

## Increasing Understanding of Financial Literacy for Generation Z in Palembang City

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### ABSTRACT

Understanding of financial literacy in Indonesia is still low. Likewise, regarding the level of financial literacy in the city of Palembang, the people of Palembang city are still few who have financial literacy, especially Generation Z. Lack of understanding related to financial literacy for Generation Z in the city of Palembang, the implementation of community service related to increasing understanding of financial literacy is needed by Generation Z. Z city of Palembang. The implementation of this activity is carried out by providing material related to financial literacy online using the Zoom Meeting application. This service activity can increase Generation Z's understanding of financial literacy.

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### INTRODUCTION

Increasing understanding of financial literacy is what the community needs regarding knowledge, skills, and beliefs as well as public attitudes and behavior regarding financial management and decision-making to improve welfare. Financial literacy makes people understand how to manage finances and understand digital platforms in financial planning. Good financial management is an important thing that must be done by the community to achieve the desired financial goals. The public must understand that good financial management begins with good financial planning. Indiraswari and Anas (2021), with financial planning, the community can determine goals, strategies, and what steps must be taken so that these financial goals can be achieved properly, efficiently, and effectively.

An understanding of financial literacy is very much needed for Generation Z, where they live in an era that is easy today, such as buying food, drinks, clothes, and other needs that can be obtained easily through available applications, just open a cellphone, everything you need and want can be obtained. If money is not there to buy these needs, then online loan facilities are very widely available, so if you are not wise in using money, you can get stuck on online loans. So that the conditions of an easy era do not make finances better but can become worse due to consumptive and indebted nature and someone tends to fulfill desires rather than fulfill their needs (Sinarwati & Herawati, 2021). Therefore, financial planning is very important for Generation Z to manage finances, with a good understanding of financial management, Generation Z can manage properly and correctly regarding spending priorities, buy or not, delay or not, need additional income or not, as well as investment or no. So that Generation Z's financial condition is healthier and more stable and

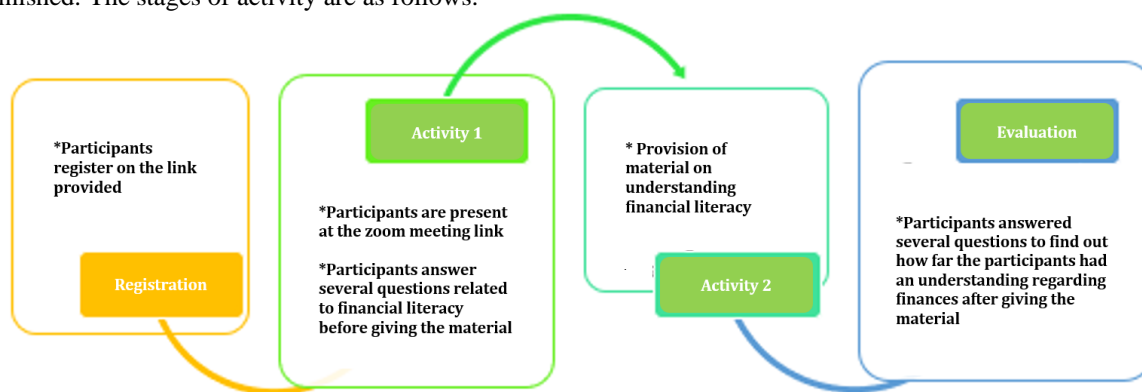
invests in the right places. If the understanding of financial literacy is low, the community does not have good and correct financial planning, lacks financial goals, and can be trapped in fraudulent investments.

The results of a survey conducted by OJK, the financial literacy index in Indonesia is 38.03% (OJK.go.id, 2020), this result explains that the knowledge, skills, beliefs, attitudes, and behavior of people, especially Generation Z, related to finance is still low. The financial literacy index data produced by the OJK is in line with the low level of understanding of Generation Z in Palembang City. This is confirmed by research conducted by Helga, et al (2020) who stated that financial literacy in the city of Palembang is still low. The low financial literacy of Generation Z in the city of Palembang requires an increase in understanding regarding financial literacy. Increasing understanding of financial literacy can be done in various ways, one of which is by socializing with Aslamiyah and Reviandani (2021).

