Financial Literacy Education and its Role in Promoting Family Economic Welfare

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ABSTRACT
This study discussed the role of financial literacy in supporting family economic welfare. The data search was conducted electronically on China data related to two variables: digital literacy and family success. After conducting an in-depth review, study, and discussion, we can conclude that financial literacy is closely related to family welfare. To train all family members to become financially literate, giving in the family must be applied so that family members understand how to manage their lives financially. We hope this finding will contribute new ideas for completing similar studies in other future.

Keywords: Role, Financial Literacy, Family Welfare, and qualitative study.

1. INTRODUCTION
The study of financial literacy is a combination of the knowledge of individuals or business people about ways and concepts of managing finances and their capacity to convince themselves to recognize the weaknesses and strengths of managing money (Hastings et al., 2012), including how to conduct management, including making decisions, know how to save money and also invest to increase their welfare in terms of prosperity and independence in managing finances independently (Kefela, 2011). Usually, people who need to learn more about managing money are often deceived when they cannot spend their money correctly and are often trapped in losses and mistakes in managing finances. For this reason, financial literacy seeks to protect individuals in terms of money management by following rules and understanding and having an established level of financial data literacy so that they can take advantage of which investments are profitable and how to make financial planning more comfortable (Kishan & Alfan, 2018). Literacy allows individuals to have the right financial goals from planning to management and overall when evaluating safe and profitable money. In other words, financial literacy is how an individual uses his money through financial education (Adiandari & Yanti, 2022).

Education to achieve financial literacy can be done in various formal and informal ways. The Financial Services Authority (FSA) reported in 2013 that wives manage half of the Indonesian household finances (Holzmann, 2010). A formal understanding of financial literacy can be obtained through education or seminars, but parents in the family also play an essential role in this process. Most parents became "ministers of finance" of the family. In the case of insurance, the wife decides whether to buy it with family money, savings, or gold (Calamato, 2010). In financial planning, a homemaker must be able to invest her income in financial products offered by financial services with long-term goals. In contrast, a husband is usually and culturally considered the head of the family and provides for the entire family. So that every family can establish management towards a financially prosperous family, the role of the wife and father in fostering financial literacy education is enormous and still uncertain (Hira, 2012).

Investment plans are also essential to provide family members with financial security when they reach adulthood and enter retirement age (Ward, 2016). Even though wives manage most household finances, research shows that men are more financially literate than women. This is in line with a survey conducted by the FSA in Indonesia, which found that only 3.37 percent of homemakers use financial products and services, and only 2.18 percent are financially literate homemakers. A different study adds to this finding by stating that working women have higher levels of financial literacy than homemakers, which has an unfavorable effect and makes it challenging to lead a family life and become financially independent (Clark, 2015). Various media reports show this from the increasing number of homemakers who have become victims of identity and financial theft over the past five years. So for family members to survive the issue of family literacy, fathers and mothers must understand and apply good literacy to be safe in a family investment by studying financial literacy as early
as possible. It is never too late to start something good for the future of a prosperous family through financial literacy lessons (Shim et al., 2010).

With insufficient financial literacy among all family members, investment fraud and fundraising continue to spread in dangerous and risky communities, such as chain events, multi-level marketing businesses, affiliate marketing, and so on (Ozil, 2020). In 2017, at least 62 business actors in Medan, according to the Investment Alert Task Force, raised public funds without permission from the authorities. As such there is a need for increasing financial literacy. Responding to this, as financial literacy strategy, under the Unitary State of the Republic of Indonesia, women and homemakers are the targets of literacy education. In other words, the main focus of Financial Services Authority (FSA) to improve financial literacy is homemakers and children (Wulandari & Narmaditya, 2018). By providing financial literacy training, homemakers should be able to estimate how much income is spent on consumption, savings, and investment. Homemakers can design and implement legal protection for investment and financial literacy training for homemakers. This literacy activity aims to teach homemakers how to manage finances well and their legal options if they become victims of fraud. In addition, they could learn to avoid fraud by investing household funds safely because homemakers are often trapped in debt and fraud under the guise of investment and other chain trade, which is often a problem in Indonesia. So the primary key is that financial literacy for housewives is the best solution in the context of family welfare (Lusardi & Mitchell, 2014).

