

IMPROVING FINANCIAL LITERACY FOR COMMUNITY WELFARE IN PONGGANG VILLAGE THROUGH FINANCIAL EDUCATION PROGRAM

Vivi Triyanti¹, Devi Angrahini Anni Lembana²,
Riana Magdalena Silitonga^{3*}

^{1,3}Department of Industrial Engineering, Atma Jaya Catholic University of Indonesia, Indonesia

²Department of Management, Atma Jaya Catholic University of Indonesia, Indonesia

riana.magdalena@atmajaya.ac.id

ABSTRAK

Abstrak: Manajemen keuangan pribadi yang efektif memerlukan pemahaman mengenai penganggaran, menabung, pengelolaan utang, dan perencanaan keuangan. Namun, literasi keuangan masyarakat pedesaan, termasuk di Desa Ponggang, masih tergolong rendah. Warga menghadapi berbagai tantangan seperti pengeluaran yang tidak terkendali, minimnya tabungan, serta rendahnya kesadaran terhadap perencanaan keuangan jangka panjang. Program pengabdian masyarakat ini bertujuan meningkatkan literasi keuangan warga melalui pendidikan keuangan yang praktis dan aplikatif. Kegiatan dilaksanakan melalui ceramah interaktif, simulasi pencatatan keuangan, permainan edukatif, serta evaluasi menggunakan pra-tes dan pasca-tes. Hasil menunjukkan peningkatan signifikan pada keterampilan peserta dengan kenaikan skor rata-rata dari 62 menjadi 80 atau meningkat sebesar 29%. Secara rinci, pemahaman arus kas meningkat 30%, kemampuan membedakan kebutuhan dan keinginan 28%, kesadaran menabung 29%, serta pengetahuan perencanaan keuangan 30%. Selain itu, sekitar 70% peserta mulai menerapkan kebiasaan menabung setelah program berlangsung. Temuan ini menunjukkan bahwa program berhasil meningkatkan pengetahuan, keterampilan, dan perilaku finansial masyarakat secara berkelanjutan.

Kata Kunci: Literasi Keuangan; Manajemen Keuangan Pribadi; Perencanaan Keuangan; Pembangunan Desa.

Abstract: *Effective personal financial management requires an understanding of budgeting, saving, debt management, and financial planning. However, financial literacy among rural communities, including in Ponggang Village, remains relatively low. Residents face various challenges, such as uncontrolled spending, minimal savings, and a lack of awareness regarding long-term financial planning. This community service program aims to improve residents' financial literacy through practical and applicable financial education. Activities were conducted through interactive lectures, financial record-keeping simulations, educational games, and evaluations using pre-tests and post-tests. The results showed a significant improvement in participants' skills, with the average score rising from 62 to 80—an increase of 29%. Specifically, understanding of cash flow increased by 30%, the ability to distinguish between needs and wants by 28%, savings awareness by 29%, and knowledge of financial planning by 30%. Additionally, approximately 70% of participants began practicing saving habits after the program concluded. These findings indicate that the program successfully improved the community's financial knowledge, skills, and behaviors in a sustainable manner.*

Keywords: *Financial Literacy; Personal Financial Management; Financial Planning; Rural Development.*



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A. INTRODUCTION

Financial literacy has become a fundamental factor in improving individual and household welfare in today's increasingly complex economic environment. It encompasses a combination of financial knowledge, skills, attitudes, and behaviors required to make informed decisions regarding consumption, saving, investment, and risk management. A growing body of literature highlights that higher levels of financial literacy are strongly associated with better financial planning, reduced debt vulnerability, and improved financial well-being (Hasler et al., 2023; OECD, 2020; Grohmann et al., 2018; Korankye & Pearson, 2023; Mitra & De, 2024). Furthermore, financial literacy is increasingly recognized as a key driver of financial inclusion and economic resilience, particularly in developing countries (Kalsum et al., 2025; Nilawati & Ainiah, 2025). These findings indicate that financial literacy is not only an individual competency but also a critical component of sustainable economic development.

