



Journal of Educational Sciences

Journal homepage: <https://ejournal.unri.ac.id/index.php/JES>



P-ISSN
2581-1657

E-ISSN
2581-2203

Financial Literacy of Bidikmisi Scholarship Recipient Students

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ARTICLE INFO

Article history:

Received: 01 May 2019

Revised: 15 August 2019

Accepted: 02 Sept 2019

Published online: 24 Sept 2019

Keywords:

Literacy

Finance

Bidikmisi

Cochran

ABSTRACT

This study aims to analyze the level of financial literacy of Bidikmisi scholarship recipients in the Teacher Training and Education Faculty of the University of Riau. This study involved 178 students as samples taken from a population of 630 students using the Cochran sampling technique. This research is a survey research. Data obtained through tests were analyzed descriptively. The results of the study show that the financial literacy of the Bidikmisi Scholarship recipient students is in the literate category. Financial knowledge related to basic personal finance is in the well literate category, financial management knowledge is in the literate category, knowledge of debt and credit is in the well literate category, knowledge related to savings and investment is in the unilliterate category, and knowledge of risk management is in the unilliterate category.

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1. Introduction

The poverty level of the Indonesian population is quite high. Based on BPS data in March 2017, the number of poor people (population with per capita expenditure per month below the Poverty Line) in Indonesia reached 27.77 million people (10.64 percent), an increase of 6.90 thousand compared to September 2016 which amounted to 27.76 million people (10.70 percent). The percentage of poor people in urban areas in September 2016 was 7.73 percent, down to 7.72 percent in March 2017. Meanwhile, the percentage of poor people in rural areas in September 2016 was 13.96 percent, down to 13.93 percent in March 2017.

During the period September 2016 – March 2017, the number of poor people in urban areas rose by 188.19 thousand people (from 10.49 million people in September 2016 to 10.67 million people in March 2017). Meanwhile, in rural

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areas it dropped by 181.29 thousand people (from 17.28 million people in September 2016 to 17.10 million people in March 2017).

Poverty is synonymous with the low financial literacy of the Indonesian people, especially marginalized groups. In order to avoid financial problems, financial literacy skills and knowledge are very necessary. Basically, financial problems in the form of financial difficulties are not only caused by small income. But the factor that also needs to be considered is the ability to manage existing money resources. The amount of income does not guarantee that a person can avoid financial problems, because the income earned cannot be used maximally if financial management capabilities are low.

Having financial literacy is a vital requirement so that humans obtain welfare from existing resources. Good financial literacy can also increase the amount of income. Financial literacy is expected to not only be able to improve the welfare of the community, but also can help reduce poverty. Furthermore, financial literacy is explained as the ability to manage expenses in accordance with income, the decision to invest, the amount of savings in one period of income, and careful planning in credit decisions.

Financial well-being can be obtained from the accuracy of the allocation of money owned. This financial allocation requires knowledge, attitude and implementation known as financial literacy. The extent to which a person's knowledge, attitudes and implementation in managing finances is known as financial literacy (Widayati, 2012). This shows that financial literacy needs to be observed.

Students have problems in managing personal finance because most students are managing their finances independently when they are in college. According to Sabri in Margaretha and Pambudhi (2015), it was stated that for some students, personal financial management without any interference and full supervision of parents is only done when on the bench. Managing expenses starting from paying rent, buying textbooks, making assignments, transportation needs and food by adjusting financial resources received from parents is new.

As explained earlier, that large money resources are not a guarantee of welfare if not managed properly. So this situation will get worse if the money resources managed are very limited. Students who have a family background with the ability of the middle to lower economy certainly must have more skills in managing this limited money resource.

Students with underprivileged economic status but achievers are given the opportunity to obtain scholarships, one of which is Bidikmisi scholarship. Even if the student has received a Bidikmisi scholarship, it does not mean a large amount of money is owned. This means that Bidikmisi students need to have good financial management skills.

In general, Bidikmisi students receive a living cost of Rp. 600,000 per month. The payment system for the University of Riau is paid twice in one semester, or once

per 3 months. If added with the allowance from parents of Rp. 600,000, - (the maximum amount of parental income divided by the number of dependents), then the amount of Bidikmisi student income is Rp. 1,200,000. This means that Bidikmisi students can get income lower than the total amount. This is a very small amount to meet daily needs.

