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Analysis of Financial Literacy in Families Receiving the Family Hope Program (PKH) Benefits in Bogor Regency

Ferry Ando, Nana Sulaksana, Heru Nurasa
Universitas Padjadjaran
ferry21001@mail.unpad.ac.id, n.sulaksana@unpad.ac.id,
heru.nurasa@unpad.ac.id

ABSTRACT

This study examines financial literacy among families receiving benefits from the *Program Keluarga Harapan* (*PKH*) in Bogor Regency, Indonesia. Despite government efforts to reduce poverty through initiatives such as *PKH*, persistent issues of financial mismanagement highlight the ongoing need for enhanced financial literacy to improve household welfare. The research aims to assess the level of financial literacy, identify its determinants, and analyze its impact on financial behaviors and family well-being. Employing a quantitative methodology, data were collected from 399 beneficiary families using structured questionnaires and analyzed through Partial Least Squares Structural Equation Modeling (*PLS-SEM*). The findings indicate that financial literacy has a significant effect on financial decision-making, financial skills, and financial behaviors, with financial awareness and financial experience identified as key influencing factors. The study emphasizes the critical role of financial education in empowering beneficiaries to manage social assistance more effectively, thereby contributing to improved family welfare. Practical implications include recommendations for the development and implementation of targeted financial literacy programs designed to strengthen the financial capabilities of *PKH* recipients.

Keywords : *Financial literacy, Family Hope Program (PKH), financial behavior, family welfare, Bogor Regency, Indonesia.*

INTRODUCTION

The preamble to the 1945 Constitution of Indonesia explains that one of the main objectives of the Indonesian government is to advance public welfare. One effort to achieve this is by improving the material welfare of the community. Indonesia, as a developing country, continues to face persistent poverty, with a significant portion of the population remaining at a low economic level. Poverty is a major issue in the national development process, and despite government efforts through various programs and the involvement of national and international experts, the problem remains unresolved. Poverty is a social phenomenon present across provinces, districts, and cities in Indonesia (García-Santillán, A., dkk. (2025; GAK Rencana Sari Dewi, dkk. 2022; Koto, Murviana 2021).

The Indonesian government has implemented various community empowerment policies to directly address the needs of the poor. Community empowerment aims to help the poor become economically and socially independent, requiring comprehensive and synergistic policies from the central government, regional governments, the business sector, and the community itself (Arfiansyah, 2020). As of March 2022, the percentage of poor people in Indonesia was 9.54%, or 26.16 million people. This figure decreased by 0.17% compared to September 2021 and by 0.60% compared to March 2021. In absolute terms, the number of poor people decreased by 0.34 million compared to September 2021 and by 1.38 million compared to March 2021 (BPS, 2022). Although the poverty rate has declined by nearly 1% over the past year, 26.16 million Indonesians (9.54%) still experience poverty, which remains a significant concern for the government in its efforts to realize general welfare and achieve developed country status in the future (Abdul Manan, W. 2019; Adila Salsabila, Mega Tunjung Hapsari 2022; Akhmad Darmawan, Firda Ardianti Pratiwi 2020; Amelia 2022; Azza Fiika ZH dan Tri Kartika P 2022; Frijns, B., Gilbert, A., & Tourani-Rad, A. 2014).

To address poverty, education, and health challenges, the government has created various nationally implemented programs intended to accelerate both physical and non-physical development. These efforts are aimed at creating fair and equitable community welfare, as mandated in the preamble to the 1945 Constitution. Among these efforts, the government provides assistance to the underprivileged through programs such as *Bantuan Sosial* (*BANSOS*), *Bantuan Operasional Sekolah* (*BOS*), *Jaminan Kesehatan Masyarakat* (*JAMKESMAS*), *Program Nasional Pemberdayaan Masyarakat* (*PNPM*)-Mandiri, *Program Beras untuk Rumah Tangga Miskin* (*RASKIN*), and *Program Keluarga Harapan* (*PKH*) (TNP2K, 2018).

One of the programs implemented to improve the social welfare of the poor is the *PKH*. This social protection program provides non-cash assistance to poor families designated as *Keluarga Penerima Manfaat* (*KPM*). The main target of *PKH* is economically disadvantaged families, and it is a priority program of the Ministry of Social Affairs designed to address poverty on an ongoing basis (Sasmito & Nawangsari, 2019). According to Mujiarti Ulfah (2021), the *PKH* is a social program adopted from Latin American countries, targeting very poor families with the understanding that the family is a key unit for improving human resource quality (Sri Mujiarti Ulfah & Puput Ratnasari, 2021).