Despite its importance, financial literacy remains relatively low in many rural communities, including Ponggang Village. Although the village has economic potential in agriculture, small-scale enterprises, and informal sectors, many residents still face difficulties in managing their personal and household finances. Common challenges include the absence of structured budgeting practices, low saving behavior, limited financial planning for future needs, and a tendency toward consumptive spending. In addition, irregular income patterns further complicate financial decision-making, especially among farmers and small entrepreneurs. Limited access to financial education programs also restricts the development of essential financial management skills (Yulianah & Muflikhati, 2023; Affianto & Sari, 2025; Korankye & Pearson, 2023; Mitra & De, 2024; Pham et al., 2023). These conditions highlight a clear gap between financial knowledge and financial practice, emphasizing the need for targeted and context-specific interventions.

Previous studies have consistently demonstrated that financial literacy programs play a significant role in improving both financial knowledge and behavior. Empirical evidence shows that individuals with higher financial literacy are more likely to engage in effective financial practices such as budgeting, saving, and long-term planning (Zaimovic, 2023; OECD, 2020; Grohmann et al., 2018; Sayinzoga et al., 2016; Xiao & O'Neill, 2016). Moreover, research indicates that financial education interventions are more effective when delivered using participatory and context-based approaches, allowing participants to actively engage with the material and apply it to real-life situations (Mitra & De, 2024; Korankye & Pearson, 2023; Nilawati & Ainiah, 2025; Kalsum et al., 2025; Tomar et al., 2023). These approaches have been shown to enhance learning retention and foster sustainable behavioral change, particularly in rural and underserved communities.

From a behavioral perspective, financial literacy is closely linked to behavioral transformation. The Theory of Planned Behavior suggests that increased knowledge influences attitudes and intentions, which in turn shape actual behavior. In financial contexts, this includes adopting habits such as consistent saving, responsible spending, and structured financial planning. Therefore, effective financial literacy programs should not only focus on knowledge transfer but also emphasize behavioral change through experiential learning, practical exercises, and continuous reinforcement (Sayinzoga et al., 2016; Xiao & O'Neill, 2016; Pham et al., 2023; OECD, 2020; Tomar et al., 2023).

Based on the identified challenges and supported by previous research, this study proposes a structured and participatory financial literacy program tailored to the needs of Ponggang Village residents. The program integrates interactive lectures, financial simulations, group discussions, and hands-on practice in budgeting and cash flow management. This approach is designed to bridge the gap between theoretical knowledge and practical application, ensuring that participants can directly implement financial concepts in their daily lives. In addition, the program incorporates mentoring elements to support the development of consistent financial habits and long-term behavioral change.

Ultimately, the objective of this study is to improve financial literacy, strengthen financial management skills, and promote positive financial behavior among community members. By enhancing participants' knowledge, skills, and confidence in managing their finances, the program is expected to contribute to improved household economic resilience and sustainable community development. Furthermore, this study provides practical insights into the design of effective financial literacy interventions in rural contexts, contributing to the broader literature on community-based financial education.

B. IMPLEMENTATION METHODOLOGY

The flowchart presented in Figure 1 illustrates the structured stages of the program, consisting of the pre-activity stage (preparation), the activity implementation stage, and the evaluation stage. Each stage is systematically designed to ensure that the program is well-prepared, effectively delivered, and properly assessed.