Hence, based on the problems above, it is essential to have a deep understanding of financial literacy, which will bring success and prosperity for the family financially (Ali et al., 2015). In order to add insight and examine what experts in the field of literacy and finance say, we will try to examine the literature related to literacy and education for family welfare which we will study and discuss to gain an in-depth understanding in the hope of being a bright spot and model that will be increasing financial literacy and to develop it so that it becomes enlightenment material, especially to achieve financial independence for all family members (Holzman, 2016).

2. RESEARCH METHOD

In the method section, we will reiterate that this paper was carried out to understand the role of financial literacy in improving or achieving family welfare. Authors believe that many reports have been conducted on how financial literacy relates to success in business organizations and education (Clarke et al., 2015). We have proposed a series of data searches performed on several data sources by electronic search to discuss the issue. After the data is collected, the next step is to start with a data analysis that involves a comprehensive data coding system, high evaluation, and data interpretation to get a robustness that could validly answer the problem in the study. In this study, we found many things that we had to interpret. Finally, we decided that this was a qualitative approach design where we looked at the answers from several data points we reviewed. This study is entirely dependent on secondary data in the form of publications on scientific evidence that has existed in several places, both at local and in foreign journals. That is what we can report; we state the problem from the beginning, look for data, and then analyze and report it in descriptive qualitative (Honey-Rosés et al., 2020).

3. RESULT AND DISCUSSION

In this results section, we will describe the results of the review of some evidence from field studies that focus on financial literacy, financial independence, and the well-being of families. Based on this result, we also describe the results and also a discussion to see which stadium the related issues have also been discussed in various contexts of the study, which will later serve as a buffer and also a controller to what extent our explanation is supported by studies or field evidence that has been carried out.

The importance of financial literacy – U.S.A. Data

Financial literacy is so vital meaning that people need to be equipped with it to deal with the increasing complexity of making financial decisions (Banks, 2010). Today, many customers need to become familiar with financial matters. Many US Americans have difficulty saving and investing because of a lack of financial understanding. This study found that critical financial ability and test performance indicators were correlated. More than a third of people who took the test answered four or more of the five questions correctly, which indicates that many people need to learn more about money (Lusardi & Mitchell, 2014). Changes in financial products and consumer habits have made it harder for Americans to keep track of their money. Most people used to buy things every day with cash. They use credit cards more often these days. Up from 24% in 2017, credit usage accounted for 27% of payments in 2019. These shows that people's spending habits have changed (Kumaran, 2013).

Many people now shop online, which can make it easier to extend credit and thus people easily accumulate debt quickly. At the same time, banks, credit card companies, and other financial institutions offer consumers many credit options, including applying for a credit card and repaying it with another credit card (Soederberg, 2013). If consumers do not have the correct information, it will be easy to get into financial problems. One cannot
count on one-time windfalls like the $1,400 stimulus checks distributed as part of America's rescue plan because financial planning is long-term. Instead, individuals must strengthen their financial knowledge to manage their daily lives. Only people who are good at financial literacy will survive when crisis arrives and the economic situation became precarious. Therefore, financial literacy must be essential and mandatory for anyone to learn if they want to live financially well and have good business skills. With sound financial literacy knowledge, people will be behaving wisely, especially regarding funds and purchases (Xu & Zia, 2012).