Bogor Regency is one of the regions implementing the *PKH* to address local poverty. Observations show that the effectiveness of the *PKH* program in Bogor Regency is supported by the role of *PKH* companions, who act as facilitators, educators, operators, and community representatives. Interviews indicate that the *PKH* mentoring program in Bogor Regency has been well targeted, as evidenced by a decrease in the number of poor people. Formerly poor *KPM* are now able to save and participate in community activities, illustrating that the *PKH* program not only provides assistance but also empowers the poor to improve their standard of living.

However, despite regional successes in reducing poverty, issues such as the reduction of *PKH* benefits received by some *KPM* persist, creating moral challenges in program implementation. To ensure that *PKH* beneficiaries receive their full entitlements according to regulations, sufficient financial literacy is necessary so that recipients can manage the assistance properly and responsibly. According to Safitri & Wahyudi (2022:1658), "Financial literacy is knowledge, skills, and beliefs that affect attitudes and behaviors to improve the quality of decision-making and financial management in order to achieve prosperity."

Measuring the effectiveness of a program is essential to determine the extent of its impact and benefits. Effectiveness measurement reflects the success in achieving predetermined goals and can inform the continuation of the program. In the context of measuring financial literacy among *PKH* beneficiary families in Bogor Regency, previous research has used indicators such as target accuracy, program socialization, program objectives, and program monitoring (Budiani in Nurfauziah & Nurcahyanto, 2020).

Based on this background, the author is interested in conducting research entitled "Analysis of Financial Literacy in Families Beneficiaries of the Family Hope Program (*PKH*) in Bogor Regency." The objectives of this study are to determine the level of financial literacy among *KPM PKH* in Bogor Regency, to identify factors influencing financial literacy in *KPM PKH*, to analyze the influence of financial literacy on financial behavior and welfare of *KPM PKH*, and to examine the relationship between the dimension of financial literacy and the ability to manage social assistance. The findings of this study can provide empirical justification for the significance of financial literacy in relation to *PKH* beneficiary families in Bogor Regency, thereby strengthening the theory or concept of financial literacy and the effectiveness of the *PKH* program. The expected practical benefits of this research are: for students, it can serve as a reference for thesis selection and provide additional knowledge about financial literacy; for *PKH* recipients, the results can offer information about the *PKH* program and financial literacy, which can be used as a consideration for both recipients and distributors in implementing the program as intended.

RESEARCH METHOD

This study adopts a quantitative approach to examine financial literacy among beneficiaries of the *Program Keluarga Harapan* (*PKH*) in Bogor Regency, Indonesia, conducted over a six-month period from May to November 2024. The study focuses on 399 carefully selected participants from a population of 119,166 PKH recipients, using purposive sampling to ensure representation of individuals who meet specific criteria—namely, those domiciled in Bogor Regency and actively receiving PKH assistance. The sample size was determined using Cochran's formula with a 95% confidence level and a 5% margin of error, reflecting methodological rigor in capturing the characteristics of the target population.

For data analysis, this research applies advanced statistical techniques through *Partial Least Squares Structural Equation Modeling* (*PLS-SEM*), chosen for its reliability in handling complex variable relationships, even with smaller sample sizes and non-normal data distributions. The analytical process includes several stages, starting with descriptive analysis to understand data patterns, followed by outer model testing to verify measurement reliability and validity, and inner model testing to examine structural relationships between constructs. This comprehensive approach allows for testing both direct effects and the mediating role of intervening variables within the financial literacy framework.

The *PLS-SEM* methodology offers distinct advantages for this study, particularly its flexibility in predictive modeling without strict data distribution requirements. Key analyses include assessing convergent validity through factor loadings and *Average Variance Extracted* (*AVE*), discriminant validity via cross-loadings, and reliability using Cronbach's alpha and composite reliability scores. Collectively, these techniques ensure the robustness of findings regarding how financial awareness, knowledge, skills, and experience interact to influence beneficiaries' financial behavior and welfare outcomes. This methodological design provides a strong foundation for generating meaningful insights into the dynamics of financial literacy among PKH recipients in Bogor Regency.

