostering a two-way discussion.
4. Evaluation and measurement of participant satisfaction: The final stage involved distributing a questionnaire to assess participants' level of understanding and satisfaction.

## Results and discussions

The discussion of this Community Service Program (PKM) activity will be divided into four stages, as follows:



### 1. Identification of Problems and Needs

The community needs identification stage is the initial step in implementing the PkM activity. At this stage, the team conducted observations and discussions with the village head and several community members to determine the topics the PkM team expected to cover. Based on these discussions, an idea emerged to conduct financial education, given the current lack of community understanding of financial literacy. Furthermore, some communities felt they did not regularly record their finances.

The success of this identification stage was validated through a questionnaire distributed at the end of the event. Based on the indicator "materials according to needs," 95% of participants stated that this activity met their needs. This result aligns with the OECD/INFE (2022), which states that to support community literacy levels, contextual mapping of target needs is necessary.

### 2. Designing Educational Materials and Methods

Based on the needs identification results, this activity is aligned with the needs of the village community. The prepared material covered fundamental aspects of financial management, budget planning, spending control, how to separate wants from needs, recognizing financial risks, and digital financial literacy.

The effectiveness of this stage was reflected in the distributed questionnaire indicator, "the material is clear and easy to understand." The results showed that 84% of participants gave it a rating of "good" to "very good." Only 16% of participants gave it a rating of "fair." Interpretatively, these results indicate that participants were able to understand the material presented, but a small number still needed further exploration. Therefore, these results demonstrate the success of the material design and also provide a foundation for developing more practical PkM activity methods. It is hoped that future activities will be more oriented towards direct practice.

These findings align with Mitchell & Lusardi (2015), who stated that financial literacy is not only related to knowledge transfer, but also how participants interpret concepts and connect them to life experiences.

### 3. Implementation of interactive education and discussion

In this stage, education is carried out in the form of interactive material delivery followed by discussion and questions and answers. This approach was designed to encourage active participant participation and exchange experiences among participants regarding how they manage their finances. The event was attended by 44 participants, consisting of 66% women and 34% men (Figure 1). The participants' ages varied widely, from those under 20 years old to those in the 50-59 age range (Figure 2).

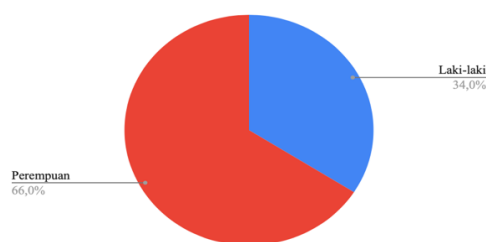


Fig. 1 Respondents by gender

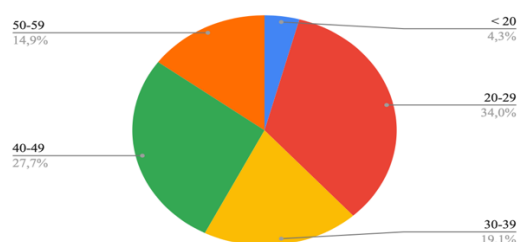


Fig. 2 Age range of respondents

The pre-test results indicated that participants' initial understanding of family financial management

was in the fair to good category, with average scores ranging from 3.67 to 4.47. Several basic indicators, such as understanding the importance of financial record-keeping and spending control, showed relatively good scores. However, a significant proportion of respondents still chose the neutral/uncertain category, particularly in the following aspects: retirement planning, introduction to family financial applications, and understanding the risks of digital financial services.

The high number of neutral responses to these indicators indicates that prior to the intervention, participants' understanding was still partial and had not been fully internalized in their daily financial behavior. This reflects a common finding in the financial literacy literature that rural communities tend to have sufficient basic understanding, but weak in aspects of long-term planning and digital financial literacy.

**Table 1** Pre-test Results for Understanding Family Financial Management

No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I understand the importance of recording all monthly income and expenses.	0%	0%	4,26%	44,68%	51,06%
2	I am able to distinguish between needs and wants when managing my money.	0%	0%	12,77%	61,70%	25,53%
3	I always set aside a portion of my income for savings or an emergency fund.	0%	0%	12,77%	48,94%	38,30%
4	I know the maximum amount of debt payments a healthy portion of my monthly income can cover.	0%	0%	15,22%	69,57%	15,22%
5	I know how to plan for retirement.	0%	4,35%	36,96%	45,65%	13,04%
6	I understand the importance of having life and health insurance (or BPJS) for my family.	0%	0%	11,11%	40,00%	48,89%
7	I am aware of the risks of online loans and the characteristics of illegal fintech companies.	6,82%	2,27%	13,64%	29,55%	47,73%
8	I understand the importance of creating a household budget and how to divide it.	2,22%	0%	11,11%	57,78%	28,89%
9	I am accustomed to calculating the value of my current assets and debts.	0%	0%	15,56%	64,44%	20,00%
10	I am familiar with financial applications that can help me manage my family's finances.	0%	4,44%	24,44%	51,11%	20,00%

Post-test results showed a significant improvement in all indicators of family financial management understanding. The average score increased and ranged from 4.28 to 4.74, which is included in the good to very good category. Furthermore, there was a shift in the distribution of answers from neutral to agree and strongly agree categories for almost all questions. Indicators that showed the most prominent improvement included: understanding of recording income and expenses, the ability to distinguish between needs and wants, knowledge of healthy debt installment limits, awareness of the importance of insurance/BPJS, understanding the risks of online loans and illegal fintech. These results indicate that the educational materials and interactive discussions provided during the PkM activities were able to strengthen conceptual understanding while increasing participants' confidence in healthy family financial management practices.

