

Financial Literacy and Inclusion for Millennial UMKM Owners In West Jakarta

Rudolf Lumbantobing¹, Lambok DR Tampubolon², Deni Iskandar³, Eka Desy Purnama⁴
Diana Frederica^{5*}

^{1,2,3,4,5}Faculty of Economics and Business Krida Wacana Christian University, Indonesia

*Correspondence Author

Email: diana.frederica@ukrida.ac.id

Abstract.

The results of the Bank Indonesia survey show that there is still a low number of households that have savings accounts in banks. In addition, the number of households that can access loans at banks is also still very low. One of the problems that exist due to lack of financial knowledge so that not many people understand how to access loans in banks. For an entrepreneur or micro, small and medium enterprises are needed financial literacy in order to easily get business capital from the bank. The purpose of this community service activity is to provide additional insight into how to plan and manage finances so that micro, small and medium enterprises, especially in West Jakarta, increase. The method of implementation of community service activities consists of three stages, namely preparation, implementation, evaluation and follow-up. The results of this activity provide solutions for Micro, Small and medium enterprises in West Jakarta on how to conduct comprehensive financial planning and management, analyze financial statements, and maintain cash flow position by identifying sources of cash receipts and expenditures.

Keywords: *literacy, Inclusion, and Financial management.*

I. INTRODUCTION

The Bank Indonesia survey shows that only 43.57% of households have a savings account at a bank, while only 19.58% of households have access to a bank loan. The rest belongs to non-bank financial institutions (cooperatives and microfinance institutions) and non-financial institutions (colleagues, neighbors, moneylenders, food stalls, etc.). Limited demand for financial services: First, low-income people do not demand formal financial services on the grounds that they are quite expensive. Second, many high-income people are not familiar with using financial products, causing the demand for financial services to decline. This implies that low financial knowledge will reduce the demand for financial services. This financial knowledge is closely related to financial literacy.

The results of the 2016 national financial literacy and inclusion survey show that only 29.7% of Indonesians have adequate knowledge, skills and confidence regarding financial products and services (well literate) and 67.8% of Indonesians have used financial products and services. . People who are well literate are easier to understand matters related to the financial services industry and have information to access the financial services industry that is needed in activities of daily life. They find it easier to determine financial products and services that suit their needs and abilities in an effort to improve welfare. In addition, people who are well literate tend to have better financial management skills to support their financial well-being.

According to the Financial Services Authority Regulation (POJK) No.76/POJK/07/2016, knowledge, skills, and beliefs influence attitudes and behavior to improve the quality of decision-making and financial management in order to achieve prosperity. Financial literacy is a person's understanding or ability to measure related financial concepts and have the ability to manage finances that apply accountability well. Having financial literacy skills enables individuals to make informed decisions about their money and minimizes the chances of being misled in financial matters. The higher the level of financial knowledge, the management of the business owned will also improve. Financial literacy affects a person's way of thinking about financial conditions and influences strategic decision making in terms of finance and better

management for business owners. Financial management is one of the main problems in UMKM s because if financial management in UMKM s does not go well it will hamper performance and gain access to financing. Organizing or managing business and business finances effectively is a method to maintain the pace or flow of company funds so that there are no leaks that lead to financial losses. Financial management is generally an activity of managing funds in daily life carried out by an individual or group with the aim of obtaining financial prosperity.

According to Ida and Cinthia YD, (2010) in achieving this welfare, good financial management is needed so that money can be used according to needs and not wasted. To be able to implement a good financial management process, financial responsibility is needed to carry out the process of managing money and other assets in a way that is considered positive. The process of financial management is a very important activity to be carried out by business actors, including for people's economy actors, the majority of which are Micro, Small and Medium Enterprises (UMKM s). According to Risnaningsih (2017: 42) quoted by Rumbianingrum and Wijayaangka (2020) saying that financial management is one of the problems that is often overlooked by Micro Business business actors, particularly with regard to the application of correct financial and accounting management principles. The problem of financial management is believed to be a key factor that triggers the failure of UMKM. UMKM financial management should apply practical and structured methods in financial management. Some of the principles of good financial management are:

- *Value for Money*(Economic, efficient and effective)
- Accountability (responsible)
- Transparency (openness of information)
- Justice (equal opportunity to get service)
- Integrity (high honesty)