RESULT AND DISCUSSION

PLS SEM Analysis

The study used the structural equation analysis method Modeling Partial Least Square (SEM-PLS) to test the relationship that occurred between variables. Involves more than one independent variable. This study uses cross loading factors to test the validity of the data.to see the validity of the data using cross loading factors, namely through the comparison of the loading value of the target variable with other variables, where the loading value of the target variable must be larger.

Outer Model

Validity Test

Convergent validity is measured through the loading factor value of each indicator. A value of 0.7 is considered to meet the criteria of good validity, but a value of 0.5–0.6 is still acceptable in the initial study (Ghozali, 2018). Indicators with a loading factor value below 0.5 must be removed from the model.

Based on the results of the validity test using Partial Least Squares (PLS) in table 1 indicates that the outer loading value has met > 0.5 which indicates that these indicators are still worthy of inclusion in the model. This indicates that the relationship between the indicator and the latent construct is strong enough to maintain the validity of the measurement model used.

Table 1. Convergent Validity Test Results

	Financial Ability	Financial Decisions	Financial Awareness	Financial Skills	Financial Experience	Financial Knowledge	Financial Behavior	Financial Objectives
KMK1	0.949							
KMK2	0.952							
KMK3	0.946							
KMK4	0.950							
KPK1		0.947						
KPK2		0.948						
KPK3		0.952						
KPK4		0.949						
KSF1			0.946					
KSF2			0.956					
KSF3			0.937					
KSF4			0.941					
KTK1				0.931				
KTK2				0.946				
KTK3				0.936				
KTK4				0.945				
PLF1					0.968			
PLF2					0.959			
PLF3					0.959			
PLF4					0.963			
PRK1							0.955	
PRK2							0.950	
PRK3							0.950	
PRK4							0.954	
PTK1						0.957		
PTK2						0.957		
PTK3						0.948		
PTK4						0.957		
TJK1								0.935
TJK2								0.937
TJK3								0.956
TJK4								0.955

Source: Data Processing (2025)

Furthermore, a discriminant validity test is carried out using the cross-loading method, in this method, discriminant validity is fulfilled if the outer loading value of an indicator in the construct is greater than the cross loading in another construct. The results of the cross-loading test are presented on the table below:

Table 2. Results of the Discriminant Validity Test with Cross Loadings

	Financial Ability	Financial Decisions	Financial Awareness	Financial Skills	Financial Experience	Financial Knowledge	Financial Behavior	Financial Objectives
KMK1	**0.949**	0.739	0.470	0.692	0.543	0.755	0.775	0.754
KMK2	**0.952**	0.746	0.462	0.700	0.544	0.760	0.769	0.755
KMK3	**0.946**	0.757	0.476	0.714	0.548	0.773	0.772	0.758
KMK4	**0.950**	0.756	0.452	0.714	0.554	0.768	0.769	0.763
KPK1	0.743	**0.947**	0.409	0.625	0.476	0.685	0.665	0.635
KPK2	0.754	**0.948**	0.444	0.638	0.485	0.724	0.696	0.658
KPK3	0.765	**0.952**	0.425	0.635	0.474	0.698	0.693	0.650
KPK4	0.734	**0.949**	0.404	0.603	0.470	0.700	0.674	0.633
KSF1	0.470	0.428	**0.946**	0.450	-0.012	0.474	0.411	0.423
KSF2	0.447	0.402	**0.956**	0.438	-0.018	0.452	0.407	0.398
KSF3	0.470	0.424	**0.937**	0.459	-0.007	0.467	0.417	0.429
KSF4	0.463	0.422	**0.941**	0.429	-0.009	0.477	0.409	0.401
KTK1	0.709	0.633	0.418	**0.931**	0.579	0.621	0.647	0.612
KTK2	0.706	0.615	0.427	**0.946**	0.581	0.624	0.624	0.624
KTK3	0.674	0.612	0.469	**0.936**	0.509	0.618	0.615	0.608
KTK4	0.701	0.617	0.453	**0.945**	0.506	0.608	0.632	0.643
PLF1	0.556	0.488	-0.017	0.555	**0.968**	0.542	0.468	0.450
PLF2	0.546	0.466	-0.020	0.560	**0.959**	0.527	0.453	0.453
PLF3	0.553	0.479	-0.019	0.553	**0.959**	0.525	0.456	0.456
PLF4	0.563	0.498	0.010	0.563	**0.963**	0.534	0.464	0.467
PRK1	0.779	0.695	0.434	0.655	0.460	0.672	**0.955**	0.671
PRK2	0.768	0.686	0.408	0.630	0.449	0.652	**0.950**	0.662
PRK3	0.771	0.684	0.402	0.621	0.449	0.667	**0.950**	0.660
PRK4	0.777	0.673	0.412	0.647	0.463	0.667	**0.954**	0.674
PTK1	0.770	0.710	0.458	0.626	0.531	**0.957**	0.669	0.659
PTK2	0.766	0.703	0.481	0.619	0.545	**0.957**	0.656	0.661
PTK3	0.768	0.703	0.478	0.635	0.512	**0.948**	0.668	0.674
PTK4	0.769	0.708	0.473	0.633	0.523	**0.957**	0.673	0.660
TJK1	0.752	0.636	0.405	0.618	0.444	0.640	0.665	**0.935**
TJK2	0.755	0.647	0.413	0.622	0.451	0.654	0.646	**0.937**
TJK3	0.765	0.647	0.408	0.640	0.453	0.670	0.672	**0.956**
TJK4	0.747	0.639	0.428	0.624	0.445	0.665	0.667	**0.955**

