Abdimas Indonesian Journal
Vol. 4, 2 (July-December, 2024), pp. 741-748
EISSN: 2808-5094, DOI: 10.59525/aij.v4i2.523

Financial Literacy Guidance Services for Children of Migrant Workers in Bangserreh Village Pamekasan Madura

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ARTICLE INFO

Keywords:

Financial Literacy;
Children of Migrant Workers;
Bangserreh Village

Article history:

Received 2024-09-22
Revised 2024-10-20
Accepted 2024-12-05

ABSTRACT

The financial literacy mentorship program for children of migrant worker families in Bangserreh Village aims to improve the financial understanding and skills of children from migrant worker families. The program's main objective is to teach essential financial management, including budgeting, saving, and investment, and establish positive financial habits among participants. The approach used is Asset-Based Community-Driven Development (ABCD), which emphasizes the empowerment of local potential and community participation in the learning process. The program was implemented over four meetings with mentoring stages, including an introduction to financial literacy, budgeting, saving, investment, simulation practice, and group discussions. Evaluation results showed a significant increase in understanding, with 80% of participants able to categorize the use of their pocket money, 75% understanding the importance of saving, and 70% practicing more structured pocket money management. The socio-economic impact is also reflected in the increased involvement of migrant families in the local economy and family financial management. Before the program, only 40% of families had a monthly budget; this figure increased to 65% after program implementation. In addition, 70% of migrant families are now better able to save regularly and avoid consumptive debt. Overall, the program makes a significant contribution to improving the financial literacy of children of migrant families, which has a direct impact on the economic well-being of their families. With a better understanding of financial management, migrant families can be better integrated into the socio-economic life of the village and better able to manage irregular income. The program also opens up opportunities for long-term economic development in migrant communities.

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1. INTRODUCTION

Financial literacy plays a crucial role in an individual's ability to make wise financial decisions, which involves debt management, investment, financial planning, and overall budget management skills. This knowledge and skills are not only necessary for personal financial stability but also for long-term economic well-being. Good financial literacy can help individuals avoid problems such as debt accumulation, inability to make sound investment decisions, and difficulty planning for the future. (Lusardi & Mitchell, 2014). Conversely, a lack of financial literacy can lead to poor financial management and exacerbate the impact of economic instability at the individual and family levels (Prihartono & Asandimitra, 2018).

The financial literacy challenge in Indonesia is made more complex by the migration involving many migrant workers. Children from migrant worker families, particularly in rural areas, often face significant barriers to accessing financial literacy education. Despite the critical role that remittances from migrant workers play, many of these children lack the skills to manage the money effectively. This poses potential problems in the long run about managing family financial resources, especially in terms of coping with inflation and the tendency of consumptive systems in society. (Ubaidillah & Asandimitra, 2019).

Based on previous research findings, factors such as gender, age, education, and income affect a person's level of financial literacy. Men, for example, tend to be more successful in managing household finances than women, and this relates to a variety of cultural and social factors. (Ansong & Gyensare, 2012). Productive age also positively correlates with improved financial literacy, as logical thinking and mature decision-making skills tend to develop with age. (Hertanto, Radhiyastama, Pamungkas, Prasetyo, & Ibriza, 2019). In addition, higher levels of education and income are often associated with better financial literacy. (Lee et al., 2012).

The phenomenon of migration in Indonesia, especially in villages with a strong migration culture, such as Bangserreh Village, Batumarmar Sub-district, and Pamekasan Regency, further exacerbates the financial literacy gap among children of migrant workers. Many children are cared for by other family members after their parents migrate for work, but they are often prevented from accessing adequate financial education. This creates a gap that can affect their ability to manage their parents' remittances and better plan their financial future.

To address these issues, a financial literacy mentorship program designed specifically for children of migrant workers in Bangserreh Village aims to provide relevant and valuable education. The program provides essential knowledge on financial management and practical skills that they can apply daily. By increasing the financial literacy of children of migrant workers, it is hoped that they can be more responsible in managing the money sent by their parents and reduce dependence on harmful consumptive patterns.

Furthermore, this program also has a long-term impact that is expected to strengthen the economy of the Bangserreh Village community as a whole. Increased financial literacy among the younger generation in the village will contribute to developing a more independent and sustainable economy. In addition, the program has the potential to reduce the financial burden faced by migrant workers' families, as their children will be more skilled in managing existing resources, including remittances that are crucial to the family's well-being.

2. METHODS

This service uses Asset-Based Community-Driven Development (ABCD), a model focusing on community empowerment by optimizing local potential. (Ali, Mufidah, & Parwanti, 2022). The ABCD model was chosen to address the challenges in the financial literacy of children of migrant worker families in Bangserreh Village.

This service activity is carried out in Bangserreh Village, located in Batumarmar District, Pamekasan Regency, an area with a reasonably strong migration culture. Fifty children from migrant worker families registered in this program will be involved. Participants are selected in collaboration with the local village government, educational institutions, community leaders, and religious leaders who have important roles in the community. This service activity is planned to last for two months, namely in September and October 2024.

