

## Financial Literacy For University Students: Helping You Prepare For Life

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### ABSTRACT

*Without good financial planning, it will not be easy to achieve all of one's financial goals in the future. The purpose of this community service is to teach students how to manage finances so that they can understand personal financial planning and be wise in managing their finances. This activity is aimed at students of the Faculty of Business, Economics, and Accountancy Universiti Malaysia Sabah and students of the Faculty of Economics and Management Universiti Kebangsaan Malaysia. Knowledge of financial planning will be taught by a lecturer and a speaker from Finansialku as a digital financial application to introduce how to use the application for financial planning. The result of this event is that students need to have sufficient and good financial literacy in order to be able to prepare their financial condition for the future.*

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## **INTRODUCTION**

Students have to make everyday financial decisions about what they buy and what they save. When students first enter university, they have to deal with new issues, such as the need to manage their finances independently without parental supervision. Students' lack of income is a concern because they still receive monthly money from their parents and have the possibility to be wasteful (Margaretha & Pambudhi, 2015).

Many university students lack the skills, knowledge, and capacity to manage their personal finances properly and effectively. Some students may believe that the actions involved in financial management are not very significant. As a result, according to Wijayanti et al. (2016), many students do not understand the need for good financial management in the world of college. Students should be able to manage finances as efficiently and effectively as possible by learning and practicing sound financial management (Wulandari & Sutjiati, 2014). This includes practicing the discipline of saving, utilizing income sources, managing financial expenses, making financial budget plans, creating reserve fund posts, learning to invest, and maintaining self-control.

Students experience cognitive, emotional, and psychomotor maturity as part of their developmental maturity. In practice, students still depend on their parents to help them meet their needs, so they cannot manage their funds independently (Astuti, 2018). Students should still be involved in personal financial planning even though their financial situation does not allow them to do so (Kusumadyahdewi, 2016). Contrary to the economic situation and knowledge theory, college students are a good component in financial management when viewed from knowledge theory, but when viewed from the economic situation, students do not yet have the ability to handle their finances independently (Natalia et al., 2019).

College students often run out of pocket money at the end of the month, which makes it difficult for them to cover their personal expenses and causes delays in tuition payments. If tuition fees are used to fulfill their needs, the mistakes made by college students will get worse because they cannot manage their finances. This financial problem will not arise if students have the financial capability to manage their finances and are oriented towards needs and management of wants (Amelia, 2020; Endrianti & Laila, 2016; Ratnaningtyas et al., 2021). Financial knowledge that aims to achieve well-being is referred to as financial literacy (Lusardi & Mitchell, 2007).

Financial literacy is a measure of a person's understanding of financial concepts, abilities, and confidence to manage personal finances. It also includes the ability to make wise short-term decisions, make prudent long-term financial plans, and awareness and knowledge of financial instruments and how to use them in everyday life (Huston, 2010; Remund, 2010).

Based on research from Widyaningrum (2018), financial literacy can help the economy and also make people spend their money responsibly. According to Palameta et al. (2016), a person's financial literacy

will eventually turn into financial skills, which are characterized as the ability to use the financial knowledge they have in their daily activities.

The purpose of this community service is to provide training on personal financial planning to students of the Faculty of Business, Economics, and Accountancy Universiti Malaysia Sabah and students of the Faculty of Economics and Management Universiti Kebangsaan Malaysia to increase student knowledge of economics in general and financial planning in particular to improve student financial literacy.

In addition, the purpose of this program is to educate students about money management techniques so that they can understand personal financial planning and manage their money wisely. Financial management activities, in accordance with Rohaniah & Rahmaini (2021), provide an understanding to service participants regarding efforts to manage finances in order to maintain the economy for the future. Without careful financial planning, it will be difficult to meet all of one's financial goals in the future. Therefore, students need to have a strong understanding of the basics of financial planning.

## **LITERATURE REVIEW**

According to Herawati & Dewi (2020), the process of acquiring the knowledge and ability to manage finances is known as financial literacy. According to Sholeh (2019), financial literacy is defined as the knowledge a person has about how they manage their money and how it can affect their well-being.

