

FINANCIAL LITERACY AND INCLUSION: STUDY BEHAVIORAL ADAPTATION OF FINANCIAL MANAGEMENT IN THE NEW NORMAL ERA OF THE HOPE FAMILY PROGRAM AT THE SOCIAL SERVICE OF MALANG CITY

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ABSTRACT

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The ongoing Covid-19 pandemic has caused various problems, including a drastic decline in the financial sector. This situation has also affected various business sectors, including the government sector. The government sector is expected to provide financial management education to the recipients of the Family Hope Program (Program Keluarga Harapan or PKH) in the Department of Social Affairs of Malang City. Therefore, the government sector is required to be cautious in the preparation of financial reports for the social funds allocated to the PKH beneficiaries in the Department of Social Affairs of Malang City. This study aims to examine the influence of financial literacy and financial inclusion on financial management behavior in the new normal era at the Department of Social Affairs of Malang City. This is a qualitative research study that utilizes questionnaire as the data collection technique. The objectives of this study are (1) to identify and describe the attitudes and responses of PKH beneficiaries regarding financial literacy, (2) to identify and describe the attitudes and responses of PKH beneficiaries regarding financial inclusion, and (3) to determine and describe the extent of the implications of financial management in the new normal era. The qualitative method used in this research, as described by Miles, Huberman, and Saldana (2014:14), consists of three concurrent activities, namely data reduction, data display, and conclusion drawing or verification. Data were collected through interviews, observations, and documentation. Data analysis was conducted using four stages, including data collection, data reduction, data display, and conclusion drawing.

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1. INTRODUCTION

The ongoing Covid-19 pandemic has resulted in a drastic decline and even losses across various sectors. This has also affected the government sector. The new normal era has become a necessary adjustment for the government sector, as they need to resume their work routines despite the ongoing but significantly reduced impact of Covid-19. The government sector is expected to provide financial management guidance to the beneficiaries of the Family Hope Program (Program Keluarga Harapan) in the Social Department of Malang City, as well as comply with a set of health protocol regulations imposed by the government. Therefore, the government sector needs to exercise caution in the preparation of financial reports for the social funds allocated to the beneficiaries of the Family Hope Program in the Social Department of Malang City.

The weakening of the economy in Indonesia has reached a highly concerning level, leading to a decline in trust towards the integrity of financial reports, particularly in the case of social assistance funds for the beneficiaries of the Family Hope Program (Program Keluarga Harapan) in the Social Department of Malang City. Therefore, financial literacy and the role of financial inclusion can contribute to relevant financial management behaviors for the beneficiaries of the Family Hope Program in the Social Department of Malang City.

Managing finances is a reality that every individual must face in their daily lives, especially in the case of the Social Department of Malang City. One must be capable of managing finances effectively in order to balance income and expenses, meet living needs, and avoid financial difficulties. Therefore, financial intelligence becomes an important consideration in today's modern life. Financial literacy, in general, refers to an individual's knowledge of financial concepts and assets. Every individual has

different levels of financial literacy, which can impact the quality of financial management within a family. Meliza Silvi and Norma Yulianti (2013) (1) found evidence that knowledge levels are important as they enable individuals to understand family financial management and exhibit saving behavior. Vincentius and Nanik Linawati (2014) (2) concluded that individuals with higher financial knowledge tend to demonstrate wiser financial behavior compared to those with lower financial knowledge.

Financial literacy is closely related to financial management, where higher financial literacy corresponds to better financial management. Financial management encompasses activities such as planning, managing, and controlling finances, which are crucial for achieving financial well-being. Planning involves allocating income for various purposes. Financial literacy, in the form of understanding all aspects of personal finance, is not intended to make life difficult or restrictive for individuals. Proper financial management must be supported by good financial literacy. Regardless of one's income level, without proper management, financial security will be difficult to achieve.

The knowledge of the beneficiaries of the Family Hope Program in the Social Department of Malang City regarding financial literacy in managing social assistance financial reports is crucial and serves as a basis for improving their credibility in the future, so they are not solely dependent on social assistance funds. Rika (2016) (3) also emphasizes that, in addition to education, ease of access to funds/credit is crucial for the beneficiaries of the Family Hope Program in the Social Department of Malang City.

Theoretical research conducted by Rizky Anugrah (2018) (4) showed that financial literacy has a positive but insignificant influence on intention, while financial attitudes have a positive and significant influence on intention. Furthermore, financial literacy, financial attitudes, and intention indirectly have a positive and significant influence on financial management behavior of the community. However, the research results indicated that intention does not mediate the relationship between financial literacy and financial management behavior, whereas intention does mediate the relationship between financial attitudes and financial management behavior with a significant impact.