Source: Data Processing (2025)

Based on the table above, each indicator has a greater outer loading value than the other constructs. So, from the results of the data analysis, it is known that the validity of the discrimination with the cross-loading approach has been met. The discriminant validity is fulfilled if the square root of AVE (diagonal value) is greater than the correlation between constructs (value below the diagonal).

Table 3. Nilai Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)	Conclusion
Financial Ability	0.901	Convergent validity is excellent
Financial Decisions	0.900	Convergent validity is excellent

Variable	Average Variance Extracted (AVE)	Conclusion
Financial Awareness	0.893	Convergent validity is excellent
Financial Skills	0.883	Convergent validity is excellent
Financial Experience	0.926	Convergent validity is excellent
Financial Knowledge	0.912	Convergent validity is excellent
Financial Behavior	0.906	Convergent validity is excellent
Financial Objectives	0.895	Convergent validity is excellent

Source: Data Processing (2025)

All variables in the model have an AVE value above 0.50, and even all of them are above 0.88, which means that each construct has a very strong convergent validity. This shows that the indicators used to measure each variable are able to explain their constructs consistently and precisely. Based on the table above, it can be concluded that the constructs in this model have sufficient convergent validity and are suitable for use in further analysis.

Reliability Test

In this study, the analysis technique applied to test reliability used Cronbach's alpha, while composite reliability was used to measure the actual reliability of a construct. A variable is said to be reliable if it has Cronbach's alpha value > 0.60 and composite reliability ≥ 0.70.

Table 4. Cronbach's Alpha and Composite Reliability Value Table

Variable	Cronbach's Alpha	Composite Reliability
Financial Ability	0.964	0.973
Financial Decisions	0.963	0.973
Financial Awareness	0.960	0.971
Financial Skills	0.956	0.968
Financial Experience	0.974	0.981
Financial Knowledge	0.968	0.976
Financial Behavior	0.966	0.975
Financial Objectives	0.961	0.971

Source: Data Processing (2025)

Based on the calculation results, all variables in this study had Cronbach's Alpha and Composite Reliability values above 0.70, which indicates that the constructs in this model meet the requirements of good internal reliability.

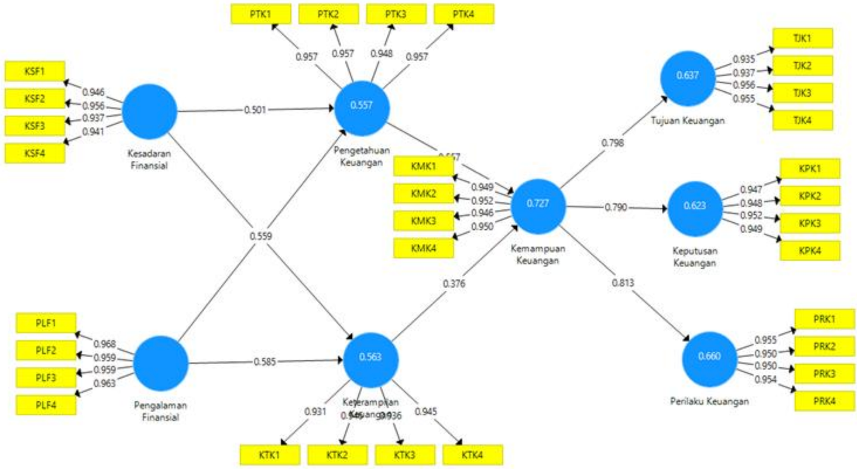

Figure 1. Outer Model Path Coefficient
Source: Data Processing (2025)

Inner Model

The structural model in PLS is evaluated using R^2 to assess dependent constructs, while the significance of relationships between constructs is tested based on the value of the path coefficient or t-statistic on each path.