Knowledge and attitude are the foundation of financial literacy (Herawati & Dewi, 2020). One aspect of financial literacy is financial knowledge; however, it cannot determine one's level of financial literacy. Financial literacy also has an application dimension, which means a person must be able to use their knowledge of finance when making decisions.

According to Widyaningrum's (2018) research, financial literacy can help the economy and make people more responsible in spending their money. With higher financial literacy, a person can make wiser decisions, improving financial security and overall well-being. Ultimately, one's financial literacy develops into financial skills, which are defined as the ability to use one's financial knowledge in daily activities, according to Palameta et al. (2016).

Financial literacy affects financial management, investment, savings, credit card usage, and income (Zahra & Anoraga, 2021). When it comes to financial management, an individual's ability to make the right decisions about their personal finances is crucial. Financial planning will be better done by people who understand and comprehend finance (Herawati & Dewi, 2020).

Through the background above, it is concluded that the partners of this activity need education related to personal financial planning apart from the fact that many students have financial problems caused by several things, including the inability to control their personal finances, not used to compiling financial plans, lifestyle, and have a nature that tends to be consumptive. This training aims to prepare stu-

dents for the next phase of life, namely after graduating from college where they start earning income. So, from these problems, this community service team provides solutions in the form of various activities to increase literacy about personal financial planning for students.

## **MATERIAL AND METHOD**

The types of activities that will be carried out in a series of community service activities include:

1. Identification and determination of target participants;
2. Identification of needs;
3. Implementation of training;
4. Activity evaluation.

This program will be held in a day, and the activity implementation plan is as follows:

1. Implementation days: 1 August 2023;
2. Duration of implementation: 6 months;
3. Venue: Zoom Meeting;
4. Activity Partners: 50 students of the Faculty of Business, Economics, and Accountancy Universiti Malaysia Sabah and students of the Faculty of Economics and Management at the Universiti Kebangsaan Malaysia.

This activity is in the form of a community service activity aimed at students of the Faculty of Business, Economics, and Accountancy Universiti Malaysia Sabah and students of the Faculty of Economics and Management Universiti Kebangsaan Malaysia to provide education related to personal financial planning, the agenda for this socialization and education includes:

1. Financial planning explanation;
2. The process of carrying out financial planning;
3. Budgeting;
4. Introducing an Android-based digital application that can be used to carry out financial planning.

Lack of knowledge about financial planning will be overcome by bringing in lecturer speakers who are experts in their fields, especially in financial planning. This event also introduces Finansialku as a digital financial planning application and provide explanation on how to use this application to carry out financial planning.

Training activities will be carried out using the classical method with a lecture material presentation, practice, and discussion with the intention that the material can be well received by the participants. The target participants are an estimated 50 students of the Faculty of Business, Economics, and Accountancy Universiti Malaysia Sabah and students of the Faculty of Economics and Management Universiti Kebangsaan Malaysia.

The activity implementation plan consists of several activities. The first activity is participant registra-

tion via the Google Form link. Other activities are the opening ceremony, main event, and closing event. In the event, the core method used is more emphasis on practical methods. Partners are advised to be equipped with an Android-based mobile phone to facilitate training. The community service team will also provide training resources through PowerPoint files to make it easier for community service participants.

## **RESULT AND DISCUSSION**

The activity was held on Tuesday, 1 August 2023, at the Zoom Meeting. The activity carried out was a seminar on Financial Literacy for University Students. In this activity, there were two speakers, namely Mrs. Tita Garcia Yosheko, CFP as a Certified Financial Planner from Finansialku and Assoc. Prof. Dr. Mohd. Hasimi Yaacob as a finance lecturer at the Faculty of Economics and Management, Universiti Kebangsaan Malaysia.

The event was officially opened by Dr. Indra Pahala, M.Si, as Deputy Dean for Student and Alumni Affairs, and continued with remarks from Muhammad Hakimi Mohd. Shafiai as Deputy Dean of Networking & Industrial Partnership, Universiti Kebangsaan Malaysia.