Another theoretical research conducted by Tegar Wahyu Sutanto and Tetty Widiyastuti (2020) (5) demonstrated that financial inclusion through branchless banking can reach rural sectors, both at the individual and organizational levels, including beneficiaries of the Family Hope Program (KPM PKH) in Malang City, cooperatives, and others who may not be considered bankable. Therefore, branchless banking can enhance the productivity of rural communities. The regional or rural economy is generally supported by Micro, Small, and Medium Enterprises (KPM PKH) in Malang City. In Indonesia, there are various types of KPM PKH scattered throughout the region. Financial inclusion is an effort to promote accessible financial systems for all segments of society, aiming to drive inclusive and sustainable economic growth and alleviate poverty, including among the KPM PKH in Malang City.

Theoretical research by Youla Diknasita Gahagho et al. (2021) (6) revealed that the variable of financial literacy does not have a positive and significant influence on investment intention. The variable of financial attitude has a positive and significant influence on investment intention. The variable of income source has a positive and significant influence on investment intention. The variable of financial literacy does not have a positive and significant influence on financial management behavior. The variable of financial attitude does not have a positive and significant influence on financial management behavior. The variable of income source does not have a positive and significant influence on financial management behavior. Investment intention does not have a positive and significant influence on financial management behavior. The influence of financial literacy on financial management behavior through investment intention is smaller compared to the direct influence of financial literacy on financial management behavior, but they still have a positive relationship.

2. LITERATURE REVIEW

Financial Literacy

An understanding of financial literacy is a vital thing that must be owned by every individual to lead to an economically prosperous life in the future. Because the allocation of good and proper income and finance is one of the requirements for a person to support a better welfare of life. No matter how big a person's income or income is, if there is no proper and proper understanding of financial management, then this will actually become an obstacle to life in the future.

Financial literacy is closely related to financial management where the higher one's financial literacy, the better one's financial management. Financial management which includes financial planning, management and control activities is very important to achieve financial well-being. Planning activities include activities to plan the allocation of income earned will be used for anything. Financial literacy is a must for every person to avoid financial problems because a person is often faced with a trade off, namely

a situation where a person has to sacrifice one of his interests for the sake of another (Amanita Novi Yushita, 2017) (7). Proper financial management must be supported by good financial literacy. Regardless of the high level of one's income, without proper management it will be difficult to achieve financial security.

Financial Inclusion

Financial Inclusion is a comprehensive activity that aims to remove all forms of barriers both in the form of prices and non-price to public access in using or utilizing financial services. In addition, in Bank Indonesia's National Strategy for Inclusive Finance (2014) (8), financial inclusion is defined as the right of everyone to have full access and services from financial institutions in a timely, convenient, informative and affordable manner, with full respect for their dignity. Financial services are available to all segments of society, with special attention to the poor, the productive poor, and residents in remote areas. Financial inclusion indicators, namely:

- a. Access dimension. Namely the factors used to measure the ability to use financial services in order to see potential obstacles to opening and using a bank account, such as the physical form of financial services (bank offices, ATMs, etc.).
- b. Dimensions of use. Namely the factors used to measure the use of financial services and products, such as frequency, time / length of use and regularity.
- c. Quality dimension. That is the factor used to determine the availability of products and services finance has met customer needs.
- d. Well-being dimension. That is the factor used to measure the impact of financial services on the level of life of service users.

Financial inclusion policy is a form of financial service deepening aimed at the public at the bottom of the pyramid to utilize formal financial products and services such as means of keeping money safe (keeping), transfers, savings as well as loans and insurance.

According (8), the financial inclusion strategy is not an isolated initiative. So that involvement in financial inclusion is not only related to the duties of Bank Indonesia, but also regulators, ministries and other institutions in efforts to provide financial services to the wider community. Through the National Strategy for Financial Inclusion, it is hoped that collaboration between government institutions and stakeholders will be created in a good and structured manner. this is not an option, but a necessity and banking is the main driver for the implementation of financial inclusion.

Indicators that can be used as a measure of a country in developing. Inclusive finance is:

- a. Availability/access, namely measuring the ability to use formal financial services in terms of physical affordability and price.
- b. Usage, namely measuring the ability to use actual financial products and services, regularity, frequency and duration of use).
- c. Quality, which measures whether the attributes of financial products and services meet customer needs.

Financial Management

Financial behavior studies how humans actually behave in a financial setting, specifically studying how psychology influences financial decisions, companies and financial markets. The two concepts described clearly state that financial behavior is an approach that explains how humans make investments or relate to finances influenced by psychological factors (Wicaksono and Divarda, 2015) (9).

Financial Management Behavior relates to a person's financial responsibility regarding how to manage their finances. Financial responsibility is the process of managing money and other assets in a way that is considered productive. Money management (money management) is the process of mastering the use of financial assets. With good financial management, you will not get stuck in unlimited desiring behavior. Financial Management Behavior is a person's ability to manage, namely planning, budgeting, checking, controlling, searching and storing financial funds on a daily basis.

