

## Enhancing Financial Literacy Of Indonesian Migrant Workers In Malaysia Through The Sikapi Uangmu Application

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### **Abstract.**

*This community service program aims to improve the financial literacy of Indonesian Migrant Workers in Malaysia through direct training and digital technology, specifically, the Sikapi Uangmu application developed by the Financial Services Authority. Indonesian Migrant Workers often face challenges in managing their income, particularly in budgeting, investing, and handling debt. This program is designed to equip them with practical financial skills, enabling them to reduce financial risks and prepare for a more stable financial future. The results of this community service program indicate a significant improvement in Indonesian Migrant Workers' ability to manage their finances, including budgeting, selecting safe investments, and managing debt. The Sikapi Uangmu application provides easy and interactive access to financial information, allowing Indonesian Migrant Workers to engage in self-directed learning. Although the program has been successful, several challenges still need to be addressed, such as the digital divide and resistance to changing financial behaviors. Overall, the program has had both short-term and long-term positive impacts on Indonesian Migrant Workers in Malaysia and their families in Indonesia. However, its sustainability requires further adjustments to overcome technological barriers and to support more sustainable financial behavior changes.*

**Keywords:** Financial Literacy, Indonesian Migrant Workers, Sikapi Uangmu, Financial Management.

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## **I. INTRODUCTION**

The migration of Indonesian labor abroad, especially to Malaysia, has become increasingly prominent in recent decades. Each year, thousands of Indonesian migrant workers leave their homeland in search of better economic opportunities. Malaysia is one of the primary destinations due to geographical proximity, cultural similarities, and the high demand for labor in various sectors such as plantations, construction, and services (IOM, 2020). However, the success of this labor migration is not without its challenges, one of which is the low level of financial literacy among migrant workers. Financial literacy is understanding and effectively using various financial concepts and products (Lusardi & Mitchell, 2014). This includes the capacity to manage budgets, save, understand investment risks, and wisely use financial services. For migrant workers, financial literacy is crucial as they must manage the income earned abroad to ensure the well-being of their families back home (OJK, 2023). Unfortunately, the low level of financial literacy among Indonesian migrant workers often leads to severe problems in managing their finances (Susilowati et al., 2023). One of the main challenges faced by Indonesian migrant workers in Malaysia is the lack of understanding of the differences in financial systems between Indonesia and Malaysia. These differences often leave them vulnerable to financial risks, such as falling into high-interest debt or being involved in risky investment schemes without adequate understanding (Ningsih & Ngesti, 2023). On the other hand, the low level of financial literacy also limits their ability to take advantage of safe and profitable investment opportunities while working abroad (Brahmana & Brahmana, 2016).

This problem affects the lives of migrant workers in Malaysia and their families in Indonesia. Many migrant workers fail to manage their income effectively, so the remittances sent to their families are not used optimally. This can result in financial instability for their families back home, affecting children's education, health, and overall economic development (Bappenas, 2019). Additionally, the low level of financial literacy among migrant workers often increases their risk of falling victim to financial fraud. Several cases have shown that many migrant workers become entangled in high-interest loans or fraudulent investment schemes due to their lack of understanding of the financial products they encounter (Lusardi & Tufano, 2015). These

risks underscore the urgency of improving financial literacy among migrant workers as part of efforts to protect their rights abroad (ILO, 2022). Indonesia needs to take this issue more seriously as a country with a large migrant worker population. Adequate financial literacy among migrant workers benefits them during their time abroad and has long-term impacts when they return to Indonesia (IOM, 2021). With sufficient financial literacy, migrant workers will be better prepared to manage their finances, build assets, and invest wisely for their future and their families (Susilowati et al., 2023). The Indonesian government has made various efforts to improve financial literacy among the general population, including migrant workers. However, the effectiveness of these programs is often hampered by several challenges, such as limited access to relevant financial information, the low level of formal education among migrant workers, and language barriers in understanding complex financial concepts (Bappenas, 2021).