The activity continued with the presentation of the first material by Ms. Tita Garcia Yosheko, CFP, regarding Saving and Budgeting, can be seen in Figure 1. In her presentation, she explained several things that must be done to secure finances in the future and build assets earlier. She explained how to balance life by using budgeting or proper financial management to estimate current and future income and expenses for a specific time in the future. This budgeting is important because it will save time and energy and make it easier to make financial decisions. She explained that the financial planning pyramid is an approach that can help relieve financial pressure. This financial planning pyramid is a financial planning parameter that can show how our current financial position is. This financial planning pyramid is divided into three:

- 1) Financial Security. In this financial security, someone must first prepare an emergency fund and cash flow. After that, you can decide on risk management plans such as life insurance, critical illness insurance, and health insurance.
- 2) Financial Comfort. This stage describes financial goals (buying a house, taking a vacation, educational expenses, wedding expenses, etc.). At this stage, you can also plan a retirement fund.
- 3) Wealth Distribution. This is the stage of distribution of wealth owned.

From this financial budgeting, it is necessary to carry out planning actions such as:

1. Review personal finances.
2. Strengthen personal finances by setting up an emergency fund, paying off debt, and planning insurance.
3. Invest regularly and review



Figure 1.  
First Presentation.

The next material was delivered by Assoc. Prof. Dr. Mohd Hasimi Yaacob, can be seen in Figure 2. In his material presentation, he explained about Personal Finance: Credit and Debt. Understanding the concept of debit and credit is very important for students because this forms the basis of financial literacy. Understanding how debits and credits work can help students track their expenses, manage their accounts, and develop responsible financial habits. These basic concepts form the foundation for more complex financial knowledge as students move further along their financial journey. Furthermore, students can also use credit cards to manage their finances. In using a credit card, we need to ensure that our credit score is in a good category. Because credit scores can determine the loans we can get in the future by looking at loan credit scores in the database.

In addition, several benefits can be felt by using a credit card, such as building a credit history, making transactions easier, being used as an emergency fund, and practicing financial management skills. However, students must use credit cards responsibly to avoid debt or financial problems. This can be done by paying credit card bills on time and in full every month, keeping an eye on financial expenses, not exceeding the credit limit, and expenses used must be within income received.

Then, the event continued with a question-and-answer session with the two speakers, can be seen in Figure 3. After the question-and-answer session was completed, it was followed by the announcement of the best questioner in the previous question and answer session, which was given to five participants. Then, proceed with the closing of the event hosted by the MC is shown in Figure 4.

The results obtained from the Financial Literacy for University Students activities are to provide an understanding to students, especially students of Universiti Kebangsaan Malaysia and Universiti Malaysia Sabah, regarding the importance of financial literacy in order to prepare for good financial management in the future. This seminar also provides financial planning knowledge and tips so that students are not easily trapped in financial problems.

Based on the data obtained in Diagram 1., it is known that as many as 92% of webinar participants are digital wallet users, with 76.92% using digital wallet for more than 12 months. This activity was attended by the majority of women with a percentage of 84.62% of participants, with a majority education level at the undergraduate level with a percentage of 46.15%, and an age range of 20-40 years at a percentage of 92.31%.

The average participant in this activity is a student who has yet to work, with a percentage of 69.23%, while the rest have jobs and businesses. The evaluation data also shows that the average monthly income is less than IDR 1,000,000 and a percentage of 61.54%, can be seen in Diagram 2. and Diagram 3.

Then, around 38% of users feel that using a digital wallet satisfies their financial management abilities. Additionally, using digital wallets helps users save finances for emergencies, overcome financial problems, and make purchasing power more satisfying is shown in Diagram 4.