**Table 2** Final Evaluation Results (Post-test) of Understanding Family Financial Management

No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	I understand the importance of recording all monthly income and expenses.	0%	0%	2,13%	29,79%	68,09%
2	I am able to distinguish between needs and wants when managing my money.	0%	0%	2,13%	31,91%	65,96%
3	I always set aside a portion of my income for savings or an emergency fund.	0%	6,38%	0%	40,43%	53,19%

No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
4	I know the maximum amount of debt payments a healthy portion of my monthly income can cover.	0%	2,13%	0%	40,43%	57,45%
5	I know how to plan for retirement.	0%	2,13%	2,13%	46,81%	48,94%
6	I understand the importance of having life and health insurance (or BPJS) for my family.	0%	0%	2,17%	21,74%	76,09%
7	I am aware of the risks of online loans and the characteristics of illegal fintech companies.	6,67%	0%	0%	28,89%	64,44%
8	I understand the importance of creating a household budget and how to divide it.	0%	0%	0%	47,83%	52,17%
9	I am accustomed to calculating the value of my current assets and debts.	0%	2,17%	4,35%	39,13%	54,35%
10	I am familiar with financial applications that can help me manage my family's finances.	0%	2,17%	8,70%	47,83%	41,30%

A comparison of pre-test and post-test results provides empirical evidence that the stage-based and contextual approach to family financial management education is effective in improving participants' understanding. These results align with financial literacy theory, which states that educational interventions relevant to participants' life contexts can produce significant short-term changes in understanding and potentially drive long-term behavioral changes. Therefore, the increase in post-test scores can be seen as an early indicator of the success of the community service program, as well as scientific justification for continuing and developing similar activities in the form of ongoing mentoring.

#### 4. Evaluation and Interactive Discussion

The evaluation phase was conducted by measuring participants' perceptions of the overall activity. Questionnaire results showed that 97% of participants gave a "good" to "very good" rating to the questionnaire statement "hope the activity will continue." A high score indicates that this activity provided new understanding and was well-received by the community.

**Table 3** Community Services Activity Assessment

No	Statement	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The material met participants' needs	0%	0%	5%	55%	40%
2	The implementation time was appropriate	0%	0%	14%	59%	27%
3	The material was clear and easy to understand	0%	0%	16%	52%	32%
4	The organizing committee provided good services	0%	0%	0%	41%	59%
5	Participants expect the program to be continued	0%	0%	2%	39%	58%

For the "material meets needs" indicator, 95% of participants agreed (55%) and strongly agreed (40%), while only 5% were neutral. This indicates that the material presented was relevant to the needs and challenges faced by participants, thus meeting their expectations for the community service activities. The "appropriate implementation time" indicator also received positive ratings, with 86% of participants agreeing or strongly agreeing. However, 14% of participants still gave a neutral rating, indicating that some felt the implementation time could be optimized, both in terms of duration and activity scheduling. For the "material is clear and easy to understand" indicator, 84% of participants agreed or strongly agreed, while 16% were neutral. These results indicate that while the material was generally clear and easy to understand, a small number of participants still needed further explanation, particularly on technical material.

The "committee service was good" indicator received the highest rating, with 100% of participants agreeing (41%) and strongly agreeing (59%). This indicates that the management of the activity, including

the committee's readiness, the flow of the program, and the service provided to participants, went very well and supported the overall smooth running of the activity. Furthermore, regarding the indicator "expectation for the activity to continue," 97% of participants agreed or strongly agreed, while only 2% gave a neutral assessment. This high expectation for sustainability indicates that the community service activities were perceived as providing tangible benefits to participants and deemed necessary to continue or develop them in the form of follow-up activities or ongoing mentoring.

Overall, the results of the satisfaction questionnaire indicate that the community service activities successfully met the participants' needs, were well-executed, and had a directly felt positive impact. These findings reinforce that the activity approach used was appropriate and has significant potential for further development as a sustainable community service program.

## Conclusion

This household financial management activity through financial literacy education was well-received by the village community. The results of this activity were to raise awareness of financial literacy and enhance their skills and understanding regarding financial management. Overall, the village community felt they had gained increased knowledge about how to manage their finances. Pre-test and post-test results showed a consistent increase in understanding in aspects such as financial record-keeping, categorizing needs and wants, managing savings and emergency funds, maintaining healthy debt repayment limits, retirement planning, financial protection through insurance or the Social Security Agency (BPJS), and awareness of the risks of online loans and illegal fintech. The average post-test score, which was in the good to excellent category, indicated that the material presented was not only understood but also accepted and perceived as relevant by the participants.

The success of this activity was also supported by a structured implementation process, starting with identifying community needs, designing contextual materials, implementing interactive education, and evaluating the activity. This approach has proven effective in raising awareness of financial literacy and strengthening the village community's understanding of the importance of planned household financial management. Based on these results, a collaborative effort is still needed to disseminate information about the importance of financial management in rural areas. The evaluation results also show that ongoing efforts are still needed to improve financial literacy in rural communities, particularly in the aspects of long-term financial planning and the use of digital financial applications. This can also be continued with workshops such as preparing financial plans.

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