

THE NEED OF FINANCIAL LITERACY PROFICIENCY LEVEL FOR GENERTION Z STUDENTS AT SCHOOL

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ABSTRACT

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Financial Literacy has a significant role in the individual decision-making process. Existing studies have proven that that lower levels of financial literacy lead to irrational financial decisions funds as well as savings and debt. Basically, Indonesian students in PISA 2018 have the lowest mean scores compared to other countries. At the same time, there is no integration in Indonesia curriculum with financial education. This study focuses on a review of financial education used in the current literature as well as their corresponding limitations. This study focuses on reviewing the implementation of financial education among countries in current literature as well as the corresponding limitations. The result in this study that Financial education can be done simply. Experiential financial education appears to be an effective strategy for teaching financial literacy, even at lower grade levels.

KEYWORDS

Finanacial literacy, financial education, curriculum, generation Z



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INTRODUCTION

Referring to the results of the 2020 population census, the Central Bureau of Statistics, Indonesia's population is dominated by Generation Z and the millennial generation. Generation Z is residents who were born between 1997-2012, and the millennial generation was born between 1981-1996 (BPS, 2021; Puslitdakjibud, 2021).

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Generation Z has been referred to as iGen to reflect the internet generation since the internet has become a part of their lives (Gabrielova & Buchko, 2021). This makes it possible for them to have greater access to make transactions and access financial services. Current trends point to the importance of acquiring financial literacy skills in the future as today's youth are likely to face more complex decisions (Amagir, van den Brink, Groot, & Wilschut, 2022; OECD, 2020). Education about finance plays a role in relation to consumer financial protection and regulation, and equips people with the skills necessary in understand more complex products and services, choosing the most suitable one for them, and protecting themselves from financial fraud. As for today, financial literacy is one of the most important skills a tech-savvy Generation Z student can acquire (Sconti, 2022). Indonesian students aged 15-16 years who participated in the World Student Assessment Program (PISA) in 2018 had lower averages than students from 20 other countries regarding financial literacy (OECD, 2020). In a broader scope, income inequality grows less in countries where economic literacy is higher (Lo Prete, 2013).

As economic conditions have changed due to a pandemic, a person must be able to have a good ability to manage his finances. Finance is an important part of everyday life and financial literacy is the best way to prevent excessive citizen debt (Tomášková, Mohelská, & Němcová, 2011). Financial literacy is the knowledge and skills to apply an understanding of concepts and risks, skills to be able to make effective decisions in a financial context to improve financial well-being, both individually and socially, and to be able to participate in the community (Kemdikbud, 2017). The Ministry of Education and Culture has announced the National Literacy Movement (GLN) since 2016 as part of the implementation of the Regulation of the Minister of Education and Culture Number 23 of 2015 concerning the Growth of Character (Rahayu, Rossari, Wangsanata, Saputri, & Saputri, 2021). Financial literacy is one of the six basic literacys that are activated by the government (Sujud & Setiaji, 2020). Financial literacy is the knowledge and skills to apply an understanding of concepts, risks, skills, and motivations in a financial context. This knowledge is important because so that a person can make effective decisions to improve financial well-being, both individually and socially, and can participate in the community.

The results of a study conducted in Belgium involving 688 Generation Z students, namely grades 8 and 9, found that literacy education can stimulate better consumer choices (De Beckker, De Witte, & Van Campenhout, 2021). In addition, financial literacy helps reduce inconsistencies between risk preferences and risk behavior. The researchers found that financial literacy reduces the inconsistency between risk preferences and risk behavior for risk-seeking households, but increases this inconsistency for risk-averse households. The inclusion of financial literacy education into the school curriculum is an effective way for improving students' ability to manage finances more rationally (Kaiser, Lusardi, Menkhoff, & Urban, 2021; Lührmann, Serra-Garcia, & Winter, 2015; Opletalová, 2015; Shephard, Kaneza, & Moclair, 2017).

RESEARCH METHOD

This study focuses on reviewing the implementation of financial education among countries in current literature as well as the corresponding limitations.

RESULT AND DISCUSSION

In the PISA assessment related to student performance on financial literacy, Estonia managed to be in first position followed by Finland, Canadian provinces, Poland and Australia.

Table 1 Comparison of Financial Literacy Education Forms in Several Countries

PISA Rank	Country	Financial Literacy education
1	Estonia	The institution responsible for providing literacy education is the Financial Services Authority. Cross-curricular (the 2010 curriculum combines topics related to monetary and finance in elementary and junior high schools). WEBSITE: www.minuraha.ee . This website contains information on various financial services and products (insurance, savings and investments), various calculators as well as information centered on life events and on complaints and redress mechanisms (how to deal with financial difficulties, how to complain, useful information for students etc.). (DfE, 2014)
3	Canada	In Canada, the national strategy focuses on the financial literacy related to money management, planning and protection (ie manage money and debt wisely, plan and save for the future; and prevent and protect against fraud and financial abuse). The institution is the Financial Consumer Agency of Canada (FCAC). Website: www.fcac.gc.ca Financial Consumer Agency of Canada (FCAC). A databasis provided by the Canadian Financial Literacy Database as a one-stop shop highlighting resources that can be accessed from public, private and non-profit organizations across the country to help people improve their financial knowledge and skills. The Agency is also active in social media (Twitter, Facebook, LinkedIn and YouTube). (DfE, 2014)
5	Australia	In Australia, financial literacy education has been added to the primary and secondary school curriculum. Teachers now have the added responsibility of educating students after receiving some form of professional development (Blue, Grootenboer, & Brimble, 2014).

Basically, Indonesian students in PISA 2018 have the lowest mean scores compared to other countries (OECD, 2020). So far, the Financial Services Authority (OJK) has played an active role in providing financial literacy education through financial literacy media in electronic form in collaboration with the Ministry of Education and Culture in 2018. Financial literacy education in Indonesia is still not integrated with the School curriculum. In August 2021, the new government Officially included financial literacy in the curriculum. So far, financial literacy education is still being provided independently with the initiative of teachers to adapt appropriate learning media to develop students' financial literacy (Anwar, 2021).

CONCLUSION

Financial education can be done simply. Experiential financial education appears to be an effective strategy for teaching financial literacy, even at lower grade levels. It is also a relatively inexpensive approach that does not require extensive teacher preparation. With the inclusion of financial literacy education in the curriculum, it is hoped that the literacy level of students will also increase.

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