

COMMUNITY-BASED PARTICIPATORY ACTION RESEARCH METHODOLOGY TO IMPROVE FINANCIAL LITERACY AND FINANCIAL INCLUSION OF WOMEN ENTREPREUNER

Dian Safitri Koesoemasari¹, Sri Lestari², Harsuti³, Mayla Surveyandini⁴, Diva Aulia Putri⁵, Mutiara Naomi Juliantika⁶, Juvita Ananda Putri⁷

^{1,3,4,5,6,7} Universitas Wijayakusuma Purwokerto, Indonesia

² Universitas Jenderal Soedirman Purwokerto, Indonesia

Email: diansafitripkoesoemasari@unwiku.ac.id¹; cicimanajemen@gmail.com²;

harsutipwt@yahoo.co.id³; maylaandini81@gmail.com⁴;

putridiva946@gmail.com⁵; mutiaranaomi336@gmail.com⁶;

putrijuvita@gmail.com⁷

ABSTRACT

Financial literacy and financial inclusion are indispensable for business actors, especially women entrepreneurs. Financial literacy is financial knowledge related to the ability to manage finances, such as making budgets, interest rate knowledge, investments, savings, and so on. Meanwhile, financial inclusion is the availability of access to financial institutions, financial products and services. Until now, there is still a gap in knowledge and financial inclusion among business actors, especially women entrepreneurs, towards financial technology. If business actors have good financial literacy and financial inclusion, they can take advantage of financial technology services for the sustainability of their business. The target group for this community service is a women's business group that is a member of the Banyumas micro small and small entrepreneurs association (ASPIKMAS) in Cilongok District. There were 30 counseling participants. Counseling is carried out face-to-face. The result of this activity is that women entrepreneurs are more familiar with financial technology services and can choose the right services needed to ensure the sustainability of their business.

KEYWORDS Women entrepreneur; financial literacy; financial inclusion; Financial Technology



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INTRODUCTION

The digital era has changed a lot of behavior in business activities, especially in transactions. Industry 4.0 has changed the traditional view of society in the use of technology. Traditional people who were afraid to use technology in business activities are now used to using technology for their business activities. The development of transactions using digital money, and online loans has become a very common conversation among the public, especially business people. One of the reasons consumers buy products or services is the ease of payment. If business actors do not anticipate these behavioral changes, their business activities will be abandoned by their consumers in the future.

Financial technology is developing very rapidly today, starting from mbanking and ibanking to now commercial and personal financial services (Raharjo, Budi, 2021). Financial technology, better known as financial technology or fintech, is the use of technology in the financial system that produces new products, technology services, and/or service models and can have an impact on monetary stability, financial stability, and/or efficiency, smoothness, security, and stability of the payment system (bi.go.id). The challenges posed by industry 4.0 have been answered by the financial sector with the increasing prevalence of financial services offered such as crowd funding, peer to peer lending, and digital payment systems (Raharjo, Budi, 2021; Kuraniyah, A. et.al., 2023; Herawati, N. T. et al., 2020; Prestama, F.B. et al., 2019).

Business people must be able to keep up with the development of financial technology services so that they are not abandoned by their consumers. Consumers today are very common in using technology in transactions, especially those whose operations use mobile phones. For this reason, business people must have financial literacy and financial inclusion to maintain the sustainability of their business activities. Business actors, especially women who establish business activities, often face obstacles in accessing banking. This situation is an opportunity for financial technology services to reach their potential consumers. On the other hand, business actors still have doubts about utilizing financial technology due to lack of information. Business actors, especially women entrepreneurs in Indonesia, still need enough education, promotion, and information to get to know financial technology services better (Kurniasari, F., et al., 2021).

Financial literacy is defined as a process to increase knowledge, skills, and confidence so that people's finances can be more prosperous and also able to manage finances (Septiani, R.N & Wuryani, E., 2020). Financial knowledge includes basic financial concepts such as compound interest basis, differences in nominal and real values, basic knowledge of risk diversification, time value, and so on (Abdi, M.N. et. al., 2023). The Financial Services Authority (OJK) has declared that the public must have high financial literacy in order to be able to choose and utilize finance to achieve their welfare.