This community service activity is intended to solve one of the problems that occur in the Generation Z community in the city of Palembang. The purpose of this service is 1. So that Generation Z in the city of Palembang can manage their finances properly, correctly, and sustainably 2. Understanding financial literacy, Generation Z can use the right investment instruments so that they are not affected or fall into fraudulent investments. 3. So that Generation Z understands the importance of financial literacy so that they can become ambassadors of financial literacy for their families, neighbors, and environment.

## IMPLEMENTATION METHOD

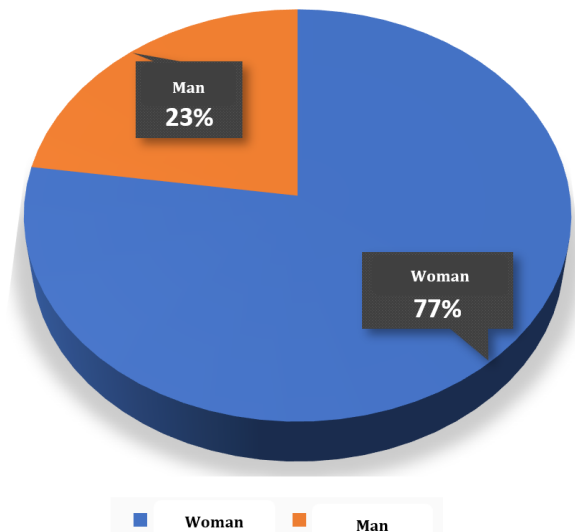
This community service activity has a target, namely Generation Z in Palembang City. 48 participants registered and 44 people attended the activity. The activity was carried out using the lecture method with the material in the form of PowerPoint slides, and material related to Financial Literacy delivered online through the Zoom Meeting application the activity was carried out on Saturday 10 September 2022 from 09.30 am until finished. The stages of activity are as follows:



**Figure 1 Activity Activities**  
Source: Community Service Data, 2022

## RESULTS AND DISCUSSION

Community service activities are carried out online using the Zoom Meeting application, the participants in this activity are Generation Z of Palembang city who have previously registered. There were 44 participants consisting of men and women from Generation Z of Palembang city. At the time the activity was carried out, all participants were required to answer several questions related to financial literacy, then deliver material related to financial literacy which included financial management, Utilization of digital platforms in financial planning, and financial management tips and at the end of the presentation there was a discussion activity related to financial literacy material delivered by the presenter. At the end of the session, the participants were required to answer several questions related to financial literacy, this was aimed at evaluating the participants' understanding after the presentation of material related to financial literacy. The following is the composition of community service participants, namely as follows:

**Figure 2 Participant composition**

Source: Attendance List of Community Service Participants

The definition of planning according to OJK (2019) is the process of setting goals, strategies for achieving goals, and technical steps taken so that these goals can be achieved, effectively and efficiently. Based on the understanding of planning above, it can be concluded that financial planning is the process of setting financial goals, strategies for achieving these financial goals, and the stages carried out to achieve these goals effectively and efficiently.

Human needs that continue to increase are not proportional to the community's ability to obtain them so that needs and abilities can go hand in hand, the community must make financial planning. The stages of financial planning are as follows:

1. Setting goals for financial targets to be achieved with Specific, Measurable, Attainable, Realistic, and Timely criteria.
2. Check the condition of financial health
3. Collect some relevant data information
4. Make a list of financial plans
5. Realizing the financial plan
6. Evaluate the achievement of financial goals

Today's modern era of financial planning is not only convenient but also uses digital, this aims to make it easier for people to do the planning. Several things must be considered in using digital platforms in carrying out financial planning, namely:

**Table 1 Digital Platform Rating**

| No | Factor      | Question   | Reliable  | Can not be relied on                               |
|----|-------------|--|---|--|
| 1  | Security    | Is the data provided to the digital platform safe and will not leak?                             | The data security system is good and the data is safe and does not leak | The security system is not good                    |
|    |             | Are the accounts and pins that are owned not misused?  | Pins or other confidentiality codes will not be misused                 | Pins or other confidentiality codes can be misused |
| 2  | Convenience | Can the digital platform be downloaded into a comprehensive report in the form of a spreadsheet? | a comprehensive report can be downloaded in the form of a spreadsheet?  | Does not have a comprehensive report               |

|   |             |  |   |   |
|---|-------------|--|---|---|
| 3 | Reliability | Can the spreadsheet report be shared with other parties who are partners in digital facility users, for example, their spouse or someone closest to them, to become material for discussion?           | spreadsheet reports can be shared with other parties who are partners in using digital facilities | spreadsheet reports cannot be shared with other parties who are partners with users of digital facilities |
|   |             | Can the generated reports be modified according to user requirements?  | Can be modified   | Cannot be modified  |
|   |             | Is the report display easy to display and understandable?  | Attractive display and easy to understand   | The display is not attractive and understandable  |
|   |             | Does the platform have a stable system, which can store data for a long time, and can be accessed from different devices or can be transferred from one device to another without changing the result? | Accessible using different devices  | Cannot be accessed using a different device   |
|   |             | Are the calculations performed and the formulas used the results and by the user's intent?   | Checking the application is checked regularly   | Applications are not checked regularly  |
|   |             | Will the stored data be easy to save if it gets attacked by malware or the like?   | Stored data is not easily damaged by malware  | Stored data is easily corrupted by malware  |
|   |             | Is the information conveyed on the platform always "updated"?  | The information submitted is always updated regularly   | The information submitted is not updated regularly  |



**Figure 3: Activity Implementation**

The community service activity entitled increasing the understanding of financial literacy for generation Z is running well and smoothly. When the discussion activity took place, all participants were very enthusiastic to ask questions and provide views and responses regarding the implementation of activities. Participants stated that this activity opened their horizons regarding financial literacy and was very useful for them.

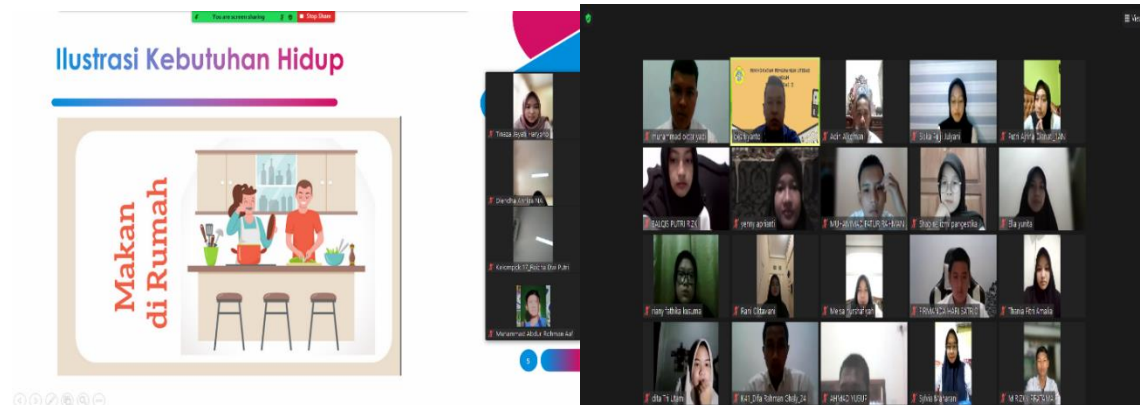


Figure 4: Activity Evaluation

The last activity in this community service is the evaluation of all participants. All participants were evaluated related to understanding financial literacy after participants received financial literacy material, this evaluation was carried out by asking participants to answer several questions related to financial literacy such as financial plans, financial goals, the concept of value for money, financial management, and financial management platforms. The results of this evaluation resulted in an increase in the understanding of Generation Z after being given material related to financial literacy and made participants more concerned about financial literacy and the importance of money.

## CONCLUSION

Indonesian people still do not understand the importance of understanding related to financial literacy. Therefore, community service activities to increase Generation Z's understanding of financial literacy are urgently needed, so that Generation Z can use their money wisely, be able to manage finances, and be able to use digital platforms as financial planners by taking into account several important factors in choosing the platform. The participants in this activity were very motivated in participating in each part of the activity because the material presented added new knowledge to the activity participants, especially related to financial literacy.

## Thank-you note

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