Therefore, a more comprehensive and focused program is needed, with a practical approach that meets the specific needs of migrant workers (OJK, 2023). In this context, it is essential to design financial literacy programs tailored to the conditions and needs of Indonesian migrant workers in Malaysia. These programs must provide theoretical knowledge and practical skills that can be immediately applied in their daily lives (Ningsih & Ngesti, 2023). Moreover, the program should consider the cultural and financial system differences between Indonesia and Malaysia so that migrant workers can understand and use financial information effectively in the local context (Brahmana & Brahmana, 2016). This community service program explores how financial literacy can be enhanced among Indonesian migrant workers in Malaysia, focusing on providing relevant and accessible financial education and training. By improving financial literacy, migrant workers are expected to be better equipped to manage their income, reduce the financial risks they face, and build long-term financial independence (ILO, 2022). Ultimately, improving financial literacy will contribute to the well-being not only of the migrant workers themselves but also of their families in Indonesia (OJK, 2023). This community service program will also examine the best strategies for implementing financial literacy programs among migrant workers, including the role of digital technology, collaboration with financial institutions, and the involvement of the Indonesian migrant worker community in Malaysia (Susilowati et al., 2023). Hopefully, this program's results will provide practical recommendations for the government, non-governmental organizations, and other stakeholders in their efforts to improve financial literacy among Indonesian migrant workers (Bappenas, 2021).

## II. LITERATURE REVIEW

Financial literacy is increasingly recognized as essential for individuals, especially those working abroad. Research shows that financial literacy can significantly impact a person's financial well-being, including that of migrant workers. According to research by Susilowati and colleagues (2023), acculturation and financial socialization have a significant influence on the financial behavior of migrants. The study indicates that migrant workers who can adapt to the financial systems of their host countries and receive education in financial management tend to exhibit better financial behavior, ultimately improving their economic well-being. Community service programs highlight the importance of financial literacy training for migrant workers, particularly in leveraging financial services available in their host countries. In line with this research, a study by Ningsih & Ngesti (2023) underscores the importance of financial literacy in helping migrant workers avoid financial risks such as high-interest debt and risky investments. In the case of Indonesian migrant workers in Hong Kong, financial education provided through collaboration with local institutions increased their understanding of how to manage income wisely while working abroad and after returning to Indonesia. This reinforces the idea that financial literacy is crucial for addressing challenges in the host country and preparing migrant workers for life after migration. In the context of community service programs, relevant and accessible financial literacy initiatives can serve as a solution for migrant workers in various countries.

Furthermore, Brahmana and Brahmana (2016) researched financial planning and financial literacy among former Indonesian migrant workers in Malaysia. The results of their study show that financial literacy has a significant impact on long-term financial planning. Migrant workers with a better understanding of financial management tend to be more capable of planning their financial future, including savings,

investments, and debt management. These findings also demonstrate that financial literacy is closely linked to asset ownership, which indicates financial independence. Community service programs focused on financial literacy, such as those utilizing digital applications, can support long-term financial planning for migrant workers. These studies highlight the importance of targeted financial education for migrant workers. Financial literacy helps them manage their income more efficiently and reduces the risk of falling into financial traps such as debt and risky investments. As outlined in previous studies, financial literacy plays a crucial role in reducing the financial vulnerability of migrant workers, which often stems from a lack of understanding of the financial systems in their host countries. However, despite various studies emphasizing the importance of financial literacy, there remains a gap in providing affordable and relevant literacy programs for migrant workers, particularly in Malaysia. Previous research has focused on financial literacy efforts in regions such as Hong Kong and the Middle East.

At the same time, Indonesian migrant workers in Malaysia often lack adequate financial education programs. This presents a challenge, especially considering Malaysia is one of the leading destinations for Indonesian labor migration. To address this issue, a more innovative approach to delivering financial literacy, including digital technology and online platforms, is needed. One relevant initiative is using the Sikapi Uangmu application, launched by the Financial Services Authority. This application provides interactive financial information, covering essential aspects such as budget management, safe investments, and debt management. In the context of community service programs, this application can be integrated into financial literacy programs for Indonesian migrant workers in Malaysia to broaden their access to relevant and practical financial information. By utilizing technology, such as the Sikapi Uangmu application, financial literacy programs can be made more widely and easily accessible to migrant workers, especially those working in remote areas or with limited access to formal education. The application also offers budget simulation and tips for avoiding financial fraud, which are highly relevant to migrant workers. Existing research supports the importance of providing interactive and practical financial literacy resources that enable migrant workers to apply their knowledge in everyday life. Digital technology, including applications like Sikapi Uangmu, is an effective tool in community service efforts to enhance financial literacy among migrant workers.