Sandra (2017) in her research on consumption behavior patterns of Bidikmisi students found that on average the recipients of Bidikmisi Riau University had a monthly income of Rp. 1,000,000 up to Rp. 1,200,000. In addition, in this study it was found that the level of income affects the pattern of consumption behavior by 5.2%, meaning that, even though income is low, consumption behavior cannot be controlled properly. At the time of the study it was found that some students bought non-priority needs.

Kurniawati (2016) conducted a study on allocation of pocket money, food coping strategy, and the level of nutritional adequacy of Bidikmisi recipient students at IPB found that students used living costs obtained for food expenditure by 71.2%. However, this percentage is not in line with the nutritional adequacy in the less category. This shows that there is an indication that consumption expenditure is not based on nutritional needs, but is limited to full, or even just in the form of life style.

The research which also discusses lifestyle and consumption patterns of Bidikmisi students was conducted by Setiawan and Zain (2013), finding that most of the expenses for bidikmisi money were spent on paying boarding, which was 45%. On the other hand, 55.4% is used to meet needs that are not basic needs and study needs.

In terms of socio-economic status, students receiving Bidikmisi Scholarships have a socio-economic background in the middle to lower classes. In addition, students receiving Bidikmisi also have income problems. Therefore, in this study will be examined the level of student financial literacy Bidikmisi Economic Education Faculty of Teacher Training and Education, University of Riau.

The National Assessment of Adult Literacy (NAAL) in 2003 stated that skill-based literacy (skill based) focused on the knowledge and skills of the community that must be possessed to live everyday life. Literacy in the broadest sense includes understanding (knowledge of words, symbols, and counting operations) and usage (ability to read, write, and count) from material that is processed, documents, and quantitative information (Huston, 2010).

The application of the literacy concept above in the financial field means that financial literacy focuses on the process of understanding financial information, understanding reading and numeracy skills related to finance. Huston (2010) defines financial literacy as a process of measuring how well individuals can understand and use personal financial information. Huston conceptualizes financial literacy in two dimensions, namely dimensions of understanding

(knowledge of personal finance) and dimensions of use (the application of concepts and personal financial products).

Based on existing research, Remund (2010) defines financial literacy into five groups, namely: 1) knowledge of financial concepts; 2) the ability to communicate financial concepts; 3) ability to manage personal finance; 4) the ability to make the right financial decisions; and 5) confidence in making effective future plans to meet financial needs in the future. The Organization for Economic Cooperation and Development (2012) defines financial literacy as knowledge and understanding of financial concepts and risks, abilities, motivation and trust in applying knowledge and understanding to make effective financial decisions, so as to improve the welfare of individuals and society for the better.

Financial literacy education is motivated by the low ability of the community to manage finances where there is a low level of saving money and high levels of public consumption. Real education is important for instilling knowledge or something. According to Syahza (2014) knowledge is the formation of associative thinking that connects or intertwines a thought with reality or with other thoughts based on repeated experience without understanding essential and universal causality (causality). Financial knowledge according to Yulianti and Silvy (2013) is everything about finance that is experienced or that occurs in everyday life.

Financial education is important to be a part of formal education. According to Sobri Sutikno in Fakhruddin (2017) the process of formal education is able to provide good changes in increasing knowledge and skills. There needs to be improvement over time in the world of education, including in terms of educational content. It is important to always update the quality of education that is important for the country's progress (Monnas, 2018).

Financial education is one method that is able to improve individual abilities in financial literacy. Financial education is an important instrument for measuring well-designed financial literacy in order to capture the extent to which financial education can improve a person's knowledge and ability to behave effectively in order to improve welfare (Huston, 2010; Hung, Parker & Yoong, 2009). The use of technology is also important in supporting financial literacy education. Linda et al (2018) said that development of Knowledge and Technology in the era of globalization is growing rapidly. This has an impact on various aspects of human life, including in Education.

According to Mandell (2009) in general, the inability of the community to make financial decisions in managing their finances can have a negative impact on all aspects of a country's economy. Concerns about the economy caused the government to focus on the importance of financial education and understanding in the use of basic financial instruments (financial literacy) as a function of financial markets.

OECD (2014) says that financial education is a process of increasing people's understanding of financial products and concepts through direct information,

instruction and advice, in order to develop the ability and trust of the community to be more sensitive to financial risks and opportunities, to determine a choice, to find out where to get help, and other effective actions that can improve people's financial well-being.