A person's Financial Management Behavior can be seen from four things, namely Irene Herdjiono (2016) (10) :

1. Consumption

Consumption is spending by households on various goods and services. A person's Financial Management Behavior can be seen from how he carries out his consumption activities such as what a person buys and why he buys it.

2. Cash-flow management

Cash flow is the main indicator of financial health, which is a measure of a person's ability to pay all the expenses he has. Good cash flow management is a balancing act, cash inflows and outlays. Cash flow management can be measured by whether a person pays bills on time, pays attention to notes or proof of payment and makes financial budgets and plans for the future.

3. Saving and investing

Savings can be defined as a portion of income that is not consumed within a certain period. Because one does not know what will happen in the future. Money must be saved to pay for unforeseen events. Investment is allocating or investing current resources with the aim of obtaining future benefits.

4. Credit management

The last component of Financial Management Behavior is credit management or debt management. Money management is a person's ability to take advantage of debt so as not to make or use debt to increase their welfare.

Conceptual framework

Based on the description above, it can be built research framework as follows:

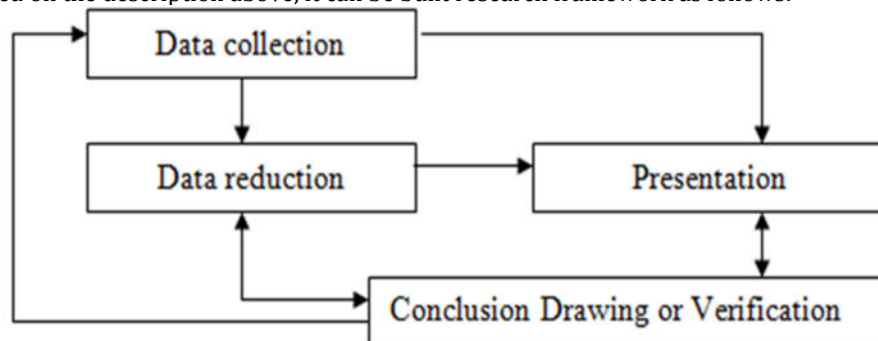


Figure 1. Conceptual framework

Research Hypothesis

Based on the problem formulation and conceptual framework above, the research hypothesis put forward by the researcher is as follows:

- a. Analyzing the effect of financial literacy on financial management behavior in the new normal era for KPM (Beneficiary Families) of the Family Hope Program at the Malang City Social Service.
- b. Analyzing auditors specializing in finance on financial management behavior in the new normal era for KPM (Beneficiary Families) of the Family Hope Program at the Malang City Social Service.

3. METHOD

The method used in this paper is a qualitative descriptive. This research was conducted at the Malang City Social Services Office, Jl. Raya Ki Ageng Gribig No. 5, Kedungkandang, Kec. Kedungkandang, Malang City, East Java 65139. Time This research was conducted for 7 months starting from December 2022 to July 2023. The research was carried out in stages according to the level of needs of the authors, starting with the preparation of a research design, preparation of instruments, data collection, data management and analysis, preparation of report drafts, report dissemination and preparation of the final report.

The number of respondents was divided into 4 sections, namely the Head of the Malang City Social Service 1 person, the City Coordinator (Korkot) of the Malang City PKH Program 1 person, the PKH Program Assistant for Malang City 3 people and KPM (Beneficiary Families) PKH Malang City 100 people. The data analysis method is part of the analysis process where the data collected is then processed to produce conclusions in decision making. In this study used qualitative analysis techniques.

According to (Miles, Huberman and Saldana, 2014:14), there are several stages, namely :

1. Data reduction

Reducing data means summarizing, sorting out the main things, looking for themes and patterns. The stages of data reduction carried out by the researcher were carried out by summarizing all the data that had been obtained in the field and focusing on important things to look for themes and patterns through sharpening and classifying data. Sharpening is done by transforming long words and sentences

into a concise sentence and data grouping is done by grouping similar data and looking for patterns by writing or typing in the form of descriptions. This data reduction/transformation process continues after field research, until a complete final report is compiled (Miles, Huberman and Saldana, 2014:14) (11).

2. Presentation of data (data display)

After the data is reduced, then the next is the presentation of the data. Presentation of data is done in the form of a brief description. Data reduction was carried out by researchers, by systematically compiling data, followed by writing down the data obtained in the field in narrative form. The preparation is done by entering the results of the analysis into notes, then in sentences explaining the findings obtained from observations, interviews, and documentation in the field, and the data is arranged based on the focus of the research.

3. Conclusion Drawing and Verification

The next process is drawing temporary conclusions from the information obtained from the field. The initial conclusions are still temporary, and will change if no strong evidence is found to support the next data collection stage. Furthermore, the researcher verified the results of the study. If the temporary conclusions need to obtain additional data, then the data collection process is carried out again. After the verification is complete, the researcher discusses the findings from the field.