### III. METHODS

This community service program employs a mixed-method approach, combining qualitative and quantitative methods to develop and implement a financial literacy program for Indonesian Migrant Workers in Kampung Baru, Malaysia. Each stage is designed to understand the challenges faced by migrant workers regarding financial literacy and provide data-driven solutions. The primary focus of this program is to integrate digital technology, such as the Sikapi Uangmu application launched by the Financial Services Authority, as a financial education tool. The first stage is a needs assessment, conducted through surveys and in-depth interviews with migrant workers living in Kampung Baru, Malaysia. The survey aims to measure the initial level of financial literacy among migrant workers, identify key challenges, and understand their preferences regarding financial literacy programs. Further interviews were conducted to gain deeper insights into the difficulties faced by the workers in managing their finances, as well as their experiences with financial risks in Malaysia. Based on the survey and interview results, it was found that most migrant workers have access to mobile devices, making the Sikapi Uangmu application a relevant digital education platform. The second stage involves program design, which includes developing a financial literacy curriculum based on the Sikapi Uangmu application. The curriculum covers topics such as budgeting, safe investments, and debt management. Sikapi Uangmu was chosen because it offers interactive features that enable migrant workers to learn financial concepts in an accessible and easy-to-understand manner. The application is equipped with information on financial planning, budget simulations, and tips for avoiding financial fraud, which are highly relevant for migrant workers in Malaysia.

The third stage is program implementation, during which financial literacy training is conducted through workshops and online training sessions using the Sikapi Uangmu application. The app is the primary medium for delivering educational materials that participants can access at any time, both during and after

the training sessions. Migrant workers can use the app for self-directed learning, follow financial modules, and manage their finances with the help of the app's features. This digital platform expands the program's reach, including workers in remote areas or those unable to attend in-person training sessions. The final stage is program evaluation, conducted through post-training surveys to measure the improvement in financial literacy among the migrant workers after participating in the program. In addition, the Sikapi Uangmu application provides data on user interaction with various educational features. It is used to assess the app's effectiveness in helping migrant workers understand and apply their financial knowledge. The evaluation results involve quantitative data analysis from the surveys and qualitative feedback from interview participants regarding their experiences using the app throughout the program. This evaluation will assess the success of the community service program in improving the financial literacy of migrant workers in Kampung Baru, Malaysia, and provide recommendations for further development to ensure its sustainability and its reach to more migrant workers in the region.

#### **IV. RESULTS AND DISCUSSION**

The results of this community service program demonstrate a significant improvement in financial literacy among Indonesian Migrant Workers in Malaysia after participating in the specially designed training program. Before the program, the initial survey revealed that most migrant workers did not understand basic financial concepts such as budgeting, safe investments, and debt management. Most participants acknowledged that they often struggled to manage their monthly income, mainly due to a lack of knowledge about allocating their earnings effectively. Following the program's implementation, participants' ability to manage their personal finances markedly improved. Post-program survey results indicated that 80% of participants felt more confident in budgeting, with more than 70% stating that they had begun setting aside a portion of their income for savings or safer investments. The training program also provided a better understanding of investment risks, with many participants who had previously been involved in high-risk investments now being more selective in choosing financial products. Moreover, the program results showed that the migrant workers experienced an improvement in their ability to manage debt. Before this program, many migrant workers were trapped in high-interest debt cycles due to a lack of understanding about how loans or debt agreements work.