OECD (2014) divides financial knowledge into four learning environments. The following are four scope of financial literacy according to PISA:

a. Money and Transactions (Money and Transaction)

The scope of money and transactions consists of differences in the form and purpose of using money and using simple transactions such as payments, use of money, value for money, bank cards, bank accounts, and currencies.

b. Planning and financial management (Planning and Managing Finance)

The scope of financial planning and management has become an important scope in shaping financial literacy skills. Components in financial planning and management include planning and managing income and wealth for the short and long term, knowledge to monitor income and costs, and utilizing available income and other resources to improve financial well-being.

c. Risk and Benefits (Risk and Reward)

The scope of risks and benefits relates to the ability to identify ways to manage financial resources, balance and protect risks (including through insurance and savings products), as well as an understanding of the potential benefits or losses in using financial products such as credit and investment. This scope provides understanding to the public about how to minimize financial risks faced and maximize benefits through financial management.

d. Financial Landscape (Financial Landscape)

The financial landscape is related to characters and features in the financial world. The financial landscape includes several things, namely the rights and responsibilities of consumers in the financial market and general financial environment, the implications of financial agreements, and combining understanding of the consequences of changing economic and community conditions on policies, such as changes in interest rates, inflation and taxation.

Therefore, this study attempts to analyze the student financial literacy of Bidikmisi in the faculty of teacher training and education in the University of Riau.

2. Methodology

This research is a type of survey research conducted in Pekanbaru with research subjects from the Faculty of Religion and Education at the University of Riau in January to March 2019. The sampling technique using the Cochran method obtained samples of as many as 178 people with a proportion of 20% men and 80% of women.

The data used is primary data. Primary data sources obtained answers to respondents 'financial literacy tests, as well as respondents' financial behavior. Data collection is done through the questionnaire. Questioners will be arranged in two forms, namely tests and questionnaires. The data analysis technique is done by first identifying and categorizing the level of student financial literacy. Test results are tabulated by giving point 1 for the correct answer, and giving a value of 0 for the wrong answer. Descriptive statistical analysis aims to explain the picture examined through sample data without analyzing and making generally accepted conclusions. The results of the correct answers are then presented to be grouped into the assessment categories presented in Table 1.

Table 1. Financial Literacy Assessment Category

Percentage	Categories
More than 80%	Having high knowledge about financial literacy (well literate)
60% to 79%	Having moderate knowledge about financial literacy (literate)
Bellow 60%	Having low knowledge about financial literacy (unliterate)

3. Results and Discussion

Bidikmisi students are required to achieve certain achievements so that their Bidikmisi scholarship contracts can continue, one of which is to obtain a minimum grade point average (GPA) of 2.5 for the natural sciences and 2.75 for social and humanities majors. The GPA data of students receiving Bidikmisi scholarships in the Faculty of Teacher Training and Education is presented in Figure 1.

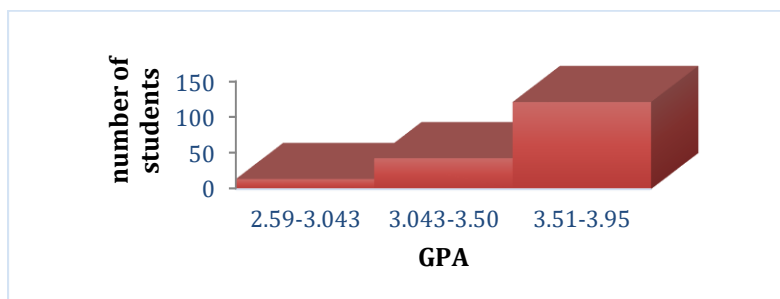


Figure 1. Bidikmisi Recipient Student Grade Point Average

Based on data from 178 samples, information was obtained that students whose GPA was in the range of 2.59-3.04 were 7.86%, ranging from 3.04-3.50 as much

as 24.16%, ranging from 3.50 to 3.95 as many as 67, 97%. Based on these data it can be concluded that most students are students whose GPA is at level 3. Only a few students whose GPA is at level 1.

In this study also collected student income data Bidikmisi in FKIP Riau University. The income component recorded includes living costs from Bidikmisi scholarships, remittances from old organizations, and other income obtained from student work if any. Student income data is presented in Figure 2.

