

## Improving Planning and Financial Management Literacy for Housewives

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### Abstract

**Purpose:** This research aims to enhance financial literacy among families in Duwet Village, Indonesia, focusing on effective financial planning and management. The issue investigated is the low awareness and practice of financial management, which is crucial for maintaining economic stability.

**Method:** The study employed a community service approach, involving socialization sessions targeted at mothers in the Family Welfare Empowerment (PKK) group. Data were collected through participant engagement and feedback, enabling a comprehensive understanding of their financial literacy needs.

**Practical Applications:** The findings have significant implications for improving family financial management practices, promoting economic stability, and enhancing the overall quality of life for families in the community. Increased literacy can lead to better budgeting, savings, and investment decisions.

**Conclusion:** The study demonstrated a notable increase in financial literacy among the mothers of PKK in Duwet Village, emphasizing the importance of community-based education in empowering families for effective financial management.



## Introduction

Families are the smallest institutions for financial management in Indonesia. Effective and efficient financial management within a family helps maintain economic stability. This economic stability is also one of the pillars for creating a happy and harmonious family (Andayani et al., 2022; Atmaja et al., 2021; Finatariyani et al., 2020). However, managing a family's finances is not an easy task. Many factors can influence a family's financial management, including the amount of income received, essential needs that must be met, and additional needs (Hardjayanti & Irawan, 2023; Shanti & Sugianto, 2020). According to (Budhana et al., 2024; Launuru & Syukur, 2022) in their research on Financial Management of Poor Families in the Case Study of the Independent Community Program Partners of Dompot Dhuafa Republika, they found that there are differences in income, levels of ability, and the independence of families in managing finances among partner families.

Effective and efficient financial management can serve as a pillar in maintaining a family that operates harmoniously and economically stable. There are several reasons why families need to plan their finances, according to (Listyorini & Rofiq, 2022; Prabowo et al., 2022), including the existence of goals to achieve, the high cost of living, the rising cost of living from year to year, conditions that are not always good, the human body's physical health, and the abundance of alternative financial products.

Every family certainly has goals they want to achieve, whether in the short, medium, or long term. To achieve these family goals, it is essential for families to create plans, which include financial planning. According to the Family Financial Planning Book (Dewi, 2021), Financial Planning is the art of financial management conducted by individuals or families to achieve goals that are effective, efficient, and beneficial, thus leading to a prosperous family.

The cost of living will rise over time due to various factors, such as an increase in the number of family members, growing family needs, rising prices of basic necessities, and so on (Sunaryo & Abduh, 2022). Therefore, a family must be able to manage its finances to optimally meet its needs so that the phrase "big stake than the pole" does not apply. There is no guarantee that conditions will always be good and stable. Since 2019, the Covid-19 pandemic has affected the world and the economy globally. Many businesses have suffered losses, leading to layoffs, termination of employment, and even shutting down operations (Putri, 2023; Umroh et al., 2023). This has impacted the national economy down to the household economy level.

If a family previously lacked good financial management skills, this situation becomes a significant obstacle. The existence of investments, savings, emergency funds, and health insurance plays a crucial role in addressing the economic crisis caused by Covid-19. In financial planning and management, there are many financial products or services that can be utilized, such as savings accounts, time deposits, planned savings, health insurance, and life insurance. In addition to saving and utilizing existing financial products, families should also start investing. While saving in a bank is a safe way to store money, and insurance provides economic protection to minimize risks, investments can yield benefits over a specific set period. Unfortunately, many people are still unaware of the available financial services and investment products, possibly due to a lack of education on essential financial services for life.

According to (Bunyamin et al., 2023), every family has different ways of managing family finances. Some husbands deposit their entire income with their wives, who then take responsibility for managing that money. There are also families where both spouses work and keep their incomes separate. All family expenses may be covered by the husband, or both spouses may share the financial burden. These variations make it impossible to standardize family financial management patterns. Nonetheless, financial management remains an essential task for any family.

Based on this background, it is necessary to provide financial literacy education to household managers. Financial literacy education for household managers is carried out in

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Duwet Village through the Village Family Welfare Guidance (PKK) organization. This financial management literacy is expected to enhance the knowledge of household managers, particularly housewives, enabling them to manage family finances more effectively and efficiently.

### Method

The methods used in the implementation of the program to provide additional literacy on financial management to the women leaders of the PKK in Duwet Village are as follows:

1. Socialization: Conducted by providing literacy related to Family Financial Planning and Management.
2. Sharing session: Conducted by listening to participants' experiences regarding Family Financial Planning and Management literacy.
3. Discussion: Conducted with a question-and-answer session between the presenter and the participants.

*Figure 1. Socialization Activities on Family Financial Planning and Management for the PKK Leaders of Duwet Village*



### Result

The expected outcomes from the socialization on Financial Planning and Management for the women leaders of the PKK in Duwet Village are crucial for their development and the community's well-being. Firstly, it is anticipated that these women will gain valuable insights into the critical importance of family financial planning and management. Secondly, they will acquire essential knowledge on how to effectively organize and manage their family finances, which is vital for economic stability.

Furthermore, they will learn about the various types of savings and investments available to families, equipping them with the tools needed to enhance their financial literacy. This newfound knowledge will empower them to plan and manage their family finances more effectively, leading to greater economic security. Additionally, the women are encouraged to start saving with specific, achievable goals in mind, fostering a culture of financial responsibility. They are also motivated to begin investing according to their abilities and personal circumstances, thus making informed financial decisions. Ultimately, these women will take the initiative to share the valuable materials and information they have learned with other women in Duwet Village during their PKK activities, fostering a community of informed financial management and empowerment.

### Discussion

The activities for providing additional literacy on Family Financial Planning and Management were conducted at the PKK Hall in Duwet Village, involving participants who are the leaders of the PKK. From the women who attended this session, valuable insights were gathered: (1) each family has different types of income, specifically weekly and monthly; (2) all participants recognize the importance of planning and managing family

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finances; (3) some participants have already started to manage their finances; and (4) several participants have begun saving within the PKK.

The materials presented during the Family Financial Planning and Management literacy session included crucial topics such as (1) Financial Planning, which covers why planning is necessary, what financial planning entails, and how to effectively plan finances; (2) Financial Management, focusing on organizing family finances and creating an effective and efficient budget; and (3) Savings and Investments, discussing the types of savings families should have and the various investment options available. Overall, this program aimed to enhance financial literacy and empower the PKK leaders to better manage their family finances.

*Figure 2.* Group photo of the KKN (Community Service Program) team from Batik Islam University Surakarta with the PKK leaders of Duwet Village.



## Conclusion

Family financial planning and management are essential tasks that every family must undertake. This is because each family has specific goals they want to achieve, and effective and efficient planning and management are necessary to reach those goals. Effective and efficient family financial planning and management involve identifying and setting the desired objectives, creating a financial management plan and model, implementing the developed plan and model, and evaluating the execution of the financial management plan. When family financial planning and management are carried out effectively and efficiently, they will help maintain a family's economic stability, which is expected to positively impact the country's economic stability.

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