Increasing financial literacy for MSMEs is very necessary, in addition to being beneficial for MSME actors, it is also beneficial for the financial services sector (Septiani, R.N & Wuryani, E., 2020). The mission of the Financial Services

Authority regarding literacy is to educate the public so that they can manage finances intelligently, and expand access to information and the use of financial products and services by developing infrastructure that supports financial literacy (ojk.go.id). Business people will be greatly helped if they have good financial literacy. Good literacy can be a cure for various diseases related to financial crises (Hidajat et. al, 2015). The scope of financial literacy includes various materials or knowledge related to finance (Ali, M, et. al., 2020): (1) Definition of economic transactions and various types of practices. (2) Knowing economic resources, which include natural resources and human resources. (3) Introduction of the concept of shopping as the fulfillment of basic needs, which includes priority scales, daily lifestyles and consumer science. (4) Understand the concept of saving traditionally and modernly, including saving, insurance and investment. (5) Understand the concept of sharing which includes charity and taxes. (6) Understand the concept of unhealthy financial practices, as well as financial crimes such as corruption, fraudulent investments or other financial crimes.

Business people must have knowledge, ability and confidence in using financial technology so as not to suffer losses in managing their business. Business actors are usually inseparable from debts, both from official and illegal financial institutions and even to individuals. Business actors often have problems accessing official financial institutions, instead of debting to illegal financial institutions or individuals whose requirements are more flexible. If business actors have good financial inclusion, it can be overcome by using financial technology. Various financial inclusion programs are offered to the community, such as KUR, Tabunganku, TCash, as well as the improvement of microfinance services.

Financial literacy will also help the development of the financial sector and the community in the use and selection of financial products and services according to their needs, be capable of making financial planning, and avoid adverse investments such as fraudulent investments. The importance of increasing knowledge will make MSME entrepreneurs familiar with formal financial access such as banking. It is the same as expressed by (Herdjiono et al., 2016) that financial knowledge theory is closely related to financial literacy because it can be taught and understood through financial education. So that the provision of financial education can increase financial knowledge. In addition, it can reduce the occurrence of financial problems in the future. Increasing financial knowledge will also improve the ability of women entrepreneurs to use financial services in financial institutions, especially financial technology services.

Financial inclusion aims to encourage inclusive growth through reducing poverty rates, increasing the development or equitable distribution of finance, and increasing financial system stability (ojk.go.id). Financial inclusion is an activity to eliminate all forms of barriers in the form of price and non-price access to financial services, so that people can improve their standard of living (Irman, M., Budiyanto, & Suwitho, 2021). Financial inclusion is a government strategy to alleviate poverty through empowering economic life activities in improving welfare through easy access to financial institutions. Financial inclusion performance parameters (Bank Indonesia, 2014): (1) proficiency in accessing formal financial services; (2) the alignment between the quality of financial services and needs, (3) the sustainable

use of formal financial system services, and (4) the consequences arising from the use of financial services on people's lives.

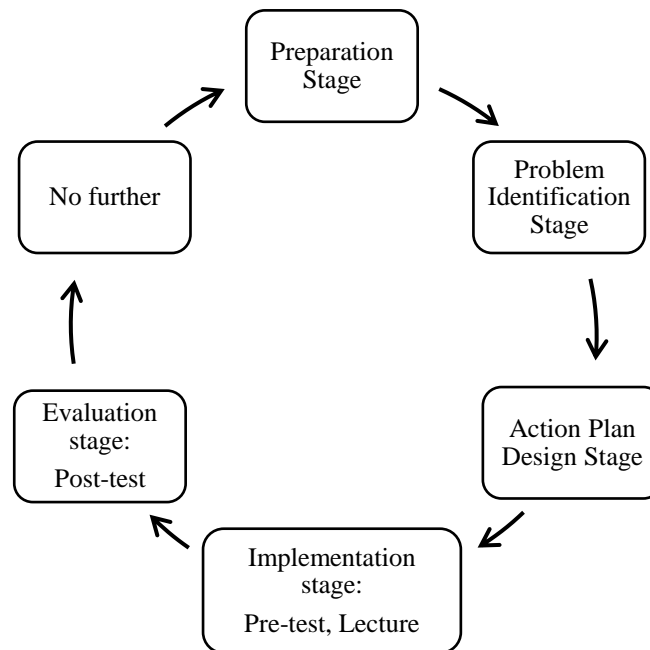
The inclusive finance strategy explicitly targets the largest or underserved groups with access to financial services, namely women, migrant workers and people living in disadvantaged areas. So in this community service, the chosen one is a group of women who have a business. The purpose of providing an understanding of financial inclusion is to encourage the growth of financial inclusion through reducing poverty rates, increasing development or equitable distribution of financial income, and increasing financial system stability. Women entrepreneurs who have financial inclusion can eliminate barriers in the form of price and non-price access to financial services, so that they can improve their standard of living.

