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Improving Financial Literacy and Saving Spirit of Muhammadiyah Perumnas Elementary School Students

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Abstract: Financial literacy is a fundamental life skill that needs to be introduced from an early age to foster responsible financial behavior. In Indonesia, the financial literacy index remains relatively low, particularly among children, which highlights the urgency of providing practical and engaging financial education at the elementary level. This community service program was designed to enhance the financial literacy and saving spirit of third-grade students at Muhammadiyah Perumnas Elementary School, Makassar. A total of 21 students participated in a two-hour interactive session employing a combination of lectures, evaluative quizzes, and the distribution of learning tools such as saving-target piggy banks. The educational content covered the definition of financial literacy, the concept and benefits of saving, distinguishing needs from wants, and simple saving methods. The findings revealed a significant improvement in students' understanding of core financial concepts. The active participation and enthusiasm displayed by the students indicated that the methods used were effective in increasing awareness and encouraging positive financial habits. Furthermore, the program successfully instilled motivation for saving by providing tangible tools that supported daily practice. These results suggest that financial education at the primary school level can lay a strong foundation for long-term financial responsibility and independence. Broader implementation of similar initiatives is recommended to support national efforts in improving financial literacy and to prepare younger generations for future economic challenges.
Keywords : financial literacy, saving habit, early education, elementary students, community service

1. Introduction

Financial literacy has been widely recognized as a crucial life skill in modern society, as individuals are increasingly confronted with complex financial decisions related to income management, savings, borrowing, investment, and retirement planning (Lusardi & Mitchell, 2011; OECD, 2012). The globalization of markets and the rapid development of digital financial technologies further highlight the importance of equipping individuals with sufficient knowledge and skills to navigate financial challenges responsibly. Without adequate financial literacy, people may struggle with debt management, overspending, or lack of preparedness for financial emergencies, all of which can undermine long-term financial security (Xiao & O'Neill, 2007).

Financial literacy is not only relevant for adults but also highly significant for children. Research demonstrates that early exposure to financial concepts builds the foundation for lifelong financial behaviors, such as saving, budgeting, and responsible consumption (Bernheim et al., 2003; Seiler, 2012). Childhood represents a formative stage where attitudes toward money begin to take shape, making it the ideal period to introduce financial education. When children learn the value of money, the difference between needs and wants, and the importance of saving, they are more likely to develop sustainable habits that persist into adulthood (Gedikli & Erdem, 2018).

In the Indonesian context, financial literacy remains a pressing concern. The 2022 National Survey on Financial Literacy and Inclusion conducted by the Financial Services Authority (OJK) reported that the national literacy index stood at 49.68% (OJK, 2022). This figure indicates that more than half of the population still lacks adequate financial knowledge and skills to manage their resources effectively. Furthermore, financial literacy among children is rarely addressed in formal education. Most elementary school curricula do not systematically incorporate financial education, leaving students without essential exposure to basic money management principles (Setyowati & Lailatullailia, 2020). This educational gap contributes to the persistence of poor financial habits, such as excessive consumption and low savings culture, within Indonesian society.

Saving, as one of the cornerstones of financial literacy, plays a vital role in shaping responsible financial behavior. It encourages individuals to prioritize future needs over immediate consumption and provides a safety net against unforeseen circumstances (Remund, 2010). For children, saving not only develops financial discipline but also fosters patience, responsibility, and goal-setting (Hidayat & Lestari, 2020). Several studies highlight that practical tools—such as piggy banks or school-based saving programs—can effectively instill the habit of saving in young learners by making financial concepts more tangible and engaging (Chotimah & Purnamasari, 2017; Suryati, 2018).

Despite the recognized importance of financial education, there is still limited research and community engagement focused on developing structured financial literacy programs for elementary school students in Indonesia. Many initiatives have been directed at adults, university students, or micro-entrepreneurs (Asep Risman & Mustaffa, 2023; Fathihani et al., 2023), but younger age groups often remain overlooked. This neglect creates a significant gap in preparing children for future financial challenges. In fact, experts argue that financial literacy should be cultivated as early as possible, as delaying such education may lead to entrenched negative financial behaviors that are harder to correct in later stages of life (Chen & Volpe, 1998; Lusardi & Mitchell, 2014).