**Figure 2.**  
Second Presentation.

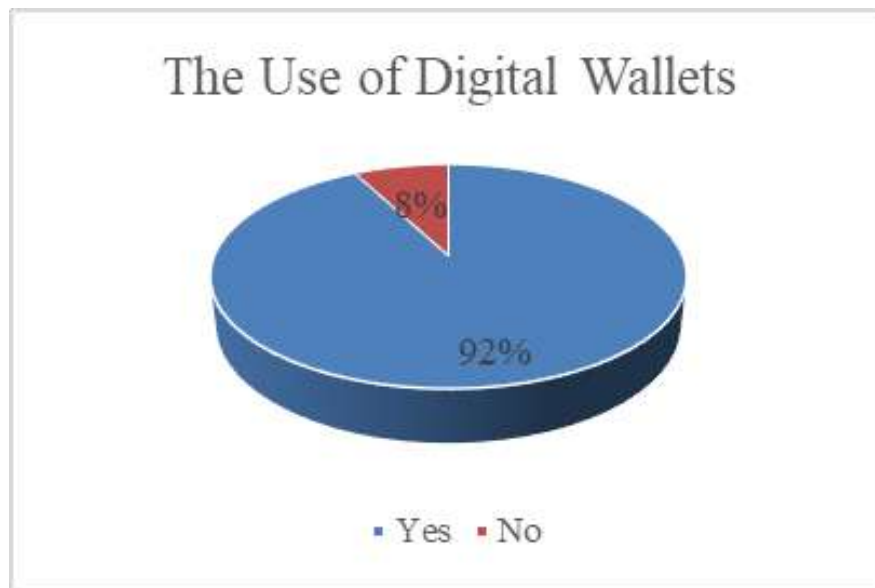




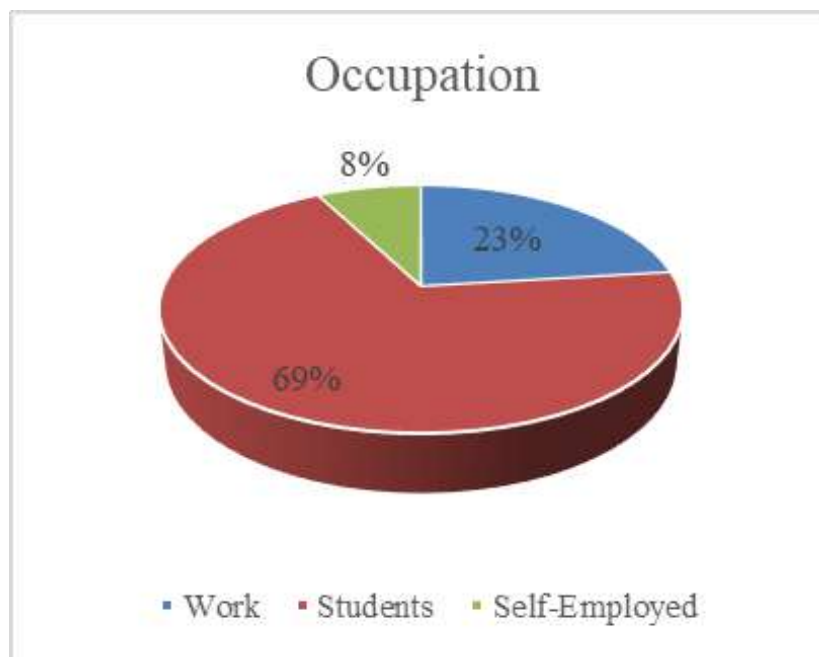
**Figure 3.**  
Question-and-Answer Session.



