e-ISSN: 2745-9535
No. 105/E/KPT/2022
Jurnal Pengabdian Masyarakat
Member of: A/JEBI
Editorial Office: Jl. Soekarno-Hatta, Rembuksari No. 1A, Malang, East Java, Indonesia, 65113
Contact: Phone: +62 (341) 478494 e-mail: jpm@asia.ac.id
The journal is published by Institut Teknologi dan Bisnis Asia Malang
Website: https://jurnal.stie.asia.ac.id/index.php/jpm
Indexed in: Google Crossref neliti GARUDA Journal Dimensions

Financial Literacy for Islamic Boarding School Students: Building a Fundamental Understanding of Money Management

[1]Ice Nasyrah Noor*, [1]Emma Saur Nauli Sipayung, [1]Ardadi Widyananda
[1]Universitas Trisakti, Jakarta, Indonesia
*Corresponding author
E-mail: ice@trisakti.ac.id

Volume
7
Issue
2
Edition
November
Page
443-448
Year
2026

Article History

Submission: 09-07-2026
Review: 10-07-2026
Accepted: 30-08-2026

Keyword

Financial Literacy;
Islamic Boarding School;
Community Service;

How to cite

Noor, I. N., Sipayung, E. S. N., & Widyananda, A. (2026). Financial Literacy for Islamic Boarding School Students: Building a Fundamental Understanding of Money Management. Jurnal Pengabdian Masyarakat, 7(2), 443-448. https://doi.org/10.32815/jpm.v7i2.3042

Abstract

Purpose: This community service program aimed to improve the financial literacy of students (santri) at Pesantren Muhammadiyah Cabang Tanjung Duren by enhancing their understanding of personal financial management, financial planning, income and expense management, and the importance of saving as a foundation for developing financial independence.

Method: The program was conducted through a collaboration between the Faculty of Economics and Business, Universitas Trisakti, and Pesantren Muhammadiyah Cabang Tanjung Duren. The training employed an educational approach consisting of lectures, interactive discussions, and practical explanations on basic financial literacy concepts. The activities focused on introducing fundamental principles of responsible financial management and encouraging participants to apply these concepts in their daily lives.

Practical Applications: The program provides practical knowledge that enables santri to manage their personal finances more effectively by planning expenditures, controlling financial resources, and cultivating saving habits. The knowledge gained can also serve as a foundation for managing small-scale entrepreneurial activities and promoting responsible financial behavior, thereby supporting the development of financial independence within the pesantren community.

Conclusion: The financial literacy training successfully enhanced participants' understanding of basic financial management concepts. The increased knowledge is expected to encourage healthier financial behavior and contribute to strengthening the financial independence and economic resilience of santri in their personal and future entrepreneurial activities.

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Introduction

Financial literacy is a crucial life skill, especially for young people who will drive future economic development. It encompasses key areas such as basic personal finance, savings, credit, insurance, and investment. Sugiharti and Maula (2019) note that knowledge in these areas significantly shapes sound financial management practices. However, many groups, including Islamic boarding school students (santri), still lack adequate financial knowledge. As future community leaders, santri need practical skills in budgeting, saving, investing, and managing debt. Developing these habits—such as saving regularly and meeting financial obligations responsibly—directly improves their long-term economic well-being (Ningtyas, 2019).

Data from the Indonesian Financial Services Authority (Otoritas Jasa Keuangan/OJK) shows that while the national financial literacy index rose from 38.03% in 2019 to 49.68% in 2022, nearly half of the population—especially students—remains financially underserved (OJK, 2020, 2022). This gap is evident among santri, many of whom have not received formal training in financial management. Introducing fundamental financial concepts to them is therefore a critical step toward fostering prudent and productive resource management.

A preliminary needs assessment conducted by the project team through discussions with the management and ustadz (teachers) at Pesantren Muhammadiyah Cabang Tanjung Duren revealed a clear gap: many santri possess limited knowledge of basic financial management, both for personal planning and small-scale business activities. This lack of knowledge hinders their ability to manage resources effectively. To address this, the Faculty of Economics and Business, Universitas Trisakti, partnered with Pesantren Muhammadiyah Cabang Tanjung Duren to implement a community service program titled "Financial Literacy for Santri: Building a Fundamental Understanding of Financial Management." This initiative aims to equip santri with practical financial skills, thereby supporting their personal welfare and contributing to the broader economic sustainability of the pesantren community.