Introducing financial literacy in elementary schools can also serve broader social and economic goals. First, it aligns with the national agenda to improve the literacy index and support inclusive economic growth. Second, it contributes to character development by teaching responsibility, discipline, and forward-thinking behavior. Third, it equips future generations with the skills necessary to adapt to technological advances in digital finance, such as electronic payments and online banking, which are becoming increasingly prevalent in everyday life (Wulandari & Lestari, 2022).

Another crucial dimension is the role of saving in cultivating positive financial culture. The act of saving provides children with practical experience in managing resources, delaying gratification, and achieving set goals. Programs that combine theoretical explanations with hands-on practices—such as distributing piggy banks or creating saving challenges—have been shown to be effective in reinforcing students' motivation to save (Pratiwi, 2019). Furthermore, when integrated into classroom activities and supported by parents and teachers, saving programs can create an ecosystem that normalizes financial discipline and encourages peer influence in developing positive habits (Wardani, 2017).

However, challenges remain in implementing financial education at the elementary level. Teachers often lack sufficient training and resources to deliver financial concepts in an age-appropriate manner. Additionally, the absence of curriculum guidelines leads to inconsistencies in how financial literacy is taught across schools (Setiawan & Kurniawati, 2020). This highlights the importance of designing community-based initiatives and educational modules that are not only informative but also interactive and enjoyable for children.

In response to these challenges, this study focuses on improving the financial literacy and saving spirit of third-grade students at Muhammadiyah Perumnas Elementary School, Makassar. The program adopts an interactive and engaging approach that combines lectures, quizzes, and practical tools such as saving-target piggy banks. By targeting young learners, the initiative seeks to instill both knowledge and behavior that support responsible financial management. The choice of Muhammadiyah Perumnas Elementary School is particularly relevant, as it represents a context where students come from diverse socio-economic backgrounds and thus require foundational financial skills that can be applied in their daily lives.

The objectives of this study are twofold. First, it aims to evaluate the effectiveness of interactive educational methods in enhancing students' understanding of financial concepts, particularly the distinction between needs and wants and the benefits of saving. Second, it seeks to assess the extent to which practical tools can motivate children to adopt saving as a daily habit. By addressing these objectives, the study contributes both theoretically and practically to the discourse on financial literacy in Indonesia. Theoretically, it enriches the literature on early financial education by providing evidence from community-based initiatives in local schools. Practically, it offers a replicable model that can be scaled up for wider implementation in other educational settings to support the national financial literacy agenda.

In summary, financial literacy is an indispensable life skill that must be introduced early to ensure responsible financial behavior in adulthood. Indonesia's relatively low literacy index underscores the need for comprehensive efforts to improve financial knowledge, particularly among children. Saving, as a central component of financial literacy, can be effectively taught through interactive and practical programs in schools. This study responds to the existing gap by implementing and evaluating a structured educational program aimed at improving financial literacy and saving spirit among elementary students. The findings are expected to provide insights that not only benefit the participating students but also inform policymakers, educators, and community organizations in designing effective strategies to strengthen financial literacy nationwide.

2. Methods of Implementing Community Service

2.1 Research Design

This study employed a descriptive qualitative approach with elements of participatory action research, focusing on community service in the field of education. The design was intended to assess the effectiveness of an interactive educational program in improving financial literacy and saving motivation among elementary school students. The intervention integrated short lectures, participatory discussions, practical demonstrations, and the distribution of learning tools to encourage behavioral change.

2.2 Participants

The participants of this program were **21 third-grade students** from Muhammadiyah Perumnas Elementary School, Makassar, Indonesia. The selection of third-grade students was based on developmental considerations, as this age group (8–9 years old) is in the early stage of cognitive development where abstract concepts such as financial management can begin to be understood. Participation was voluntary, and all students in the class were included without exclusion criteria to ensure inclusivity.