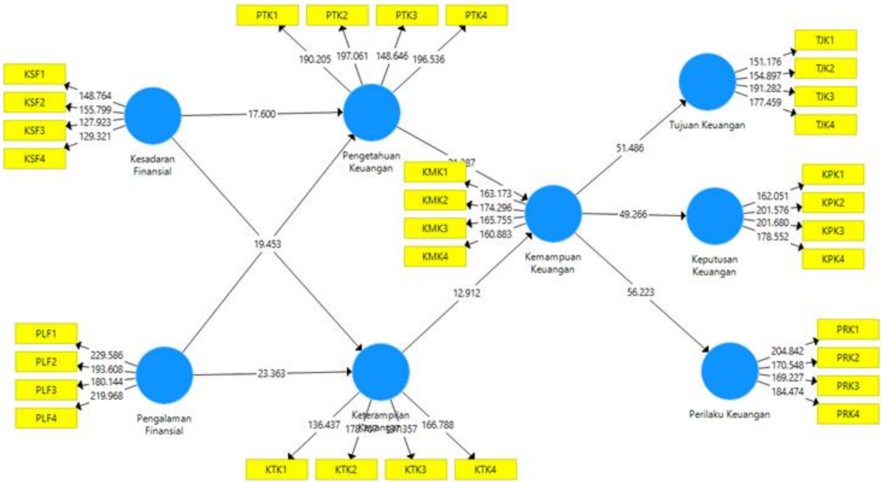

Figure 2. Inner Model
Source: Data Processing (2025)

In the study to analyze the relationship between variables, both direct and indirect influences. Hypothesis testing was carried out through path coefficients analysis using a bootstrapping procedure with the help of SmartPLS software. Here is a hypothesis test table using Path Coefficients. In the hypothesis test, to see the influence of independent variables on their dependent variables, using T-Statistics values is more than T-Tables and P-Values must be less than alpha 0.05.

Table 5. Test Hypotheses using Path Coefficients

	Original Sample	T Statistics	P Values
Financial Ability - > Financial Decisions	0.790	49.266	0.000
Financial Ability - > Financial Behavior	0.813	56.223	0.000
Financial Ability - > Financial Goals	0.798	51.486	0.000
Financial Literacy - > Financial Skills	0.477	17.873	0.000
Financial Literacy - > Financial Literacy	0.501	17.600	0.000
Financial Skills -> Financial Ability	0.376	12.912	0.000
Financial Skills - > Financial Skills	0.585	23.363	0.000
Financial Literacy - > Financial Literacy	0.559	19.453	0.000
Financial Literacy - > Financial Ability	0.557	21.387	0.000

Source: Data Processing (2025)

Based on the results of the structural model evaluation (Hypothesis Test), the analysis of the path coefficients is as follows:

a) Financial Ability has a positive and significant effect on Financial Decisions, as shown by the p-value = 0.000, which is less than 0.05. This shows that the higher the individual's financial ability, the better the financial decisions are made.
b) Financial Ability has a positive and significant effect on Financial Behavior, as shown by the p-value = 0.000, which is smaller than 0.05. In other words, individuals who have good financial ability tend to have wiser and more targeted financial behavior.
c) Financial Ability has a positive and significant effect on Financial Objectives, as indicated by the p-value = 0.000, which is less than 0.05. This means that the higher a person's financial ability, the more likely it is that the individual will have and set clear financial goals.
d) Financial Awareness has a positive and significant effect on Financial Skills, as shown by the p-value = 0.000, which is smaller than 0.05. This means that a person's awareness of the importance of financial management will encourage the development of skills in managing personal finances.
e) Financial Awareness has a positive and significant effect on Financial Knowledge, as shown by the p-value = 0.000, which is smaller than 0.05. This suggests that individuals who have high financial awareness also tend to have better financial knowledge.
f) Financial Skills have a positive and significant effect on Financial Ability, as shown by the p-value = 0.000, which is less than 0.05. This indicates that skills in managing finances directly improve a person's ability to manage and utilize their finances effectively.
g) Financial Experience has a positive and significant effect on Financial Skills, as indicated by the p-value = 0.000, which is less than 0.05. This means that an individual's experience in managing finances will strengthen his or her skills in terms of personal financial management.