Method

This community service program employed a structured and interactive training approach to improve the financial literacy of santri at Pesantren Muhammadiyah Cabang Tanjung Duren. The implementation consisted of three stages: preparation, training implementation, and evaluation. During the preparation stage, the project team identified the partner institution, coordinated with the pesantren management to conduct a preliminary needs assessment, determine the schedule and venue, and developed financial literacy training materials tailored to the characteristics and learning needs of the participants. The training materials covered fundamental topics, including personal financial planning, budgeting, saving, debt management, and basic investment concepts.

The participants consisted of santri from Pesantren Muhammadiyah Cabang Tanjung Duren who voluntarily attended the training program. Data were collected using a qualitative, descriptive approach. Participants' initial understanding of financial literacy was explored through open discussion and guided questions at the beginning of the training, covering topics such as financial planning, income and expenditure management, saving behavior, debt management, and basic investment knowledge. Changes in participants' understanding were then documented through facilitator observation checklists, notes on participants' responses during question-and-answer sessions, and their performance in practical budgeting exercises conducted throughout the training. This qualitative information was complemented by direct observation of participant engagement and interactive discussions conducted during the training sessions.

The training was delivered through lectures, interactive discussions, question-and-answer sessions, and practical exercises. Participants were guided to prepare simple personal budgets and analyze everyday financial decision-making scenarios to strengthen their understanding of financial management concepts and encourage practical application. The

collected data were reviewed to ensure completeness and consistency before analysis. Facilitator observation notes, records of participants' responses during discussions, and results of the practical budgeting exercises were compiled and organized by theme. The data were then analyzed descriptively using a qualitative approach to identify patterns in participants' understanding of financial literacy concepts before and after the training, as well as changes in their engagement and confidence in applying the concepts to everyday financial decisions.

The effectiveness of the program was interpreted qualitatively by comparing participants' understanding and engagement before and after the intervention. Improvements in participants' ability to answer discussion questions correctly, apply budgeting concepts in practical exercises, and articulate sound financial decisions were used as indicators of successful knowledge transfer. To enhance the credibility of the findings, the evaluation results were triangulated using facilitator observations, participants' exercise outputs, and participant feedback collected throughout the training. This systematic procedure enables the implementation process and evaluation approach to be replicated in similar financial literacy programs conducted in other Islamic boarding schools or community education settings, and it provides a foundation for future programs to incorporate standardized quantitative pre-test and post-test instruments to measure outcomes more rigorously.

Result

The community service program entitled "Financial Literacy for Santri: Building a Fundamental Understanding of Financial Management" was conducted at Pesantren Muhammadiyah Cabang Tanjung Duren with the participation of santri who had diverse levels of financial knowledge. Prior to the training, most participants demonstrated limited understanding of fundamental financial literacy concepts, including budgeting, recording income and expenses, saving, and short- and long-term financial planning. The training was delivered through lectures, interactive discussions, question-and-answer sessions, and practical budgeting exercises. Participants learned the basic principles of financial literacy, including budgeting, distinguishing between needs and wants, saving, and responsible financial decision-making. Practical simulations enabled participants to apply these concepts to everyday financial situations.

Throughout the training, participants showed a high level of enthusiasm and actively engaged in discussions. Many participants asked questions regarding the management of personal allowances, expenditure prioritization, and strategies for developing saving habits. Some participants also shared their experiences in managing small-scale businesses within the pesantren environment. The evaluation results indicated an improvement in participants' understanding of financial literacy concepts following the training. Based on facilitator observations and participants' performance during the practical budgeting exercises and question-and-answer sessions, participants demonstrated better knowledge of simple financial record-keeping, budget preparation, and the importance of saving and responsible financial management. The findings suggest that the training successfully enhanced participants' basic financial literacy and increased their awareness of sound financial management practices.

Discussion

The findings demonstrate that financial literacy training is an effective educational approach for improving the financial knowledge of santri. The observed improvement in participants' understanding reflects the effectiveness of combining lectures with interactive discussions and practical exercises. Active participation during the training indicates that the learning methods were appropriate for the participants' educational background and encouraged greater engagement with the financial literacy materials. This is consistent with Klapper and Lusardi (2020), who found that structured financial education interventions are

among the most effective means of building financial resilience, particularly among populations with limited prior exposure to formal financial management training. Lusardi, Hasler, and Yakoboski (2021) further emphasize that early, practically oriented financial education has a lasting effect on individuals' confidence in making financial decisions.