However, after receiving material on debt management, around 65% of participants reported gradually reducing their debt and avoiding risky loans. As part of the program, the Sikapi Uangmu application, launched by the Financial Services Authority, was integrated as a financial education tool. This application provides essential information on financial management, safe investments, tips for avoiding fraud, and ways to manage debt. After using the application, many participants reported improving their ability to make better financial decisions. Approximately 75% of participants who used the app found the educational features helpful in understanding previously complicated concepts, such as investments and insurance. Qualitative evaluation through in-depth interviews revealed that participants became more aware of the importance of long-term financial planning. Before training and using the Sikapi Uangmu app, most needed clear financial plans after returning to Indonesia. However, after engaging with the program, they began to plan their finances better, including making investment plans for the future, whether for their children's education or to start a business upon returning to Indonesia. Integrating digital technology, including the Sikapi Uangmu application, also supported this program's success. The online platform facilitated participants' access to educational materials, reaching more migrant workers, including those working in remote locations or unable to attend in-person training sessions.

About 60% of participants who accessed the materials through the app and digital platforms reported feeling comfortable with the online learning format and finding it an effective way to study between their work commitments. Overall, the results of this community service program show that a financial literacy program designed explicitly for migrant workers, which integrates the Sikapi Uangmu application, is highly effective in improving their ability to manage income, reduce debt risk, and prepare for a more stable financial future. This positive impact was not only experienced by the migrant workers themselves but also by their families in Indonesia, who benefited from the improved financial management.

### **Discussion**

The results of this community service program demonstrate that a financial literacy program designed explicitly for Indonesian migrant workers in Malaysia can significantly enhance their knowledge and ability to manage finances. Financial literacy is a critical factor in promoting financial independence, and this program reaffirms the importance of providing relevant and practical training for migrant workers. Post-program survey results indicate that the majority of participants experienced significant improvements in their understanding of budgeting, safe investments, and debt management. This is consistent with the findings of Lusardi and Mitchell (2014), which highlight that improved financial literacy significantly helps individuals better manage their finances. The increase in financial literacy among Indonesian migrant workers also directly impacted the economic well-being of their families in Indonesia. With better financial management skills, these workers could send money home more regularly and significantly. This aligns with the findings of Brahmana and Brahmana (2016), which showed that higher financial literacy helps former migrant workers in Malaysia plan for their financial future, including savings and long-term investments. Thus, this program benefits not only the migrant workers but also their families and communities.

Integrating the Sikapi Uangmu application, developed by the Financial Services Authority, into the training program was crucial in expanding access to more convenient and interactive financial information. The application provided migrant workers with direct access to information related to financial management, investments, and financial risks through their mobile phones. These findings confirm that utilizing technology in financial literacy programs can enhance the effectiveness and reach of financial education (OJK, 2023). The use of this app by migrant workers also reduced geographic and time barriers, allowing them to learn independently according to their needs and available time. However, some challenges emerged during the implementation of this program. One of the main challenges was the technological gap among migrant workers. While many found the Sikapi Uangmu application helpful, some migrant workers had difficulty accessing the digital platform due to a lack of devices or unstable internet connections (Susilowati et al., 2023). This indicates the need for a more inclusive strategy in delivering financial literacy materials, considering the technological limitations faced by some migrant workers, particularly those working in rural or plantation areas. Another challenge identified was the resistance to changing financial behaviors. Some migrant workers, particularly those working in Malaysia for a long time, have found adopting new financial management practices more challenging. They tended to be more comfortable with their previous methods of managing finances, even if they were less effective or risky (Ningsih & Ngesti, 2023).

Therefore, it is essential to incorporate motivation and behavioral reinforcement into this community service program to encourage participants to apply new knowledge daily. In conclusion, the financial literacy program that combines direct training and digital technology, such as the Sikapi Uangmu application, has proven effective in improving the financial capabilities of migrant workers. However, for this program to grow and reach more workers, further adjustments are needed in content delivery and a more personalized approach to addressing behavioral resistance and technology access gaps. A combination of practical approaches, the use of technology, and community support may be vital to ensuring the sustainability and success of financial literacy programs for Indonesian migrant workers in the future.