The purpose of community service activities is to teach women entrepreneurs to recognize and utilize financial technology services in their business activities (Koesoemasari, D.S.P., et al., 2023; Sundari, S., & Wijayanto, W., 2023). In addition to knowing and utilizing, women entrepreneurs are also equipped with soft skills. The practice carried out by the participants is to check the legality of financial technology services on the ojk.go.id page and the use of digital money in transactions.

RESEARCH METHOD

Community service activities use the community-based participatory action research methodology. The stages in the cultivation of *gaiatan* are:

- a. Preparation stage. The community service team coordinates between members and takes care of permits to Aspikmas Cilongok District.
- b. Problem determination stage. The community service team, and several members of Aspikmas Cilongok District discussed to identify problems and how to overcome the problems faced by women entrepreneurs, who are members of Aspikmas.
- c. Action plan design stage. The community service team prepares materials related to financial literacy and financial inclusion in financial technology.
- d. The training implementation stage begins with a pre-test to measure the knowledge of participants before counseling is carried out using the lecture method.
- e. Evaluation stage. After the lecture, knowledge measurement was carried out with a post-test.
- f. The follow-up stage is carried out by teaching women entrepreneurs to check the legality of financial technology services on the Financial Services Authority (OJK) website.



Picture 1. Circularflow Community-Based Participatory Action Research Methodology

RESULT AND DISCUSSION

The emergence of financial technology is driven by lifestyle changes, the majority of people like fast services through information technology. The financial sector has been affected by the industrial revolution, so the emergence of information technology and financial services has become commonplace. Financial technology is the answer to the demand for financial services that are easy and fast (Septiani, R.N & Wuryani, E., 2020). Financial technology is a new paradigm in the non-bank sector in Indonesia (Sari, A.A. et al., 2023). One of the most popular financial technology services in Indonesia is peer to peer (p2p) lending or commonly called online loans (Pinjol). In fact, this product is the most requested by consumers.

In Indonesia, there are two types of online loans, namely legal and illegal. Legal online loans are those that are registered with the Financial Services Authority (OJK). Illegal loans are non-bank companies that are not registered with the Financial Services Authority (OJK). The development of legal online loans has greatly increased, as well as illegal online loans are also mushrooming. During 2023, there were 2,248 illegal online loans blocked by the OJK, while in January-February 2024 233 online loans have been blocked (Kata data.co.id). This shows that illegal online loans continue to grow and have a negative impact on the development of financial technology and microfinance.

The facts in the field provide ideas for community service teams to conduct socialization and mentoring. The gap in public knowledge about financial technology services must be addressed immediately. The service team coordinates with the Banyumas micro small entrepreneurs association (Aspikmas) to take care of permits for the implementation of activities, as well as determine target targets.

The main target is women entrepreneurs whose activities will always be related to financial technology services. These women entrepreneurs already know about financial technology services but only based on perceptions or news that spread among the public. These women entrepreneurs do not fully have the literacy and inclusion of financial technology services properly.

In the first three stages, in addition to the service team applying for permits to the Banyumas micro small and small entrepreneurs association (Aspikmas), it also determines the implementation time and prepares the material to be delivered. The target is female entrepreneurs who are mostly in the culinary field. Service participants already know a lot about financial technology services, even some participants have received digital money payments but do not have a good understanding of financial technology literacy and inclusion. Most of the service participants rely on personal capital and savings and loans held by the Yasinta Joint Business Group (KUB), so the capital is still very minimal. Business financial management is also still traditional, such as making budgets only as estimates and has not been used as cost control.

The implementation of the service was carried out face-to-face at Gubug Yasinta, Sokawera Village, Cilongok District. Yasinta is the name of the Joint Business Group (KUB) which consists of 20 members and all of them are women. The service participants were not only attended by members of KUB Yasinta but also 10 women business actors in Sokawera Cilongok village, so a total of 30 participants. The implementation of the service began with an opening filled with introductions of the service team with participants. Before the start of the lecture, financial technology literacy and inclusion was pre-tested by distributing questionnaires to all participants. The implementation of socialization is not only carried out in one direction, besides that the service team also provides interesting games and door prizes so that during the implementation participants do not feel bored. The service team provided an opportunity for participants to ask and answer questions. The service team was also assisted by a team of students in dividing pre-test and post-test questionnaires, guiding discussions, implementing games and distributing door prizes.