Financial literacy for a good family life
Financial literacy is understanding and using various financial abilities, from budgeting to personal financial management. Financial literacy refers to understanding finances, credit, and debt management as necessary to make financially responsible decisions—essential to our daily lives. Financial literacy is demonstrated through debt repayment, budgeting, and understanding the distinctions between various financial products (Remund, 2010). Finally, financial literacy influences families' efforts to establish financial stability, acquire a home, support their children's education, or secure a retirement income (Adiandari et al., 2020). A lack of financial literacy affects people in developed and economically developing economies (Adiandari & Sumintono, 2021). Countries worldwide deal with consumers who need help comprehending basic financial concepts, from Brazil to Bulgaria to India (Engels et al., 2020). Lastly, even though a person's level of financial literacy may vary depending on their income and education, research shows that consumers with higher incomes and higher levels of education can be just as ignorant about financial issues as consumers with lower incomes and lower levels of education though in general, the latter does tend to be less financially literate (Klapper et al., 2013). At the same time, thinking about finances frequently causes anxiety for many people. Individuals reported to the Organization for Economic Co-operation and Development (OECD) that choosing an appropriate investment for a retirement savings plan was more stressful than visiting the dentist (De Haan, 2010). As financial products became more complicated, it will add to the growing difficulty consumers face in making financial decisions and thus adds to the problems caused by financial illiteracy. The convergence of four trends exemplifies the significance of making informed and careful financial decisions. First, the playing field for financial literacy is far from even, and some groups may need to catch up. According to the FINRA report, the gap between those who have and those who do not may grow even as employment and the economy continues to rise over the last decade. Other study also found variations of financial literacy rate between ethnic groupings, with White and Asian individuals outperforming Black and Hispanic survey respondents. White and Asian people correctly answered 3.2 out of six questions asked in the study. Black individuals correctly answered 2.3 out of six questions, whereas Hispanic adults correctly answered (Kell, 2014). This discrepancy persists among younger people as well. PISA 2018 research found that White and Asian 15-year-olds had significantly higher financial literacy scores than the average U.S. student. However, the scores of Black and Hispanic students were somewhat lower (Ma et al., 2021).

One example of the increased responsibility that Americans must bear for their financial security is retirement planning. Previous generations received most of their retirement funds through corporate pension plans, now known as defined-benefit plans. The financial burden of these professionally managed funds was borne by the enterprises or governments who sponsored these pension plans. Customers had little input in the choices, contributed little to their accounts, and were unaware of the pension's investments or financial situation (Lewis, 2017). Pensions guarantees are becoming less frequent, particularly among new employees. Employees often have the option of joining 401(k) or 403(b) plans, in which they decide how much money to invest and how much to contribute (Quinn & Cahill, 2016).

Social Security was a key source of retirement income for past generations; however, the benefits of Social Security appear insufficient for many individuals. Furthermore, the Social Security Board of Trustees predicts that the Old-Age and Survivors Insurance (OASI) Trust Fund, which pays retiree payments, will be empty by 2033. There are several suggestions to enhance Social Security, but the uncertainty makes it more critical for people to prepare for and plan for retirement (Adiandari et al., 2020). According to the 2022 Investopedia Financial Literacy Survey findings, Millennials and Generation Z plan to rely on 401(k) plans. Generation X and Boomers, on the other hand, plan to rely on Social Security. Furthermore, the poll discovered that the younger generation need to learn more financial literacy to survive in uncertainty in the future (Bloom et al., 2010).

Financial literacy for many reasons
There are numerous reasons why financial literacy is necessary. The growing prevalence of financial responsibility is one significant factor. Today, many manage retirement accounts, school loans, home debt, internet trading accounts, and other financial matters (Nypaver, 2011). Experts' perspectives on the significance of financial literacy stated that "Financial literacy is important for college students because the current formula for college success only consists of grades and money. Students are thoroughly educated about academic
requirements and grading policies by teachers and professors. Due to new financial obligations and realities, campuses frequently need to educate or prepare students for success adequately. According to research, students are even more likely to drop out of school due to “outside pressures” than poor grades. The homeroom and scholastic execution alone never again characterize understudy achievement. Provide opportunities for our students to acquire, enhance, and hone the fundamental life skills they require now and, more importantly, as successful graduates for their future success. Our team is pleased to establish a new higher education model by bringing money into the spotlight (Nypaver, 2011).

“We have established ourselves as national leaders in our field by demonstrating that today’s students now expect personal financial education services. If people understand how financial systems work from a young age, or even later in life—if they make errors but learn how to correct them and start planning for the future—they can combine that and take steps to construct a better life for themselves. Financial literacy is essential since it is one of the few things that covers practically every aspect of a person's life” (Hastings et al., 2013). As a result, many of the issues people confront will be pecuniary, even inside families and marriages. In our current society, everything revolves around money. Because we live in a capitalist society, it is in everyone's best advantage to understand as much as they can about money management so that they can at least provide themselves with some future security (Dadoet al., 2011).