Stages of Implementation This service activity consists of several stages designed to ensure the activity's success and impact on increasing the participants' financial literacy. First, at the socialization stage, all stakeholders, including the Al-Khairat Pamekasan Islamic Institute, Bangserreh village government, educational institution managers, community leaders, and religious leaders. Second, the activities are carried out by preparing the required resources. The third stage, financial literacy guidance, was carried out in four sessions, each focusing on fundamental aspects of financial management. Each session was designed to equip participants with knowledge relevant to their daily lives, from a basic introduction to financial literacy, budgeting techniques, and the importance of saving and investing to hands-on practice in the form of simulations. After the mentoring sessions, a Focus Group Discussion (FGD) was held to evaluate the participants' experience during the activities and discuss the various obstacles faced. The next step is monitoring, and evaluation will be conducted to assess the extent to which participants can apply the knowledge they have gained daily.

Data was collected through various techniques to assess the effectiveness of this service activity. Direct observation was conducted to observe participants' participation and development during mentoring sessions and FGDs. Interviews with participants and related parties were used to gather further information regarding their experiences and perceptions of the program. In addition, pre-and post-test questionnaires were applied to measure the extent to which participants' financial literacy levels changed after participating in the program. (Ridwansyah, Zakariah, Zakariah, & Azis, 2017).

The data collected will be analyzed descriptively to provide a comprehensive picture of the changes in participants' financial literacy understanding and skills. Qualitative analysis is also conducted on the results of interviews and FGDs to identify participants' perceptions of the impact of this program on their ability to plan and manage finances. In this way, the analysis can describe how this service activity improves financial literacy among children of migrant worker families in Bangserreh Village. (Ponorogo, 2013).

3. FINDINGS AND DISCUSSION

The financial literacy program implemented in Bangserreh Village has a significant impact, especially for migrant children. Before the program, many did not understand how to manage the money received from their parents working abroad. Most used the money to buy non-essential items or for short-term pleasure. The program aims to provide a basic understanding of financial management, including saving, budgeting, and understanding debt and investment.

3.1. Improving the Financial Skills of Migrant Children

After the program, the financial skills of migrant children improved significantly. The following table shows the comparison between their understanding before and after the program:

Table 3.1
Improved Financial Understanding of Migrant Children Before and After the Program

Aspects	Before Program	After Program	Improved (%)
Daily Comprehension	35%	80%	45%
Savings Ability	40%	75%	35%
Implementation of Budgeting	30%	70%	40%
Understanding Debt and Investment	25%	60%	35%

Source: Pre-test and Post-test Survey Results of Financial Literacy Program in Bangserreh Village

The data shows that migrant children's understanding of planning expenses, saving money, and managing debt has improved. Many migrant children have started to set aside some of their money for savings, even for long-term needs such as education or holidays. This increased understanding has resulted in a change to wiser financial habits.

3.2. Impact on Social and Economic Inequality

The financial literacy program also helped reduce social and economic inequality in Bangserreh Village. Before the program, only 40% of migrant families were involved in the local economy, but this figure increased to 75% after the program. Similarly, 70% of families now feel better able to manage their irregular income and are more integrated in the village community. These impacts show that financial literacy programs not only affect individual lives but also improve the socio-economic well-being of migrant families.

Table 3.2
Program Impact on Reducing Social and Economic Inequality

Indicator	Before Program	After Program	Improved (%)
Family Engagement in the Local Economy	40%	75%	35%
Families Able to Manage Irregular Income	45%	70%	25%
The feeling of Integration in the Community	50%	75%	25%
Access to Economic Opportunities	40%	65%	25%

Source: Socio-Economic Survey and Interviews with 50 Migrant Families (2024)

In addition to the impact on families, the program has also brought about significant changes in the financial behavior of migrant children. Children who previously did not understand how to manage money are now wiser in controlling expenses and saving. Many have started making personal budgets, setting aside money for savings, and avoiding consumptive debt. For example, Aisyah (6th grade) said: “In the past, I didn't know how to manage my pocket money; it was always spent on unimportant things. After joining the program, I learned to save money for school needs.” Raja'i (grade 6) also said: “Now I can choose which things are more important to buy and which I should postpone.”

Overall, the financial literacy program in Bangserreh Village succeeded in improving the financial skills of migrant children, improving family financial management, and reducing socio-economic inequality in the village. Migrant children are now wiser in managing expenses, saving, and making more rational economic decisions. In addition, they also play an active role in helping their families manage their finances. The program provides critical financial skills and strengthens a sense of social responsibility among the younger generation.

Discussion: Development of Financial Literacy Program for Migrant Children

The financial literacy program for migrant children aims to improve financial management skills and shape responsible financial behavior among the children involved. (Yasinta, Firdaus, & Nurhayati, 2024)This program is essential considering that many migrant children often receive money from their parents who work abroad but do not have sufficient understanding of how to manage the money wisely. One of the challenges usually faced is the tendency of children to spend their money on non-essential items or for short-term pleasure. (Sukesti et al., 2024). Therefore, the financial literacy program aims to provide basic knowledge on economic management, such as saving, budgeting, and understanding debt and investment.