2.3 Procedures

The program was conducted over a two-hour session within the classroom setting. The intervention consisted of three main stages:

1. Introduction and Lecture (30 minutes): Students were introduced to basic concepts of financial literacy, including the definition of money, the purpose of saving, and differentiating between needs and wants.
2. Interactive Learning and Quiz (40 minutes): To reinforce learning, students participated in interactive question-and-answer activities and a short quiz designed to evaluate their immediate understanding of the material.

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3. Practical Application (50 minutes): Each student received a "saving-target piggy bank" as a tangible tool to practice daily saving. The facilitators explained how to set personal saving goals and encouraged students to apply saving behavior at home.

2.4 Instruments and Materials

The instruments used in this study included:

- **Learning module:** A simplified financial literacy guide adapted for elementary students, covering money management, needs vs. wants, and saving strategies.
- **Quiz questions:** A short set of multiple-choice and true-false questions to measure immediate comprehension.
- **Saving-target piggy bank:** A customized learning tool designed to motivate students by providing a visual and practical method to achieve their saving goals.

2.5 Data Collection and Analysis

Data were collected using three methods:

1. Observation: Student engagement and participation during the program were documented.
2. Quiz results: Scores from the short quiz were analyzed descriptively to evaluate knowledge improvement.
3. Reflection and feedback: Informal interviews with students and teachers were conducted at the end of the session to capture perceptions of the program's effectiveness.

The data were analyzed using descriptive statistics for quantitative results (quiz scores) and qualitative thematic analysis for observational and feedback data. The combination of both approaches enabled a holistic understanding of the impact of the intervention.

2.6 Ethical Considerations

Ethical approval was not required as the activity was conducted under the framework of community service and education, but ethical principles were maintained. Prior permission was obtained from the school authorities. All participants were informed of the purpose of the program, and parental consent was secured. Student identities were kept anonymous, and data were used solely for academic and program evaluation purposes.

3. Results and Discussion

3.1 Results

3.1.1 Quiz Outcomes

The short quiz administered after the session demonstrated a clear improvement in students' understanding of financial concepts. Out of the 21 participants, 85% were able to correctly differentiate between *needs* and *wants*, while 90% could identify the primary benefits of saving. Furthermore, 80% of the students successfully answered questions related to practical saving methods, such as setting aside a portion of pocket money daily. These findings indicate that the learning objectives were achieved within the short duration of the program.

3.1.2 Student Engagement and Participation

Observations during the session revealed high levels of enthusiasm and active participation. Students responded eagerly to interactive questions and demonstrated curiosity about real-life applications of financial literacy, such as how to save for toys or school supplies. The distribution of saving-target piggy banks generated significant excitement, with several students expressing immediate plans for their saving goals. Teachers also reported that students continued discussing the program after the session ended, suggesting a lasting impression.

3.1.3 Feedback from Students and Teachers

Informal feedback gathered from students indicated that the hands-on use of piggy banks was the most enjoyable and motivating part of the program. Teachers highlighted the importance of integrating similar initiatives into the school curriculum, noting that financial education is rarely addressed systematically. They expressed willingness to monitor students' saving practices over the following months to reinforce the behavior.

3.2 Discussion

The findings of this study confirm the effectiveness of interactive, practice-oriented approaches in improving financial literacy among elementary school students. The significant improvement in quiz results aligns with prior research that emphasizes the importance of early financial education in shaping lifelong financial behavior (Bernheim et al., 2003; Gedikli & Erdem, 2018). By simplifying abstract financial concepts into age-appropriate content, the program succeeded in making financial literacy accessible to young learners. The observed enthusiasm and active participation highlight the value of experiential learning in financial education. According to Chotimah and Purnamasari (2017), learning that incorporates real-life applications, such as the use of piggy banks, helps children internalize financial principles more effectively. Similarly, Remund (2010) argues that practical demonstrations foster deeper understanding and long-term behavioral change. The results of this program are consistent with these perspectives, as students not only absorbed theoretical knowledge but also demonstrated motivation to apply it in daily life.