II. PROBLEMS

West Jakarta UMKM s are one of the locations in the community service that is carried out. Why choose UMKM s in West Jakarta because there are still many UMKM s in West Jakarta who do not understand how to manage finances that must be implemented in UMKM s. For UMKM sector actors, it is very important to understand and have knowledge about financial inclusion and financial literacy. This is because financial inclusion and financial literacy affect financial management which will have an impact on the performance and sustainability of UMKM (Desiyanti, 2016). Good financial understanding and knowledge, UMKM financial management can run optimally. The pandemic period causes a decrease in income for UMKM actors (Santika & Maulana, 2020). This is shown by the results of a survey by Soetjipto (2020) that as many as 96% of business actors have experienced the negative impact of the COVID-19 pandemic on business activities undertaken by 1,785 cooperatives and 163,713 SMEs. 75% experienced a significant decline in sales.

According to Malik (2021) that the Financial Services Authority submitted the results of a survey of one international bank in 2020 that the millennial generation aged 25-44 years was the generation most affected by the COVID-19 pandemic from a financial perspective. Tirta Segara as Member of the OJK Board of Commissioners for Consumer Education and Protection said that financial literacy and education programs are needed to become increasingly important and crucial during the pandemic, especially for Generation Z and Millennials. and the sustainability of the UMKM sector in Indonesia.

The main problem in UMKM s is in terms of financial management. One way that can be used to overcome this problem is to apply a financial inclusion model (Irmawati, 2013). The results of the research by Sanistasya et al., (2019) that financial literacy and financial inclusion can improve the performance of UMKM s. Meanwhile, financial inclusion is able to help the business continuity of the UMKM sector in the long term.

III. RESEARCH METHODS

The method is a stage or implementation steps in providing solutions offered to overcome partner problems. This service activity consists of three stages, namely preparation, implementation, evaluation & follow-up. Activities carried out at the preparatory stage were discussions with the head of UMKM s in West Jakarta initiated by Maybank Finance Indonesia, as well as an initial survey by bringing a Letter of Assignment from the Ukrida Faculty of Economics and Business, as well as meeting with several UMKM actors who are considered to be key figures, so that they can motivate his friends to join this PkM. The second stage, the implementation of activities, namely training and financial literacy assistance, is presented in the following table:

Problem	Solution	Output	Steps
Lack of knowledge about financial literacy and inclusion as one of the solutions in increasing business potential.	Financial Literacy Training	Partner's ability to manage simple finances	<ol style="list-style-type: none"> 1. Making Presentation Materials 2. Data collection of UMKN participants 3. Provision of Infrastructure 4. Training implementation

The training implementation stage is the introduction and simulation of simple business finance, where partners are given understanding and knowledge of the importance of simple financial management and small business bookkeeping techniques, this is where partners are introduced to financial terms and their uses. This training activity also equips UMKM actors in West Jakarta on financial management materials through a basic understanding of financial management, namely how to use financial ratios so that UMKM actors can calculate all company operations and also know the needs that must be met by the owner of the company. Participants in this activity consisted of UMKM owners in West Jakarta, representatives from Maybank Finance Indonesia, and lecturers and students of the Ukrida Faculty of Economics and Business.



Fig 1. Activity Flyer

IV. RESULTS AND DISCUSSION

Based on the results of the discussion and implementation of inclusion and literacy that have been carried out in West Jakarta SMEs, it is necessary to:

1. Comprehensive Financial Planning
 - Insurance and risk management

It is a safety risk that is sure to occur but is not unexpected, such as failure to pay

- *Investment Planning*

The profits obtained by UMKM s need to be set aside in an investment to expand the business and also provide flexibility in cash management

- *Employee Benefits*

UMKM s must pay attention to the workforce used. Any profits from the company's operating results must be set aside for employees. The benefits obtained by employees can be in the form of incentives or other things.

2. UMKM s must perform Financial Statement Analysis

UMKM s must periodically conduct an analysis of the results of business operations. The analysis that can be used are Liquidity, Solvency and Profitability.

3. Paying attention to sources of cash receipts and disbursements

To maintain the cash position in UMKM s, special attention is needed in cash receipts and disbursements. This needs to be done to see if the cash received is only from the company's operations or outside the company's operations and the cash disbursements made must be controlled.



Fig 2. Photo of Activity 1



Fig 3. Photo of Activity 2

Thank you note

We would like to thank Maybank Finance Indonesia for facilitating Community Service activities for UMKM s in West Jakarta.

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