The success of financial literacy programs depends mainly on the teaching approaches and methods used. Study conducted by Hutomo & Linawati, (2023) Surabaya shows improved financial literacy correlates with better financial management ability, especially among migrant children. Successful programs provide theoretical knowledge about finance and integrate practical skills that allow children to practice what they have learned directly.

One relevant theory that explains the importance of interactive teaching methods is constructivism, which Piaget and Vygotsky proposed. This theory emphasizes that knowledge is built through active interaction with the environment, where children do not just passively receive information but also engage in a learning process that includes discussion, simulation, and real-life experiences. (Lefa, 2014)Financial literacy programs that use participatory and interactive approaches, such as simulations, can more effectively improve understanding and retention of economic knowledge than approaches that rely solely on lectures or conventional methods.

Previous research has also shown that the family and community engagement level strongly influences financial literacy programs' success. In the context of migrant children, families play a vital role, as they are often the primary source of social and financial support. (Hidajat, 2016). Financial literacy programs that involve parents in the learning process, such as the one conducted in Bangserreh Village, can strengthen children's understanding of the importance of wise financial management.

Family mentoring has been proven to increase the program's effectiveness, as parents can directly provide real-life examples and assist children in applying financial skills in their daily lives. For instance, the program in Bangserreh Village integrates learning sessions involving parents, where parents are allowed to understand the material taught to their children and learn about financial management with their children. This is by the Social Learning theory developed by Bandura, (1969), which states that individuals learn from the social models around them, including parents, who are the leading models in developing children's behavior.

One approach widely used in financial literacy programs for migrant children is the use of simulation methods and interactive media, such as educational videos or digital applications. For example, the program in Bangserreh Village uses simulation videos to illustrate the importance of saving, avoiding overspending, and managing a budget. This approach allows children to learn in a fun way and be directly involved in the learning process, which makes it easier to understand abstract financial concepts.

According to Richard Mayer's Multimedia Learning theory, using visual and audio media in learning can improve understanding and retention of information. In financial literacy, videos that illustrate real-life scenarios, such as buying things wisely or saving for long-term goals, can strengthen children's understanding of managing their money more effectively.

While this method has yielded positive results, financial literacy programs in different regions show varying results. Some areas may focus more on theoretical aspects, while others, such as Bangserreh Village, emphasize interactive media and family engagement. This highlights the importance of developing methods tailored to the specific needs of migrant children in each region.

As part of the effort to evaluate the effectiveness of financial literacy programs, results from various studies show that repeated and consistent learning opportunities can improve knowledge retention and lead to more positive behavior change. The program implemented in Surabaya, which emphasized repeated learning, significantly enhanced participants' financial management skills. Therefore, it is essential to provide opportunities for children to apply their knowledge over a more extended period so that the learning can be embedded in their lives.

In addition, financial literacy programs that are sustainable and integrated into daily life can have a more significant impact on forming responsible financial habits. In the future, the development of financial literacy programs could involve more use of digital technologies, such as financial apps or online learning platforms, which could make these programs more accessible and more engaging for migrant children.

Overall, the success of the financial literacy program for migrant children depends on the approach used, family involvement, and the use of interactive learning methods that are relevant to the local context. Simulation-based approaches, interactive media use, and families' role as mentors in the learning process can increase the program's effectiveness. With further development, this financial literacy program has the potential to shape responsible financial behavior and provide long-term benefits for migrant children and their families.

4. CONCLUSION

The financial literacy program for migrant children in Bangserreh Village successfully demonstrated the importance of improving financial management skills and establishing responsible financial behavior among migrant children. Given that many migrant children receive money from parents working abroad but lack the understanding of how to manage the money, this program aims to provide basic knowledge on wise financial management, including saving, budgeting, and understanding debt and investment.

The success of this program is greatly influenced by the teaching approaches and methods used. Interactive and participatory approaches, such as simulations and digital media, have proven more effective in improving understanding and retention of financial knowledge. Constructivism theory prioritizes active interaction in the learning process. Multimedia Learning theory supports using visual and audio media as learning tools, which are very relevant to the methods applied in this program. Interactive media, such as educational videos and digital applications, make it easier for children to understand previously abstract financial concepts.

In addition, the involvement of families, especially parents, plays a crucial role in the success of this program. Albert Bandura's social learning theory emphasizes the importance of social models, and in this context, parents serve as direct role models in teaching financial skills to their children. The program also provides opportunities for parents to learn alongside their children, reinforcing a mutually supportive and enriching learning process.

Mentoring involving the family is proven to increase the program's effectiveness, as children not only gain theoretical knowledge but also have the opportunity to apply the skills they have learned daily. Financial literacy programs that are sustainable and accessible long-term are expected to strengthen responsible financial habits among migrant children and their families.

As a further step, the development of financial literacy programs could consider the broader use of digital technologies, such as financial apps or online learning platforms, to increase the accessibility and engagement of migrant children. Financial literacy programs based on interactive methods and family engagement have great potential to shape healthy and responsible financial habits among migrant children, with long-term positive impacts.

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