### **V. CONCLUSION**

This community service program demonstrates that a financial literacy program designed for Indonesian migrant workers in Malaysia is highly effective in enhancing their understanding and skills in managing finances. Through direct training and the integration of digital technology, such as the Sikapi Uangmu application from the Financial Services Authority, the migrant workers were able to improve their income management, save, invest safely, and handle debt. This program not only benefits migrant workers during their migration period but also has long-term positive impacts on the well-being of their families in Indonesia. In addition to providing financial knowledge, this community service program successfully raised migrant workers' awareness of the importance of long-term financial planning, especially in preparing for their future after returning to Indonesia.

Although challenges such as the digital divide and resistance to behavioral change still exist, the program's overall results indicate a significant improvement in participants' financial literacy, which in turn helps them reduce financial risks and achieve economic stability. Going forward, financial literacy programs for migrant workers must be further enhanced by expanding their reach and addressing existing technological barriers. Continued support from the government, community organizations, and the private sector is essential to ensure that migrant workers have sustainable access to information and resources that can help them better manage their finances. In this way, the program can contribute significantly to improving the financial independence of migrant workers and their families and supporting Indonesia's overall economic development.

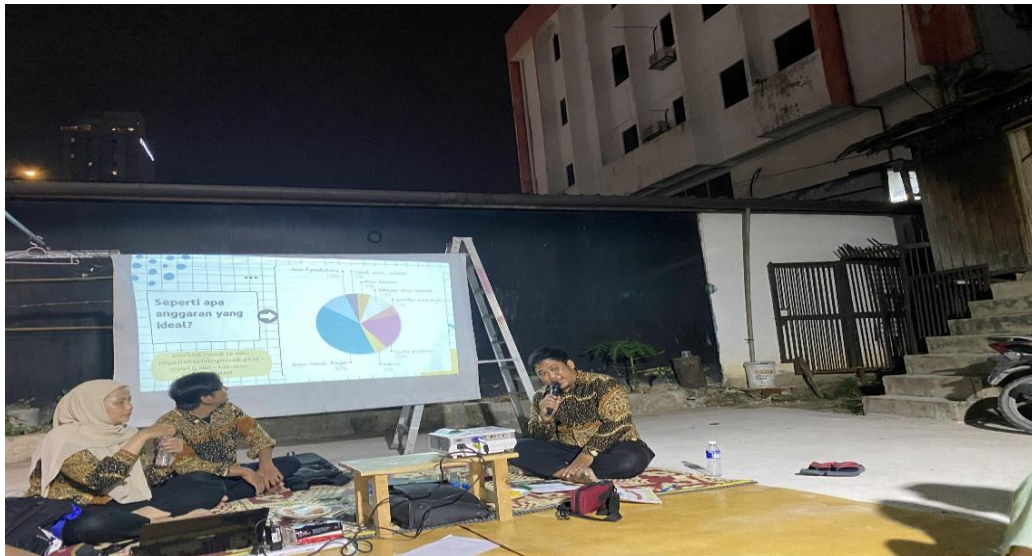
## VI. LIMITATION

This community service program has several limitations that must be acknowledged to provide a more realistic understanding of its results and implications. First, the sample used in this program was limited to Indonesian migrant workers in Malaysia who had access to training and digital technology, such as the Sikapi Uangmu application. This means that the program's results may not fully represent the conditions of migrant workers in more remote areas or those without access to the internet and digital devices. This limitation may affect the generalizability of the program's findings to a broader population of Indonesian migrant workers. The second limitation relates to the evaluation period. The program was only evaluated in the short term, immediately after the training was completed, making it impossible to assess the long-term impact on participants' financial behavior. Financial literacy and behavior changes take time to manifest in everyday life, and long-term impacts such as improved family well-being or financial independence among migrant workers have not yet been adequately measured.

Further studies with extended observation periods are needed to understand the program's effects better. The final limitation is the resistance to changing financial behaviors among some migrant workers. Although the program successfully increased financial literacy, some participants showed difficulty in applying the new knowledge to their daily lives, especially those who had long been accustomed to less effective financial management practices. Changing financial habits requires sustained motivation and encouragement, which may not be achieved through a short training session. Therefore, long-term mentoring or monitoring programs are necessary to ensure the continued application of financial knowledge. With these adjustments, financial literacy programs for Indonesian migrant workers in Malaysia can continue to evolve and provide lasting benefits for migrant workers and their families.

### Documentation





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