Strengthening Financial Literacy to Raise Aware of Will Financial Planning and Management in Youth

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ABSTRACT

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The implementation of community service activities with the theme Strengthening Financial Literacy to Increase Awareness of Financial Planning and Management among Young People aims to make the younger generation and especially young people of the Samiddha Bhagya Temple Pematang Siantar City who as members of the community have better financial literacy knowledge. An understanding of financial literacy is expected to increase high awareness of the importance of making financial planning and implementing effective and efficient financial management. The method used in carrying out this activity is through face-to-face lectures and discussions. The sequence of this activity begins with an opening, and presentation of material, and continues with discussion. Participants were very appreciative of this activity because it provided an understanding of the importance of financial planning and financial management for future financial security.

Keywords:
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INTRODUCTION
Advances in information technology in today’s digital era greatly impact various aspects both individually and in groups. The internet which is embedded in the daily life of the younger generation does not only focus on communication, but on various transactions. The ease of internet access and digital culture has directed the younger generation (millennial generation) to become more consumptive. The ease of using the internet was reported to be able to influence the desire of the younger generation, especially to imitate, try, follow, and even have something new and popular in their time.

Consumptive means consuming something or using something that is produced by someone else. Furthermore, consumptive behavior refers to the behavior of using or spending money without careful consideration. Various negative impacts result from poor financial planning and management such as lack of long-term preparation, lack of emergency funds, difficulty avoiding expensive financial alternatives, accumulating debt burdens, unpreparedness in dealing with financial crises, and low asset ownership (Lula, 2021). Understanding the various problems that are vulnerable to being faced by the younger generation, financial literacy is used as an approach to solving these problems.

Financial literacy or what is known as financial literacy does not only concern allocating finances for consumption or saving, but various other skills including understanding investment, interest rates, calculating the risk of every financial decision, and other skills (Yushita, 2017). An understanding of proper financial management and planning is one of the efforts to anticipate the various adverse effects of consumptive behavior, such as understanding how to manage finances, repaying debts, understanding interest rates and
various alternative savings, and understanding various financial products. With this understanding, a person becomes more financially literate, especially for the younger generation, to anticipate long-term financial failures and ensure that they achieve economic and financial stability in the future.

**METHOD**

Based on the problems that have been described, the purpose of this activity is to increase knowledge about financial planning and management for the Young Generation of the Samiddha Bhagya Temple, Pematang Siantar City in particular and the community in general. This activity was carried out on February 26 2023 at the Samiddha Bhagya Temple with the address Jl. Thamrin, City of Pematang Siantar, North Sumatra. The material is delivered by lecture method and face-to-face discussion.

The material presented consists of 1. The impact of poor financial planning and management will focus on providing an overview of how important financial planning and management are in everyday life. 2. How to Become a smart generation in Finance, will focus on discussing what abilities participants must have to be smart in finance. 3. Financial planning, will focus on the financial planning process. 4. Managing finances, will focus on good financial management events.

**RESULTS**

Millennial youth in the information technology era which is very practical and offers high efficiency brings challenges in planning and managing their finances. One form of education that is often used to assist the millennial generation in anticipating the negative impacts of consumptive behavior is an understanding of financial literacy. According to the Financial Services Authority, "Financial literacy is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management to achieve prosperity”

It is important to know and understand the three indicators of financial literacy, (Oseifuah, 2010), including:

1. Financial Knowledge: having knowledge of financial terminologies, such as bank interest rates, credit cards, bankruptcy, stock market, various banking services, understanding terms, calculations, and tax benefits, knowing various management services retirement, knowing the various sources of family income, etc.
2. Financial Attitudes: interest or interest in improving financial knowledge, planning pension financial programs for employees, implementing government policies in tax matters, and using banking services related to foreign countries. For example giro, clearing, L/C, etc.
3. Financial Behavior: oriented towards spending and saving, recording and keeping personal financial records, and planning future financing, managing debt and credit appropriately according to the company’s cash flow.

One form of financial literacy is conducting financial planning. Financial planning is a thorough evaluation process of one’s finances (source of income and expenditure) both at present and in the future through a planned analysis of related factors. The journal (Sudjaja, 2008; Rita and Santoso, 2015) summarizes several understandings of how to manage finances to be more efficient, namely:

1. Able to distinguish between needs and wants,
2. Make a financial plan according to the priority scale of the source of funds,
3. Understand the principle of being in debt for something productive not consumptive, and
4. Provision of emergency funds.

Some of the planning processes that can be carried out include: evaluating current finances, identifying financial goals, preparing financial plans and alternatives, implementing financial plans, and recording, and improving financial plans.
Figur 1. Financial Literacy Material to Increase Awareness of Financial Planning and Management Among Young People

DISCUSSION

The results of the socialization which was carried out on 26 February 2023, that the participants had a sense of enthusiasm for the material presented, where the participants understood more about the importance of planning and good financial management, considering that currently, the digital financial system has positive and negative impacts. With the digital financial system, it is easier for them to save, while the negative impact can be the opportunity to increase high buying interest based on desires not needs because of the ease of making transactions so that financial management is not optimal and ultimately has an impact on the use of financial services with interest on loans Very large.

Source: Personal documentation (2023)

Figure 2. Teams and Themes of Community Service Implementation Activities

Source: Personal Documentation, 2023
CONCLUSION

Understanding proper financial management and planning is one of the efforts to anticipate the various adverse effects of consumptive behavior. Financial planning concerns the ability to weigh a financial decision for the long or short term. Several things can be done related to financial planning such as evaluating current finances, identifying financial goals, preparing financial plans and alternatives, implementing financial plans, and recording, and improving financial plans. The important thing that can be applied in managing finances is by adhering to the principle of buying goods based on needs not wants, having a debt principle for something productive, when you have income or income, try to make a financial plan according to the priority scale and provide emergency funds.

Suggestion

To support the achievement of this activity, millennials can apply some of the financial planning and management suggestions as previously described. For the younger generation consisting of students and students, it is very useful in raising awareness and increasing knowledge and abilities in planning and managing finances. As a result, participants can make good financial planning and can manage finances according to a predetermined plan. By participating in this socialization, participants can also understand how important financial literacy is to get financial security in the long term.

Thank-You Note

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REFERENCES