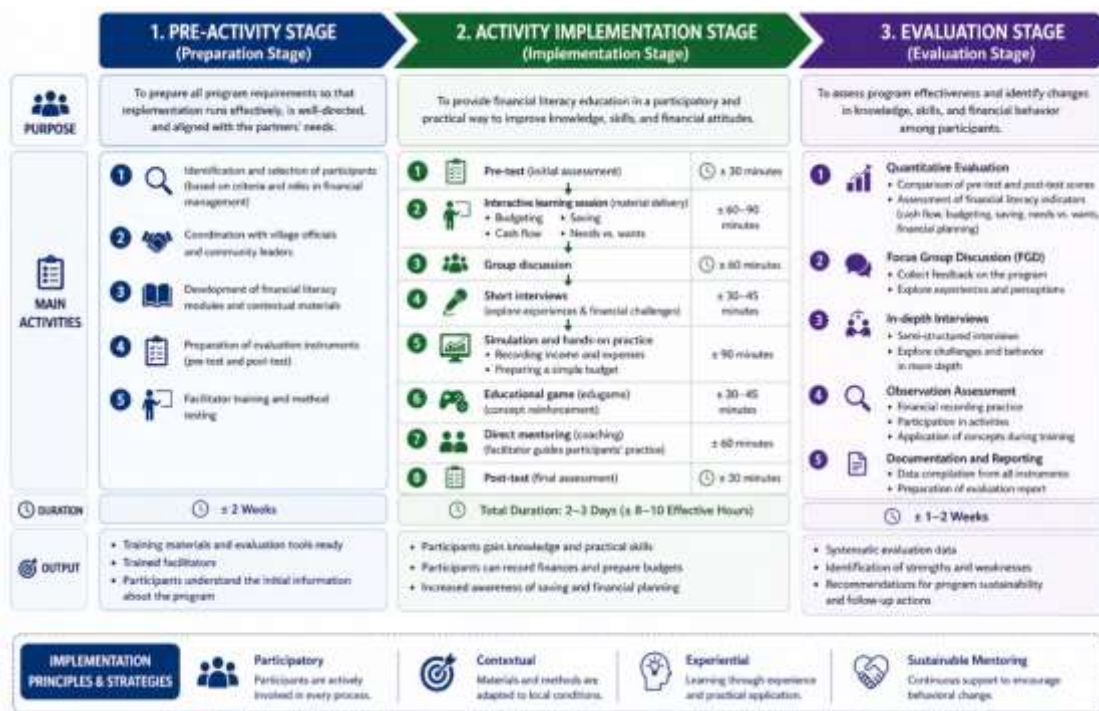


Figure 1. Flowchart of Financial Literacy Program Implementation in Ponggang Village

This community service program involved 40 participants from Ponggang Village, representing housewives, farmers, and small entrepreneurs. These groups were intentionally selected due to their significant role in managing household finances and income-related activities. Housewives are primarily responsible for daily financial decisions, while farmers and small entrepreneurs face irregular income patterns that require adaptive financial management. This targeted selection ensures that the program addresses real financial challenges and enhances its practical relevance.

The program adopted a participatory, contextual, and experiential learning approach, where participants were actively involved in all learning activities. Financial literacy materials were designed based on real-life conditions and included key topics such as budgeting, saving, and cash flow management (Xiao & O'Neill, 2016; Tomar et al., 2021). In addition, the program incorporated adult learning principles, emphasizing interactive and experience-based learning methods such as discussions, simulations, and mentoring to improve both knowledge and behavior (Sayinzoga et al., 2016).

In the pre-activity stage, as illustrated in Figure 1, the program focused on preparing all necessary components to ensure effective implementation. This stage, which lasted approximately two weeks, included the identification and selection of participants based on their financial roles, coordination with village officials and community leaders, development of contextual financial literacy modules, preparation of evaluation instruments such as pre-test and post-test, and facilitator training to ensure consistency in program delivery.

The outputs of this stage included ready-to-use training materials, trained facilitators, and participants' initial understanding of the program.

The activity implementation stage was conducted over two to three days, with a total duration of approximately eight to ten effective hours. The process began with a pre-test to assess participants' initial financial literacy levels. This was followed by interactive learning sessions covering budgeting, saving strategies, and cash flow management. Group discussions were conducted to facilitate peer learning and encourage participants to share their financial experiences. Short interviews were also carried out to explore participants' financial challenges in more depth.

The evaluation stage, as presented in the flowchart, was designed as a structured process focusing on the use of assessment instruments. Quantitative evaluation was conducted through the comparison of pre-test and post-test scores using indicators such as cash flow understanding, budgeting, saving awareness, and financial planning knowledge. Qualitative evaluation was carried out through focus group discussions (FGD) and in-depth interviews to capture participants' feedback, experiences, and perceptions. In addition, observational assessment was conducted using structured observation sheets to monitor participants' engagement, participation in activities, and application of financial concepts during training sessions.

All data collected from these instruments were systematically documented and compiled to support further analysis and reporting. The evaluation stage also included the preparation of documentation and recommendations for future program improvement and sustainability. This comprehensive evaluation framework ensures that the program is assessed objectively and systematically, covering cognitive, practical, and behavioral aspects, while maintaining a clear focus on the implementation process rather than merely reporting outcomes.

C. RESULTS AND DISCUSSION

1. Pre-Activity Stage

The preparation stage ensured that the program was well-targeted and aligned with participants' needs. A total of 40 participants were involved, representing diverse socio-economic backgrounds, including housewives, farmers, small entrepreneurs, and other community members. As presented in Table 1, housewives constituted the largest proportion (45%), followed by farmers (25%), small entrepreneurs (20%), and others (10%).