h) Financial Experience has a positive and significant effect on Financial Knowledge, as shown by the p-value = 0.000, which is less than 0.05. In other words, the more financial experience an individual has, the higher their financial knowledge.
i) Financial Knowledge has a positive and significant effect on Financial Ability, as shown by the p-value = 0.000, which is less than 0.05. This shows that a good understanding of finances will strengthen a person's ability to manage finances.

Next, the R2 value will be seen to see how good the proposed research prediction model is. The higher the R2 value indicates that the proposed research prediction model is getting better, but the main parameter is the basis of the theoretical relationship.

Table 6. R-square value

Variable	R Square	R Square Adjusted
Financial Ability	0.727	0.726
Financial Decisions	0.623	0.623
Financial Skills	0.563	0.562
Financial Knowledge	0.557	0.555
Financial Behavior	0.660	0.660
Financial Objectives	0.637	0.636

Source: Data Processing (2025)

Based on the R-Square value table above, it is known that all endogenous variables in the model can be explained by the predictive variables quite well. The Financial Capability variable has an R-Square value of 0.727, which indicates that 72.7% of its variance can be explained by the constructs in the model, and this falls into the strong category. Furthermore, the variables Financial Behavior (R^2 = 0.660), Financial Objectives (R^2 = 0.637), and Financial Decisions (R^2 = 0.623) also showed high values and were included in the medium to strong category, which means that these variables were also quite well explained by their independent variables. Meanwhile, the variables Financial Skills (R^2 = 0.563) and Financial Knowledge (R^2 = 0.557) had moderate values but remained above the minimum threshold (0.50) which indicates that the model still has adequate predictive power for these variables. Overall, these R-Square values show that the model used is able to explain the data variation quite well and has a strong clear power over most variables.

Effect Size Analysis

Effect size (f^2) in this study was used to measure the relative impact of predictor construction on endogenous construction. The value of the direct influence effect category in this study is divided into three, namely having a small effect if the value is $0.02 \leq f2 \leq 0.15$, having a moderate effect if the value is 0.15 $\leq f2 \leq 0.35$, and having a large effect if the value of $f2 \geq 0.35$. As for the effect of moderation, the category value is divided into three, namely 0.005; 0,01; and 0.025 with small, medium, and large indications.

Table 7. Effect Size

	KMK	KPK	KSF	KTK	PLF	PTK	PRK	TJK
KMK		1.655					1.945	1.753
KPK								
KSF				0.520		0.567		
KTK	0.294							
PLF				0.784		0.704		
PTK	0.646							
PRK								
TJK								

Source: Data Processing (2025)
Information:
KSF: Financial Awareness
PLF: Financial Experience
PTK: Financial Knowledge
KTK: Financial Skills
KMK: Financial Ability
TJK: Financial Objectives
KPK: Financial Decisions
PRK: Financial Behavior

Based on the calculation results, it was found that the construct of Financial Ability has a very large influence on Financial Decisions (f^2 = 1,655), Financial Behavior (f^2 = 1,945), and Financial Goals (f^2 = 1,753), which shows that the role of Financial Ability is very dominant in shaping these three constructs. Furthermore, Financial Skills showed a moderate effect on Financial Ability (f^2 = 0.294), while Financial Knowledge had a large effect on Financial Ability (f^2 = 0.646). The Financial Awareness construct also showed a great influence on Financial Skills (f^2 = 0.520) and Financial Knowledge (f^2 = 0.567). In addition, Financial Experience has a great influence on Financial Skills (f^2 = 0.784) and Financial Knowledge (f^2 = 0.704).

Variance Inflation Factor (VIF)

Variance Inflation Factor (VIF) is used to detect multicollinearity between independent variables (predictors) in the model. Multicollinearity occurs when two or more predictors are highly correlated with each other, which can interfere with parameter estimation and model interpretation. The criteria used, namely a VIF value greater than 10, indicates the presence of serious multicollinearity problems in the regression model. A low VIF value, generally below 10, indicates the absence of significant multicollinearity (Gujarati & Porter, 2009).