From childhood to adulthood, financial education ought to be ongoing. Sadly, this is something that not even our educational institutions seem to be aware of. We frequently assume that individuals will learn about money in some way on their own (Hirsch, 2010). When it comes to financial literacy, a paradigm shift is necessary. Why, then, is financial literacy so crucial for young people? The significance of financial literacy for our young population cannot be overstated. Nothing is more dangerous than a young person who is financially illiterate. It is easy to get caught unaware of various financial pitfalls if you have not learn how to manage your money. It can take several years to reverse bad financial decisions, which is typically challenging. At an early age, teaching children about money will give them essential skills and knowledge to help them make better financial decisions (Arthur, 2012).

Ill-equipped adults are the result of financial illiteracy from the young age. According to statistics, young people who never received adequate financial education become irresponsible adults, particularly in financial matters (Rutledge, 2010). They frequently have shallow credit scores, need help saving enough money to purchase a home, and need to learn how to invest. Adults are taught how to manage their money when younger ones exhibit behaviors at odds with these. Because they had a solid financial foundation as children, these people can make well-informed financial decisions as adults. Youth are more likely to develop poor financial habits due to a lack of financial education. Frequently, young people who engage in poor financial habits like gambling do not have a strong background in financial literacy. They are susceptible to having other bad financial habits as they are easily influenced by others. In contrast, gambling and ponzi schemes are unlikely to entice a person with a solid financial background (Brunson, 3017).

Monetary proficiency will assist with setting up the adolescent for crises. Here and there, we are up to speed in dire circumstances that require much cash. Compared to a young person who is financially illiterate, those with financial literacy will be better at maneuvering and escaping dire financial situation (Naar & Suarez, 2021). To put it another way, there are many reasons why financial literacy for our youth is essential. They should always learn how to save, invest, budget, and manage debt. If this is not done, it could result in a poor and irresponsible generation. What are the advantages of having financial knowledge? Being financially literate has many advantages.

Among them is that it aids in our comprehension of money's value. We can better manage our finances when we comprehend the value of money. We will understand the significance of budgeting, saving, and avoiding wasteful spending. Being aware of our finances prevents us from becoming debt-enslaved people. People can cut the coat to fit the fabric if they are financially literate. This means that people will only borrow money that people can pay back. It teaches us how to invest and make money. Being financially literate teaches us various ways to invest our money and increase our wealth (Blake & Gallimore, 2018). It keeps us from making poor decisions regarding our finances. People who understand money will not be easily swayed into gambling and Ponzi schemes. This is because they know how important money is and how hard it is to get it.

In conclusion, youth financial literacy is ever more critical. A person's youth is an important time in their life. The youth's mistakes will significantly influence their adult life. We will undoubtedly have a generation of adults who are financially responsible if proper money education is provided at this stage (Carrington et al., 2010).

**Family financial literacy**

To empower future generations, financial literacy should be a family affair. Personal financial literacy is dropping in the United States, with only 34% of respondents successfully answering at least four of five FINRA-posed questions. The Covid-19 outbreak brought to light our society's financial difficulties (Calamato, 2010). Debt is at an all-time high, bankruptcies are prevalent, and many Americans live paycheck to paycheck. Adults today are hurting and may be putting the next generation up for failure. Addressing America's financial
Financial Literacy and Family Welfare