This distribution highlights the central role of women in managing household finances, making them a strategic target for financial literacy interventions. At the same time, the inclusion of farmers and small entrepreneurs reflects the importance of financial literacy not only for household budgeting but also for managing income-generating activities, particularly in contexts characterized by irregular income patterns. The

preparation process, including participant selection and material development, ensured that the program addressed real financial challenges and enhanced the relevance of the intervention.

Table 1. Participant Characteristics

Category	Frequency	Percentage (%)
Housewives	18	45%
Farmers	10	25%
Small entrepreneurs	8	20%
Others	4	10%
Total	40	100%

As shown in Table 1, the majority of participants were housewives (45%), indicating that women play a central role in managing household finances. This distribution highlights the central role of women in managing household finances, making them a strategic target for financial literacy interventions. At the same time, the inclusion of farmers and small entrepreneurs reflects the importance of financial literacy not only for household budgeting but also for managing income-generating activities, particularly in contexts characterized by irregular income patterns. The preparation process, including participant selection and material development, ensured that the program addressed real financial challenges and enhanced the relevance of the intervention.

2. Implementation Stage

The implementation stage demonstrated strong participant engagement through participatory and experiential learning activities, as illustrated in Figure 2. The training sessions integrated interactive lectures, group discussions, simulations, and hands-on exercises, allowing participants to actively engage with financial concepts.



Figure 2. Financial Literacy Training Activities in Ponggang Village

During this stage, participants practiced recording income and expenses, identifying financial priorities, and developing simple financial plans. These practical activities were particularly important, as many participants initially lacked structured financial management practices. The use of

simulations and educational games further enhanced engagement and understanding, while guided mentoring ensured that participants could correctly apply the concepts introduced during the sessions. This approach reflects the effectiveness of experiential learning, where knowledge is reinforced through direct application. As a result, participants were able to connect theoretical concepts with their daily financial practices, leading to improved comprehension and readiness to adopt better financial behaviors.

The training activities emphasized participatory learning through discussions, simulations, and hands-on exercises. Participants practiced recording income and expenses, identifying financial priorities, and developing simple financial plans. This experiential approach enabled participants to better understand financial concepts and apply them in their daily lives.

3. Evaluation Stage

The evaluation stage provides comprehensive evidence of the program's effectiveness by integrating quantitative assessment results with qualitative field observations. The analysis is based on pre-test and post-test data across key financial literacy indicators, supported by direct observation and participant feedback. The results presented in Table 2 demonstrate a consistent improvement across all indicators, with the average score increasing from 62 to 80, representing a 29% improvement. This trend is further illustrated in Figure 3, which visually highlights the gap between pre-test and post-test scores across each indicator, confirming a uniform pattern of improvement. To provide a clearer analytical perspective, the evaluation results are further elaborated in Table- 2.

Table 2. Analytical Interpretation of Financial Literacy Improvement

Indicator	Pre-test	Post-test	Increase (%)	Analytical Interpretation
Cash flow understanding	60	78	30%	Participants developed a stronger ability to manage income and expenses systematically
Needs vs. wants	64	82	28%	Improved decision-making in prioritizing essential spending
Saving awareness	63	81	29%	Increased awareness and motivation to save regularly
Financial planning	61	79	30%	Enhanced capability in planning short- and long-term finances
Average	62	80	29%	Significant overall improvement in financial literacy

The data indicate that the most substantial improvements occurred in cash flow management and financial planning, both increasing by 30%. These aspects represent core competencies in financial literacy, particularly in

environments where income is irregular. The improvement in saving awareness (29%) further suggests that participants not only gained knowledge but also began internalizing financial discipline. Meanwhile, the slightly lower increase in distinguishing needs versus wants (28%) indicates that behavioral decision-making requires more sustained reinforcement compared to technical financial skills.

The graphical representation (Figure 3) strengthens this interpretation by clearly showing that post-test scores consistently exceed pre-test scores across all indicators. The visual pattern confirms that the intervention produced balanced improvements rather than isolated gains in specific areas, indicating the effectiveness of the integrated learning approach.

In addition to quantitative findings, qualitative observations reveal meaningful behavioral changes. Participants demonstrated increased confidence in managing finances, greater awareness of spending priorities, and an emerging habit of recording financial transactions. Many participants began applying simple budgeting practices and showed initial commitment to saving. These findings suggest that the program successfully bridged the gap between knowledge acquisition and practical application.