After the lecture and discussion session was completed, it was continued by distributing questionnaires again for post-test. The results of the pre-test and post-test of all service participants can be seen in the graph below.

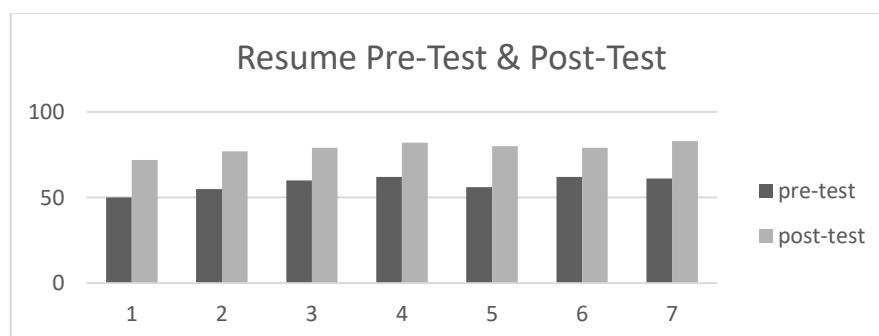


Figure 2. Graph of Pre-test & Post-Test Results of Service Participants

The questionnaire that was distributed contained 7 questions containing financial technology literacy and inclusion, including: knowledge of interest rates, online loans, investment and so on. The results of the pre-test and post-test above provide an overview that participants have increased literacy and financial technology inclusion. As a follow-up to the lecture on financial technology literacy and inclusion, participants were equipped with ways to check the legality of online loan services through the website of the Financial Services Authority (OJK) and the practice of buying and selling transactions using digital money. Assistance to participants in checking the legality and use of digital money is carried out by a team of students.

Discussion

Some of the achievements obtained from this service can be seen from the knowledge and skills of the participants. Initially, they did not understand the term financial technology, they only knew the terms online loans, m-banking, i-banking and digital money. After the introduction of various financial technology products, participants became aware of their service products. The participants' financial literacy was quite good, they knew interest rates, budgeting, loans from non-bank institutions and insurance. The feedback from the participants was very good, they were able to participate in training activities, and even participants were able to practice what was taught.

The mentoring process is carried out with a participatory program from the beginning to the end of the activity. The learning begins with an explanation of financial literacy such as the benefits of saving, understanding interest rates, credit, insurance and investment. As for financial inclusion, participants were introduced to financial technology products that can help smooth business, including m-banking, i-banking, digital money and legal online loans. On this occasion, participants were given a briefing on legal online loans and checking practices to the Financial Services Authority (OJK) website. In addition, a simulation of the use of digital money as a means of payment for easy, cheap and efficient transactions was also carried out.

In this community service activity, the community service team provides motivation to women entrepreneurs to manage their businesses by utilizing financial technology. Participants can find cheap, easy and efficient funding through legal online loans or microfinance services from the government. For better service to consumers, buying and selling transactions can be carried out by utilizing digital money. The use of financial technology services by women entrepreneurs can be useful to facilitate their business activities and maintain business sustainability.

CONCLUSION

This community service activity has an impact on changes in the aspects of knowledge and ability. Participants in managing business activities can take advantage of financial technology to maintain the sustainability of their business activities. Changes can be seen by increasing the ability of women entrepreneurs to manage their activities. The participants understood that they have the ability to

manage their business better, especially in terms of recording and making decisions in the financial sector. This is often not realized by women entrepreneurs themselves, so it is necessary for the role of universities to provide an understanding of the importance of financial literacy and inclusion.

An important output of the results of the service activities is the awareness of women entrepreneurs that they can develop their businesses with the ability to access financial technology services. Through this service activity, women entrepreneurs who are far away in remote villages can take advantage of technological advances, especially in the financial sector, to facilitate their business activities. Unlike women entrepreneurs who still rely on personal funding, they can access legal non-bank institutions online without being limited by region and time. From this activity, women entrepreneurs gain additional knowledge about legal online loans and can use it as an alternative to business credit and the use of digital money in buying and selling transactions.

Based on the results of community service activities and the discussion above, it can be concluded that there is a need for financial literacy and inclusion, especially financial technology for women entrepreneurs in Cilongok District. The target community is very enthusiastic and motivated to implement financial management and decisions by utilizing technology. To increase financial literacy and inclusion, training and mentoring are needed so that women entrepreneurs have the knowledge and ability to utilize financial technology services more effectively.

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