**Figure 4.**  
Documentation.



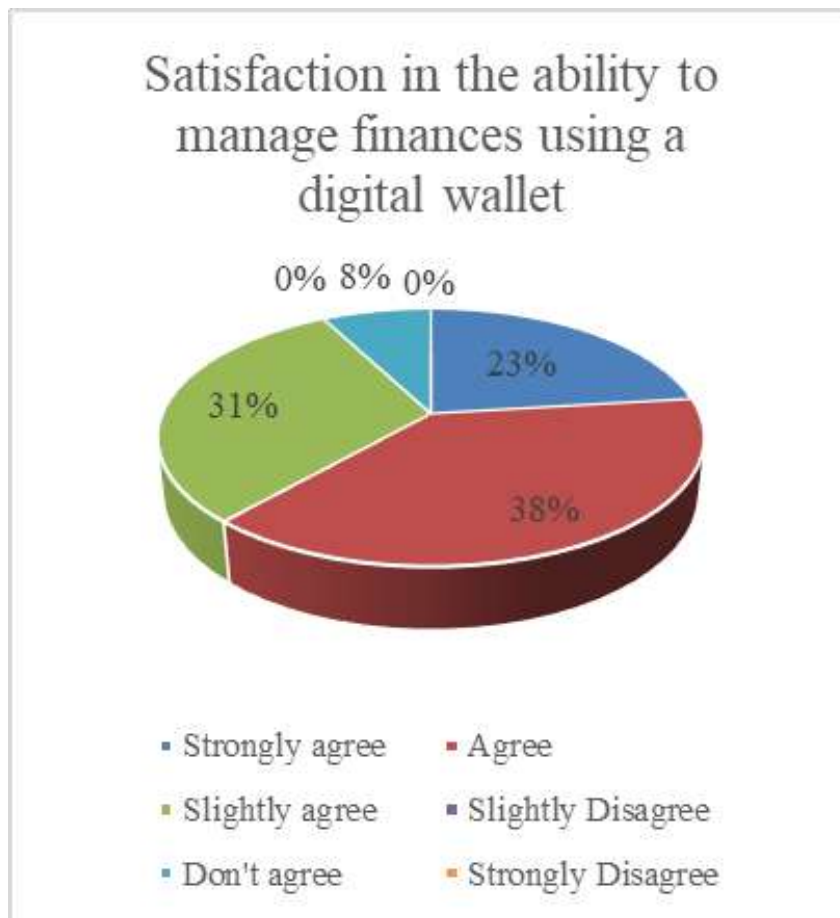
**Diagram 1.**  
The Use of Digital Wallets.  
*Source: Data processed by author (2023).*



**Diagram 2.**  
The Occupation of Participants.  
*Source: Data processed by author (2023).*



**Diagram 3.**  
Income per Month.  
*Source: Data processed by author (2023).*



**Diagram 4.**  
Satisfaction in the ability to manage finances using a digital wallet.  
*Source: Data processed by author (2023).*

From the results of this evaluation, data was also obtained that as many as 38% agreed that using a digital wallet could make it easy for users to monitor monthly expenses and income is shown in Diagram 5. So, users can set aside money to savings unexpected expenses and make a financial budget.

With this financial literacy knowledge, around 31% of users know how insurance works in the digital wallet application is shown in Diagram 6. With a digital wallet, users can invest their money, find out the flow of getting a credit limit on a digital wallet, and become more knowledgeable in managing finances.

From the evaluation of this activity, it is known that 50% of users agree that using a digital wallet makes it easier for users to pay all later bills in the digital wallet on time is shown in Diagram 7. Users can also set aside money for savings by using a digital wallet. With the convenience of viewing spending history in a digital wallet, it is easier to monitor financial flows.