Table 8. Variance Inflation Factor (VIF)

Variable	Item Variable	VIF
Financial Ability	KMK1	5.791
	KMK2	6.130
	KMK3	5.496
	KMK4	5.851
Financial Decisions	KPK1	5.992
	KPK2	6.062
	KPK3	6.380
	KPK4	6.163
Financial Awareness	KSF1	5.667
	KSF2	6.766
	KSF3	4.665
	KSF4	5.064
Financial Skills	KTK1	4.288
	KTK2	5.475
	KTK3	4.720
	KTK4	5.546
Financial Experience	PLF1	9.056
	PLF2	7.228
	PLF3	7.409
	PLF4	8.070
Financial Behavior	PRK1	6.541
	PRK2	5.868
	PRK3	5.834
	PRK4	6.379
Financial Knowledge	PTK1	6.834
	PTK2	6.738
	PTK3	5.731
	PTK4	6.836
Financial Objectives	TJK1	4.707
	TJK2	4.853
	TJK3	6.652
	TJK4	6.556

Source: Data Processing (2025)

Based on the table above, it is found that all variable items have a VIF value that is still below 10, it can be concluded that the multicollinearity between the indicator variables is not a significant problem in this model, so that parameter estimation and interpretation of the analysis results can be considered valid and reliable.

The Effect of Financial Awareness on Financial Literacy

Financial awareness is one of the essential components needed to achieve financial stability. As part of financial literacy, financial awareness plays a significant role in shaping the knowledge that a person feels, which then affects the decision-making process (Priyadharshini, 2017). Meanwhile, financial knowledge is related to knowledge of formal financial institutions, knowledge of formal products and services, and knowledge of product characteristics. According to increasing awareness of education, it can improve an individual's financial management.

Based on the results of the hypothesis test in this study, with a p-value of less than alpha 0.05, it can be concluded that financial ability has a significant positive influence on financial decisions. The results of this study are in line with the findings (Priyadharshini, 2017) which state that financial awareness has a positive and significant effect on a person's financial knowledge. In addition, this research is also in line with research conducted by (Dewi et al., 2020) which found that financial awareness has a positive effect on financial knowledge. This is because financial awareness has great implications for a person's financial knowledge of financial products and services. If a person does not have financial awareness, they will not be interested in learning about finance (Sumantri et al., 2024).

Practically, these findings identify that financial awareness is an important prerequisite in building one's financial knowledge. This means that before individuals or target groups such as families benefiting from the Family Hope Program (PKH) are given education about financial products and services, an effective approach needs to start by fostering awareness of the importance of financial management. With increased awareness, individuals will be more motivated to learn about other aspects of finance, which will ultimately support a better financial decision-making process. Therefore, the strategy to increase financial literacy among vulnerable people should start from strengthening financial awareness, not directly on the technical aspects of financial products and services.

The Influence of Financial Experience on Financial Knowledge

Financial experience refers to an individual's direct involvement in using or owning financial products and services. This factor is one of the important aspects that affect a person's level of financial knowledge, apart from financial awareness. According to (Chabaefe & Qutieshat, 2024) individuals who have experience in using financial products or services will automatically gain knowledge related to these matters.

This study found that financial experience has a positive and significant influence on the level of financial knowledge, as evidenced by a p-value smaller than alpha 0.05. These findings are in line with the results of research conducted by (Dewi et al., 2020), which also show that financial experience contributes positively to financial knowledge. In other words, individuals who have interacted directly with a financial product or service tend to better understand the characteristics and functions of the product.

In practical terms, these findings suggest that increasing people's direct engagement with financial products and services can be one of the effective strategies to improve financial literacy. In the context of beneficiaries of the Family Hope Program (PKH), in addition to providing education or increasing financial awareness, encouraging them to directly use financial products such as opening a savings account, utilizing digital payment services, or participating in microfinance programs can be a relevant additional approach. Thus, such practical experience can form a stronger understanding of the concept and function of finance in everyday life.