It is critical to immediately grasp financial literacy and use it effectively while making financial decisions. A family's financial management is the daily task necessary to manage revenue. Financial management is the capacity to use one's savings and available resources to make decisions that grow wealth while carefully guarding that money against loss and depreciation. Financial management includes credit and cash management, tax and insurance, risk management, investment, and retirement planning. Individuals and their families use management to plan and intelligently manage their limited resources to attain their goals. The objective for homemakers should be to cover the family's necessities while avoiding excessive expenditure. According to Islamic belief, the wife is responsible for managing and maintaining the family's assets, while the husband is responsible for providing family income. The wife is responsible for managing, administering, and taking care of the household finances, while the husband is responsible for providing. The smallest organizational unit in a community that shares a common ancestor is called a family or a group of kin related by blood (Avasthi, 2010). In contrast, the perception and utility of an individual's use of income are the primary factors that influence welfare. Happiness is one of the indicators of welfare; good health; a high level of education, the ability to work for a living, and the ability to control money and not have a bad life. Welfare refers to a person's or community's well-being, happiness, health, and prosperity. The ability to meet one's basic needs and live a happy family life is referred to as family welfare. The capacity to adequately meet each family member's basic needs is another aspect of family welfare. Family welfare is a dynamic condition of the family that meets all of the family's material, mental, spiritual, and social needs. It also allows families to live decently following the environment, allows children to grow, and provides the protection they need to develop their mental attitude and mature personality (Winnicott, 2012).

The connection between family welfare, financial management, and financial literacy is essential for financial decisions. Poor financial literacy will result in poor financial management and monetary issues. Financial
literacy can be utilized when developing a return-oriented financial plan. It is an essential component of addressing economic challenges. Financial literacy is just as critical as handling one's finances. The capacity to effectively make daily financial decisions may be enhanced by financial literacy. Better financial management skills, including the capacity to reduce unnecessary losses, would be demonstrated by financial literacy. As part of financial management, planning and making concrete plans will provide individuals with a sense of security and financial freedom, allowing them to provide for their families. In finance, when a family or an individual achieves financial independence, they are said to be successful or to have achieved welfare. There is a strong correlation between household welfare and financial literacy. Financially illiterate households typically do not plan for retirement, have fewer assets, and borrow at higher interest rates (Ghirmal, 2010).

Financial literacy and family economic wellbeing
In several nations, the problem of financial literacy is getting worse. According to Lusardi & Mitchell (2014), financial literacy plays a crucial role in economic reform in both developed and developing nations. They can even treat various financial crises with financial literacy (Monticone, 2015). Public financial literacy in Indonesia is at 21.8%, which is still relatively low compared to 27 percent in the Philippines, 66 percent in Malaysia, and 73 percent in Indonesia (Mohamad et al., 2014). Furthermore, despite being relatively low, the degree of financial literacy among Indonesians grew in 2016, reaching 29.66 percent. One hundred forty-three nations were polled in the same year to test financial literacy (Rai, K., Dua, S., & Yadav, M., 2019). The results showed that approximately 68% of Indonesians fall into the category of those with low financial literacy.

In the survey, 68% of Indonesians did not answer basic questions about risk diversification, interest rates, and inflation. Indonesia was then ranked 88th out of 143 nations studied in this poll (Subing & Kusumah, 2017). Zeng et al., (2015) claims that Indonesians lack adequate knowledge and skills to manage income production, resulting in a poor degree of financial literacy. Furthermore, there is an immense curiosity about other possible investment opportunities and a need for more awareness of the numerous financial products and services offered by official financial services firms. Due to the existence of a lifestyle that favors consumptive behavior, according to Herdjiono et al., (2016), many imprudent financial decisions are made, such as failing to save, invest, prepare for an emergency fund, and budget for the future (Robertson et al., 2017).

Financial literacy development must be supported by industry participants and inclusion through educational programs so that the Indonesian people can effectively manage their finances. Furthermore, ignorance of the financial sector can be overcome—particularly by homemakers responsible for managing finances. According to Calamato (2010), homemakers should possess qualities and abilities that can influence and alter various aspects of family life and provide children with financial education. Women's higher level of financial literacy results in a wiser financial management, and the ability of women to manage their finances determines the family's future. Ultimately, it will affect decisions about whether or not to use formal financial products and services. According to Bhegawati & Utama (2020), increasing these goods and services may result in increased transactions and support for macroeconomic expansion. The opposite is true in reality.