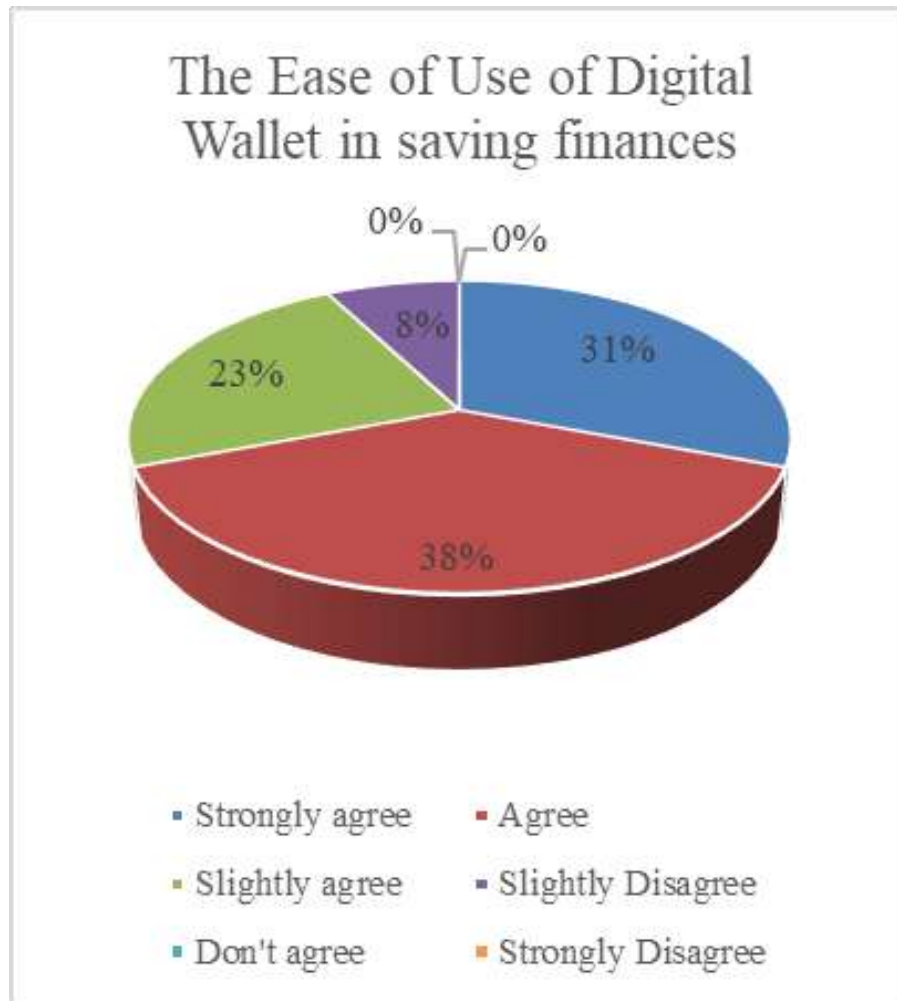
Then, from this data, it was obtained that around 38% of users agreed with the security offered by digital wallets, such as having a password to access the platform itself, which could encourage users to finally trust digital wallets more as a tool for managing their finances is shown in Diagram 8. The digital wallet also includes a history of spending each month, making it easier for users to assess their finances.

## **CONCLUSION AND RECOMMENDATION**

From the results of this event, students need to have sufficient and good financial literacy in order to be able to prepare for their financial condition in the future. Students should prepare financial planning as early as possible to make it easier for students to make decisions and help relieve financial pressure. One-way students can hone their financial management skills is to use a credit card. However, when using it, students must be responsible for their credit cards by paying bills on time and using them as needed.