The Influence of Financial Knowledge on Financial Ability

Financial knowledge is related to an individual's knowledge of formal financial institutions, knowledge of financial products and services, and knowledge of product characteristics. Meanwhile, financial ability is related to a person's ability to optimize the benefits that can be obtained with the money they have. An individual's ability in terms of finance is closely related to his financial knowledge. Research conducted by (Chen et al., 2022) indicates that financial knowledge has an influence on financial ability.

In this study, it was found that results with a p-value of less than 0.05 concluded that financial knowledge has a positive and significant effect on financial ability. This means that an increase in financial knowledge will improve a person's ability to manage their finances. The results of this study support the results of research conducted by (Dewi et al., 2020) which found the same results that financial knowledge has a positive effect on financial ability. Based on previous results that concluded that financial awareness and financial experience have a positive and significant effect on financial knowledge, and this result that financial knowledge has a positive effect on financial ability, it can be concluded that financial awareness and financial experience indirectly affect financial ability through financial knowledge as an intermediary (Chen et al., 2022).

In practical terms, these findings indicate that increased financial literacy contributes significantly to an individual's improved financial ability. In other words, individuals who understand financial institutions, financial products and services, and their characteristics, will be better able to manage money optimally to meet their life needs. In the context of PKH beneficiary families, education related to financial knowledge is needed to improve the management ability of PKH beneficiary families. The intervention is expected to be able to form a strong foundation for better and sustainable financial management among vulnerable families.

The Influence of Financial Skills on Financial Ability

According to Priyadharshini (2017), financial skills are the ability of an individual to make decisions from existing information. From this sense, it shows that a person who can manage finances must have financial skills as well. A study conducted by (Phelps & Metzler, 2025) found an interesting finding that financial skills have a greater effect on financial ability than financial knowledge.

From the results of the hypothesis test in this study, the results were obtained that financial skills have a positive effect on financial ability. The results of this study are in line with research conducted by (Dewi et al., 2020) and (Phelps & Metzler, 2025) which found the same results, namely financial skills affect financial ability. From the previous results, because financial awareness and financial experience have a significant effect on financial skills, it can be said that financial awareness and financial experience have an indirect effect on financial ability through financial skills as intermediaries.

The results of this study practically indicate that financial skills will encourage the improvement of financial skills as well as financial knowledge. In the context of the family hope program to improve the financial ability of the beneficiaries of the family hope program, improving the financial skills of the families of beneficiaries of the family hope program can be one way.

The Influence of Financial Ability on Financial Decisions

Financial decisions are about how a person will make decisions about what he or she will do with the money he has. When a person has good financial ability, then a person will consider well what he will do with the money he has. According to (Kumar et al., 2023) financial ability allows a person to optimally manage their financial resources and will result in rational financial decisions.

Based on the results of the hypothesis test in this study, with a p-value of less than alpha 0.05, it can be concluded that financial ability has a significant positive influence on financial decisions. The results of this study strengthen and are in line with the research conducted by (Sumantri et al., 2024) which found that financial ability has a positive and significant effect on investment decisions. This is because the ability to manage money well will increase understanding of the concept of money which ultimately results in good financial decisions (Hartanti et al., 2023). Previous results also show that financial skills and knowledge play an important role in improving financial ability, so it can be concluded that these two aspects indirectly influence financial decisions through financial ability as an intermediary.

In practical terms, these findings indicate the importance of the role of improving financial ability in encouraging good financial decisions. Families of beneficiaries of the Family Hope Program (PKH) who have good financial ability will be better able to make good decisions related to financial management obtained from the Family Hope program. This indicates that the Family Hope Program will be optimal if the families of the beneficiaries of the Family Hope program are educated to improve their financial capabilities.

CONCLUSION

The analysis demonstrates that financial literacy—encompassing financial awareness, knowledge, skills, and experience—plays a pivotal role in shaping the financial behavior and improving the welfare of *Program Keluarga Harapan* (PKH) beneficiaries in Bogor Regency. These results underscore the necessity of targeted financial education initiatives to empower recipients in managing social assistance, thereby supporting poverty reduction and enhancing family well-being. Nonetheless, the study's focus on a specific region and demographic group limits the generalizability of its conclusions. Future research should broaden the scope to include various regions and socioeconomic backgrounds to validate these findings more widely. It is also recommended to conduct longitudinal studies to assess the sustained impact of financial literacy interventions and to investigate the influence of digital financial tools and cultural factors on financial behavior, which could inform the development of more inclusive and effective financial empowerment strategies.

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