Data analysis was carried out by the qualitative method.

a. Financial behavior

The financial behavior of KPM PKH Malang City whether it has recorded or not.

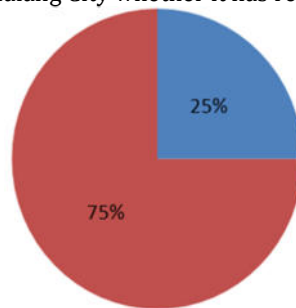


Figure 2. Financial behavior

For financial records, 75% of KPM PKH in Malang City recorded well. KPM PKH Malang City realizes the importance of keeping good bookkeeping so that they can run their business well. Meanwhile 25% do not keep financial records for various reasons, including having difficulty making reports because they do not understand bookkeeping, calculating the amount of assistance received, calculating reports sale of groceries.

1. Financial literacy function

What is the purpose of using your money?

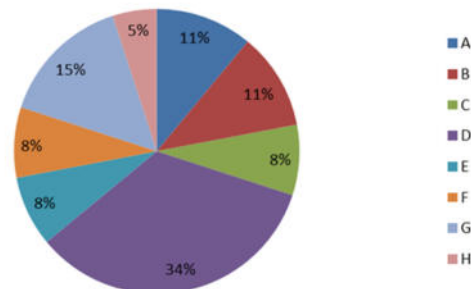


Figure 3. Financial literacy function

Caption:

A). Children's Education 11%; B). Business Capital 11%; C). Worship 8%; D). Paying Debt 34%; E). Livestock 8%; F). Rice Fields, Gardens 8%; G). Vehicles 15%; H). Others 5%.

The purpose of using MSMEs is evenly distributed for all purposes, including Children's Education 11%, Business Capital 11%, Worship 18%, Paying Debt 24%, Livestock, 8%, Rice Fields, Gardens 8%, , Vehicles 15%, Others 5%. The use of financial goals is evenly distributed for all funding needs.

2. Financial inclusion

Banking financial products used Banking products used by KPM PKH Malang City :

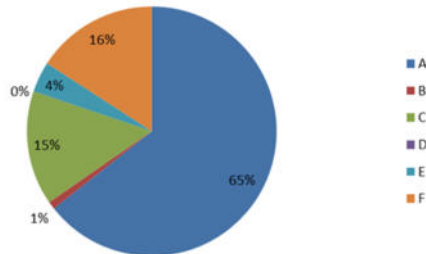


Figure 4 Financial Inclusion

Caption :

A). 65% Savings; B).1% deposit; C). 15% credit; D). current account 0%; E). Others 4%; F). Do not use only for distribution of aid only 16%; The banking products used by KPM PKH in Malang City are Savings 54%, Credit 15%, Current Accounts 0%, Others 4%, Not using only for distributing aid 16%. KPM PKH Malang City who use banking products total 84%.

4. RESULT AND DISCUSSION

Result of Interview About Financial literacy function

The lack of sufficient time to create reports is due to the absence of individuals who can work on them. Everyone needs to be taught by the PKH (Family Hope Program) facilitator themselves. The financial recording is still inconsistent. The PKH Office in Malang City is unable to categorize accounts and separate business funds from household expenses. They have doubts about segregating the accounts that should be included in the financial reports. It is difficult to set aside money for savings due to limited income, as they heavily rely on PKH assistance. Despite receiving prior education on literacy and financial matters.

Result of Interview About Financial inclusion

Using financial products and services for financial planning for KPM PKH Malang City who use financial products and services, especially in the new normal era like today. Financial inclusion activities and business financing are 100% for KPM PKH Malang City who use financial products and services because PKH social assistance is channeled through banks. The role of national banking needs to be increased according to its function in collecting and channeling public funds by paying more attention to financing the activities of the national economic sector, especially at KPM PKH Malang City, as well as various levels of society.

5. CONCLUSION

Based on interviews with several informants and previous research, it is known that the implementation of financial literacy and inclusion plays a crucial role in implementing a study on behavioral adaptation of financial management in the new normal era of the Family Hope Program in the Social Services Department of Malang city. Using financial products and services for financial planning among PKH beneficiaries in Malang city, especially in the new normal era like the present. Financial inclusion and business financing activities are fully provided for PKH beneficiaries in Malang city who utilize financial products and services because PKH social assistance is channeled through banks. This is in line with Presidential Regulation Number 82 of 2016 on the National Strategy for Financial Inclusion, which defines financial inclusion as the right of every individual to have timely, convenient, informative, and affordable access to full financial services while respecting their dignity and integrity. Although education has been conducted, there is a need for ongoing efforts to provide continuous financial literacy and inclusion education for PKH beneficiaries in Malang city.

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