However, the evaluation also identified several challenges that affect the sustainability of these outcomes. Participants with irregular income still face difficulties in maintaining consistent saving behavior. In addition, distinguishing between needs and wants remains a challenge in real-life spending situations, particularly when influenced by social and cultural factors. These findings indicate that while short-term improvements are evident, long-term behavioral change requires continuous reinforcement and follow-up support.

Overall, the evaluation results confirm that the program was effective in improving financial literacy both cognitively and behaviorally. The combination of quantitative improvement (29% increase) and qualitative behavioral change demonstrates that participatory and experiential learning approaches can successfully enhance financial capability. These findings are consistent with previous studies highlighting that financial education is most effective when it integrates practical application and continuous engagement (Hasler et al., 2023; OECD, 2020), as shown in Figure 3.

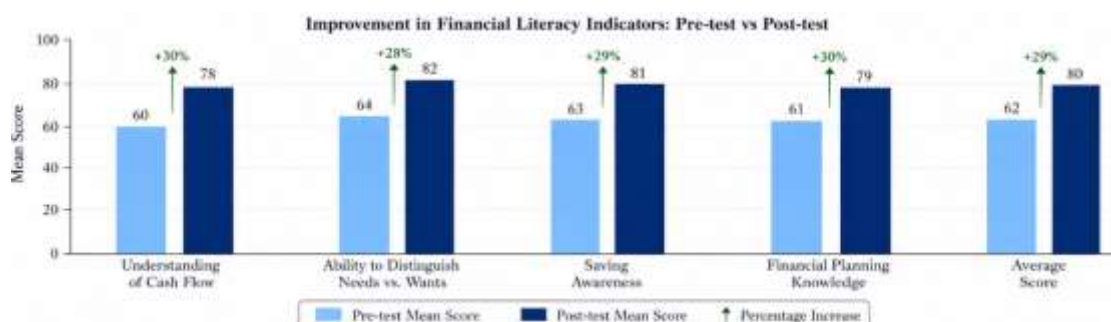


Figure 3. Improvement in Financial Literacy Indicators

Figure 3 illustrates the comparative improvement in financial literacy indicators between the pre-test and post-test assessments. The chart shows a consistent upward trend across all measured indicators, indicating that participants experienced substantial learning gains following the program intervention. The most significant improvements are observed in cash flow understanding and financial planning knowledge, both of which increased by 30%. This suggests that participants developed stronger competencies in managing income and expenses as well as in planning future financial activities. Improvements in saving awareness (29%) further indicate that participants not only understood the importance of saving but also began to internalize financial discipline. Meanwhile, the ability to distinguish between needs and wants showed a slightly lower increase (28%), reflecting that behavioral decision-making skills may require longer-term reinforcement compared to technical financial knowledge.

Overall, the average score increased from 62 to 80, representing a 29% improvement, which confirms the effectiveness of the intervention. The visual comparison between pre-test and post-test scores clearly demonstrates that the program produced balanced improvements across all indicators rather than isolated gains. This pattern suggests that the learning approach was holistic, integrating knowledge acquisition with practical application. The figure also reinforces the findings that participatory and experiential learning methods are effective in enhancing financial literacy. By combining interactive instruction with hands-on practice, the program successfully bridged the gap between theoretical understanding and real-life financial behavior.

D. CONCLUSION AND RECOMENDATION

The financial literacy program demonstrated a significant and measurable impact on both participants' knowledge and financial behavior. This is evidenced by the increase in the average score from 62 in the pre-test to 80 in the post-test, reflecting a 29% improvement across key financial literacy indicators. Improvements were consistently observed in cash flow understanding (30%), financial planning knowledge (30%), saving awareness (29%), and the ability to distinguish between needs and wants (28%). Beyond cognitive gains, the program also contributed to observable behavioral changes. Approximately 70% of participants began to adopt saving habits, while many demonstrated improved practices such as recording income and expenses, prioritizing essential needs, and planning their finances more systematically. These findings indicate that the program was effective not only in enhancing financial knowledge but also in initiating positive behavioral transformation. However, the evaluation also revealed that sustaining these behavioral changes remains a challenge. Participants with irregular income still experience difficulties in maintaining consistent saving habits, and distinguishing between needs and wants continues to be a critical

issue in daily financial decision-making. These findings suggest that while short-term improvements are evident, long-term impact requires continuous reinforcement and support.

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