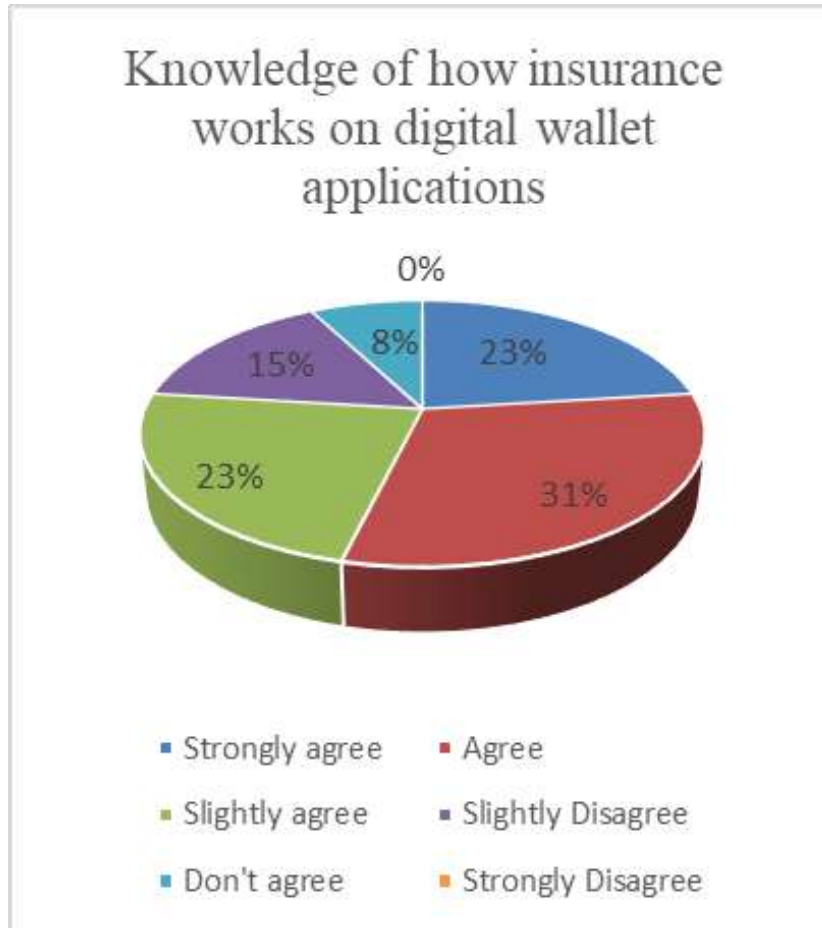
From this report, the community service team provides several suggestions that can be submitted as material for evaluating further activities:

1. Future activity needs one-way communication with third parties to set an agreed time and schedule.
2. It is necessary to prepare a facility that can accommodate all participants because the enthusiasm of the participants was beyond predictions.