Financial literacy is low in Indonesia, a country with a majority low education population. According to data from the Financial Services Authority, only 17% of women had financial literacy in 2013, and only 36.13% understood how to manage their finances in 2019 effectively. According to Affandi & Astuti (2013), this condition can result in financial errors (mismangement), such as credit abuse and inadequate financial planning. Therefore, it affects economic stress. According to Grohmann, A., Kouwenberg, R., & Menkhoff (2015), a family's economic stability is disrupted, as is marital contentment and harmony between the husband and wife.

Policymakers in Indonesia still need to consider the issue of maternal financial literacy. According to mashed al-sharia, government need to educate more young people to learn the financial literacy. The following is the structure of this study: In the second session, some pertinent prior research on Islamic economics, financial literacy, and the factors that influence low literacy will be briefly discussed. The third section depicts the information and examination strategies for experimental testing. The research and analysis findings are presented, while the necessary policy recommendations and conclusions are outlined. Financial literacy financial literacy is one of the fundamentals that affect the growth of the economy and the stability of the country's finances (Potrich et al., 2015).

In addition to the fundamental requirements, each must perform management to achieve prosperity (Askar et al., 2017). Lusardi & Tufano (2015) said financial literacy prevents financial management errors (mismangement). Good financial management is supported by sound financial literacy which in turns will raise people's living standards. Without adequate financial management, a person's high-income level will make it difficult to attain financial security (Lee et al., 2000). People with financial literacy are more likely to have savings, insurance, and investments (Potrich et al., 2015). According to Hung et al. (2009), families without financial literacy are less likely to comprehend financial issues (Tsakiridou & Polyzopoulou, 2019), engage in prudent financial behavior, and be able to deal with economic shocks. One of the significant factors contributing to the current economic crisis is society's lack of financial literacy.
Financial Literacy of Mothers.

Married women plays a crucial role in ensuring the well-being of their families. According to Calamato (2010), being a housewife necessitates a high level of financial literacy to excel as a strategic planner and exhibit prudent financial behavior. According to Savard & Cavalcante (2021), homemakers play a crucial role in managing family finances. They have a broader range of perspectives on family well-being than men, such as financial accuracy, social intelligence, asset ownership, recognizing opportunities, health, and quality of life, and the obligation to prepare the family's mental, social, and financial areas. As such, financial literacy aims to perfecting the family welfare, optimize children's development and their future (Montanari et al., 2013) with good financial literacy is essential in tdays life.

Swathi (2017) also said that women with higher education levels are more financially literate and actively participate in household investment decisions. Women with higher incomes have more influence over family decisions regarding investments, savings, insurance, and loans. Financial behavior type, family circumstances or dynamics, family harmony, marital happiness, and family communication influence the family's capacity to make economic decisions. Mothers' financial literacy in Islamic economics One of Islamic economics' objectives is to improve human well-being through acquiring property or material prosperity.

This, however, is not distinguished from Allah's workshop, which is a sort of devotion. Property management in maqāshid al-syarī'ah must be related to religious ideals and other areas of benefit. According to Chandrawati & Setiawati (2021). Islam emphasizes the importance of maqāshid al-sharia in enabling Muslims, particularly housewives, to manage their financial finances. Specifically, money management through setting priorities and budgets for the household prioritizing benefits to achieve Fallah (prosperity in the hereafter and the world), and preventing evil (da' al-mafāṣīd). Prevent unfair access to and utilization of material (financial) resources. In Islam, having hifdzaqī—maintaining reason—is required for a mother's financial management skills (Sugihartati, 2019).

4. CONCLUSION

At the end of this section, we repeat that this study aims to review several scientific pieces of evidence on the role of financial literacy in family welfare. After reviewing the weapons, we can finally conclude that, among others, financial literacy is closely related to several variables, which among other things, say that a person's understanding of financial literacy will determine the path of his life.

Furthermore, we also understand that financial literacy, in many ways, needs attention from all family members. Likewise, family financial literacy will be achieved when all family members understand, learn, and practice financial literacy. In the end, we also find that financial literacy and family welfare are two things that must support each other. With a good economy. These are, among others, the results of our review of this study which we conducted on several publications and books. We hope that it will receive attention and criticism from parties for the sake of perfecting this study.

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