The participants' increased understanding of budgeting, financial planning, and saving habits is consistent with the concept of financial literacy proposed by the Organisation for Economic Co-operation and Development (OECD, 2023), which emphasizes not only financial knowledge but also the confidence and ability to apply that knowledge in making effective financial decisions. These findings are also in line with Sugiharti and Maula (2019), who reported that basic financial knowledge significantly influences financial management behavior, and with more recent evidence from Rohmanto and Susanti (2021) and Widyakto, Liyana, and Rinawati (2022), who similarly found that financial literacy and financial attitude jointly shape sound financial behavior among young people. Likewise, Ningtyas (2019) highlighted that wise financial decision-making contributes to improved individual economic well-being.

The training also supports Indonesia's national efforts to improve financial literacy and financial inclusion through financial education initiatives promoted by the Financial Services Authority (Otoritas Jasa Keuangan/OJK). This effort remains highly relevant given that the national financial literacy index rose from 38.03% in 2019 to only 49.68% in 2022 (Otoritas Jasa Keuangan, 2022), still well below levels observed in more developed financial markets (OECD, 2023), underscoring the continued need for targeted, community-based financial education initiatives such as this program. By equipping santri with practical financial management skills at an early age, the program contributes to the development of financially responsible individuals who are better prepared to manage personal finances and future entrepreneurial activities, consistent with Xiao's (2022) observation that early financial socialization strongly shapes long-term financial capability.

Beyond its benefits for individual participants, the program has broader implications for the economic empowerment of the pesantren. Improved financial literacy provides santri with the capacity to manage financial transactions, monitor business capital, and evaluate the performance of small business activities operating within the pesantren. This aligns with Kausar Ibrahim, Naryoto, and Arief (2025), who found that financial literacy, alongside lifestyle and family income, is a significant determinant of sound financial behavior among santri in other pesantren settings. Consequently, strengthening financial literacy can contribute to the long-term financial sustainability and economic independence of Islamic boarding schools.

When compared with similar community service initiatives, this program shares comparable objectives and outcomes with other pesantren-based financial literacy programs. Mahendra et al. (2021) reported that structured digital financial literacy training improved santri's investment-related knowledge in a different pesantren setting, while Nurdiawansyah et al. (2022) found that santri's financial literacy was closely tied to their exposure to peer influence in investment decision-making. More broadly, Kausar Ibrahim, Naryoto, and Arief (2025) demonstrated that financial literacy, lifestyle, and family income jointly shape the financial behavior of santri across different pesantren contexts. Compared with these studies, the present program placed greater emphasis on foundational, everyday financial management skills, such as budgeting, saving, and expenditure planning, rather than investment-specific literacy, reflecting the more basic starting point of participants at Pesantren Muhammadiyah Cabang Tanjung Duren. One limitation of the current evaluation is its reliance on qualitative observation rather than standardized quantitative instruments; future community service programs would benefit from incorporating validated pre-test and post-test instruments, as employed in comparable studies (Klapper & Lusardi, 2020), to quantify the magnitude of knowledge gains more precisely.

Picture 1. Community Service Documentation



Source: Private Documentation, 2026.

Conclusion

The financial literacy training successfully improved the participants' understanding of fundamental financial management concepts, including budgeting, financial planning, saving, and responsible financial decision-making. The combination of lectures, interactive discussions, and practical exercises proved effective in increasing participants' knowledge and engagement throughout the program. The results suggest that financial literacy education can play a significant role in fostering positive financial behavior among santri while supporting the broader goal of strengthening the economic independence of Islamic boarding schools. Future community service programs should expand the scope of training by incorporating more applied topics, such as digital financial record-keeping, entrepreneurship, and micro-business management, and should adopt standardized quantitative pre-test and post-test instruments to more rigorously measure changes in participants' financial literacy, in order to maximize their long-term impact on participants and the pesantren community.

Acknowledgements

The authors would like to express their sincere gratitude to the Faculty of Economics and Business, Universitas Trisakti, for its support in organizing this community service program. The authors also extend their appreciation to the management of Pesantren Muhammadiyah Cabang Tanjung Duren for their cooperation and hospitality throughout the implementation of the program. Special thanks are given to all santri who actively participated in the training and contributed to the interactive learning process. The authors also appreciate the dedication of all committee members and facilitators whose contributions ensured the successful implementation of the financial literacy training program.

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