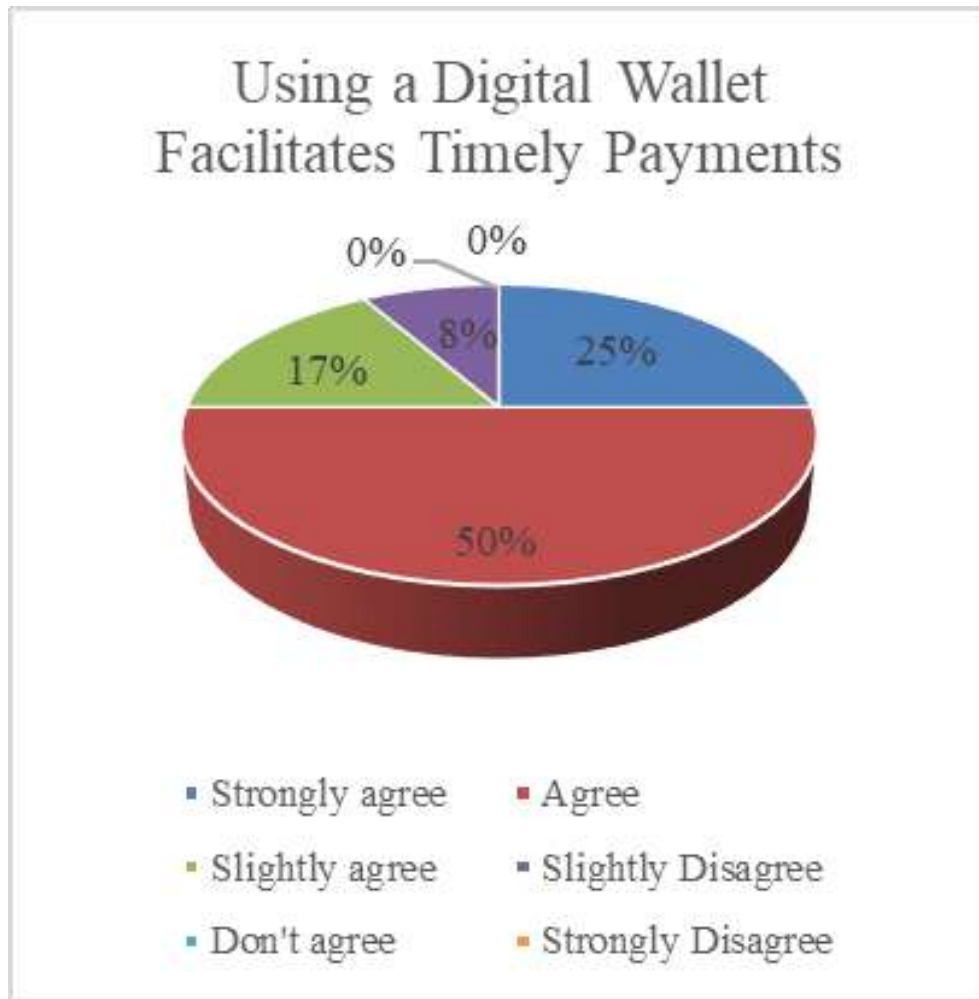


**Diagram 5.**  
The Ease of Use of Digital Wallet in saving finances.  
*Source: Data processed by author (2023).*

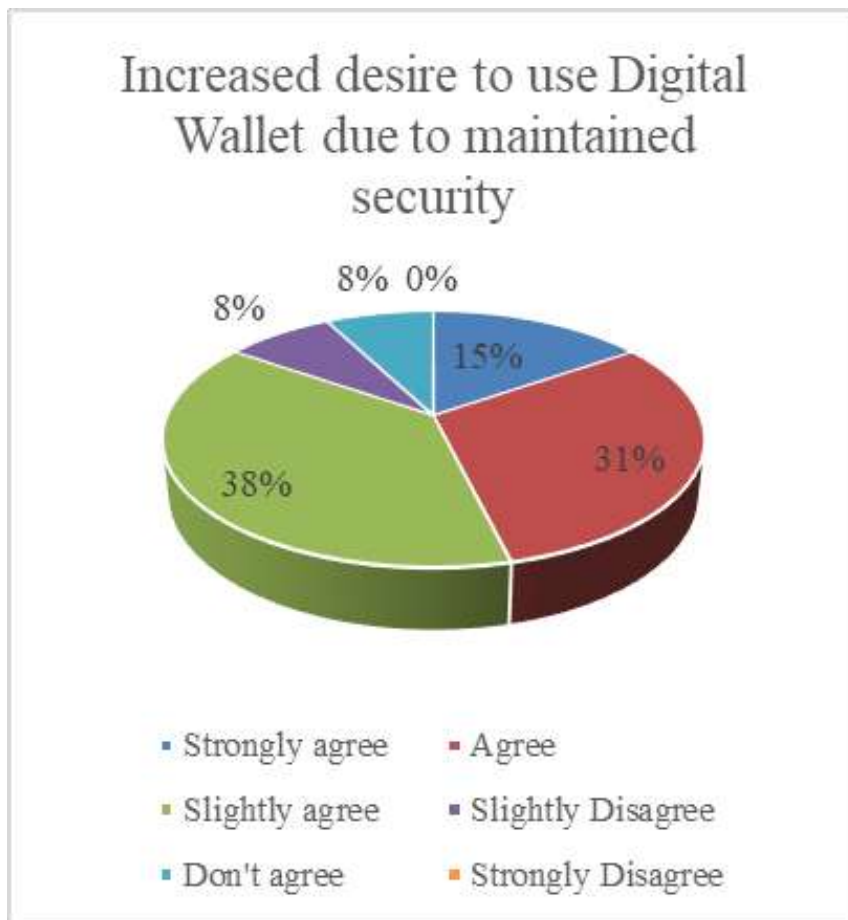




**Diagram 6.**  
Knowledge of how insurance works on digital wallet applications  
*Source: Data processed by author (2023).*



**Diagram 7.**  
Using a Digital Wallet Facilitates Timely Payments.  
*Source: Data processed by author (2023).*



**Diagram 8.**  
Increased desire to use Digital Wallet due to maintained security.  
*Source: Data processed by author (2023).*

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