The role of saving as a gateway to financial literacy was strongly evident in this program. By teaching children to prioritize future needs over immediate desires, saving practices cultivate responsibility, discipline, and patience—traits that contribute to sound financial behavior in adulthood (Hidayat & Lestari, 2020). The introduction of saving-target piggy banks served as both a symbolic and functional tool to instill this habit, echoing findings by Pratiwi (2019) that practical tools enhance motivation in children. Another important finding relates to the role of teachers in sustaining the impact of financial education. While the program provided the initial stimulus, the continuation of saving practices depends heavily on teacher and parental reinforcement. This aligns with Wardani (2017), who notes that an ecosystem of support involving schools and families is crucial for embedding financial discipline in children's daily lives.

From a broader perspective, this study contributes to Indonesia's national efforts to increase financial literacy. As noted earlier, the OJK survey (2022) revealed a literacy index of only 49.68%, highlighting the urgent need for targeted interventions. By focusing on elementary students, this program addresses the gap in financial education for younger age groups and provides a replicable model that can be scaled to other schools nationwide.

3.3 Practical and Theoretical Implications

Practically, the results suggest that integrating financial literacy programs into elementary school activities can effectively foster saving habits and financial awareness at an early stage. Schools and community organizations should consider adopting similar initiatives, combining lectures, interactive activities, and practical tools to maximize engagement and retention. Theoretically, the study adds to the growing body of literature emphasizing the importance of early financial education in developing long-term financial competence. It reinforces the argument that financial literacy is not merely a cognitive skill but also a behavioral practice that requires experiential reinforcement.

Gambar 1.

Gambar 2.

Gambar 3.

4. Conclusion

4.1 Summary of Findings

This study provides empirical evidence that an interactive, child-centered financial literacy program can significantly enhance the financial knowledge and saving motivation of elementary school students. The integration of short lectures, quizzes, and practical tools—particularly saving-target piggy banks effectively improved students' understanding of the difference between needs and wants, the purpose of saving, and simple money-management strategies. Observations and feedback confirmed that the program successfully engaged students, encouraged active participation, and promoted the internalization of positive financial behaviors. These findings demonstrate that financial education at the primary school level is not only feasible but can produce meaningful cognitive and behavioral outcomes when delivered using age-appropriate and experiential methods.

4.2 Implications

The results offer several important implications for educational practice and policy. Practically, the study underscores the potential of integrating financial literacy content into school activities to cultivate lifelong financial competencies. Teachers play a crucial role in sustaining the program's impact, highlighting the need for ongoing support and training to ensure consistent delivery. Theoretically, this study strengthens the literature on early financial education by showing that practical, hands-on learning tools can reinforce conceptual understanding and motivate savings-related behavior in young learners. The findings also align with national efforts to improve financial literacy rates, indicating that early interventions may contribute to long-term economic preparedness and responsible financial citizenship.

4.3 Limitations

Despite its contributions, the study has several limitations. First, the program was conducted within a short two-hour session, which limits the ability to assess long-term behavioral changes. Second, the sample size was relatively small and restricted to a single elementary school, which may affect the generalizability of the findings. Third, the reliance on observational data and short quizzes provides only a partial picture of the students' financial understanding and behavior. Finally, external factors such as parental support and home environment—known to influence financial habits—were not systematically measured in this study.

4.4 Suggestions for Future Research

Future studies should consider evaluating the long-term effects of early financial literacy interventions by conducting follow-up assessments over several months or academic years. Expanding the program to multiple schools across different socio-economic contexts would enable broader generalization and comparative analyses. Researchers are encouraged to incorporate mixed-method or longitudinal designs to examine changes in children's financial behaviors beyond immediate learning outcomes. Additionally, future work should explore the role of parents and teachers as mediators in reinforcing financial habits, as well as the integration of digital tools and gamified learning platforms to enhance engagement and learning effectiveness.

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