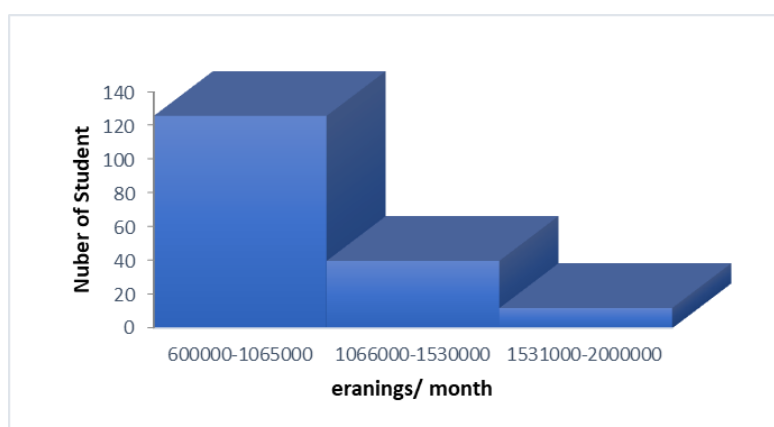


Figure 2. Earnings of Bidikmisi Scholarship Recipients and Teaching and Education Faculty Students at the University of Riau

Student bids for Bidikmisi are grouped on three levels. Level 1 is students who earn between IDR 600,000 - IDR 1,065,000, level 2 are students who earn between IDR 1,060,000 IDR 1,530,000, and level 2 are students who earn between IDR 1,530,000 - 2,000,000. The maximum income of a Bidikmisi scholarship recipient is IDR 2,000,000, while the smallest income is IDR 600,000.

Students whose income is at level 1 are the largest, which is 70.78%. At level 2 there is 7.1% and at level 3 only 6.74%. The average income of the FKIP University of Bidikmisi students in Riau is Rp. 1,005,600, or is at level 1. This shows that the Bidikmisi student money resources of the University of Riau FKIP are very limited.

This study looks at financial literacy from indicators of financial knowledge and financial behavior. The financial knowledge of students receiving Bidikmisi Scholarships in the Teacher Training and Education Faculty is categorized into three categories, namely categories (a) well literate, (b) literate, and (c) unliterate. General financial knowledge is presented in Figure 3.

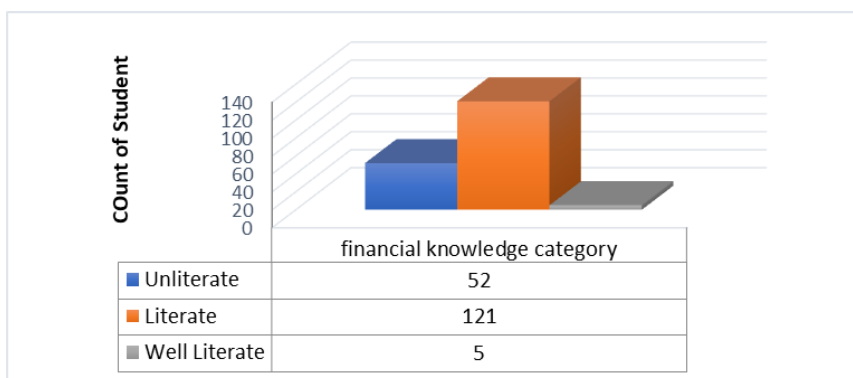


Figure 3. Level of Financial Literacy Student of Bidikmisi Scholarship Recipient Faculty of Education and Education, University of Riau

Overall the financial knowledge of Bidikmisi scholarship recipients at the University of Riau FKIP is in the literate category with the percentage of correct answers 64.61%. When viewed based on the financial knowledge category students who have knowledge of the well literate category are only 2.8%, the literate category is 67.9%, and the unliterate category is 29.2%. It can be seen that most students have financial knowledge in the literate category, meaning that their financial knowledge is still in the moderate category. There are still many students who have poor financial knowledge that is in the unliterate category.

Financial knowledge related to Basic Personal Finance

Basic personal finance, covers a variety of one's conscious understanding in financial management such as simple interest calculation, compound interest, inflation, opportunity cost, time value, asset liquidity, and others. From some of the subindicators, in this study to measure a person's basic financial knowledge measured by two subindicators, namely controlling inflation towards a group of people and the influence of inflation on purchasing power. Through these two indicators the data obtained is shown in figure 4.

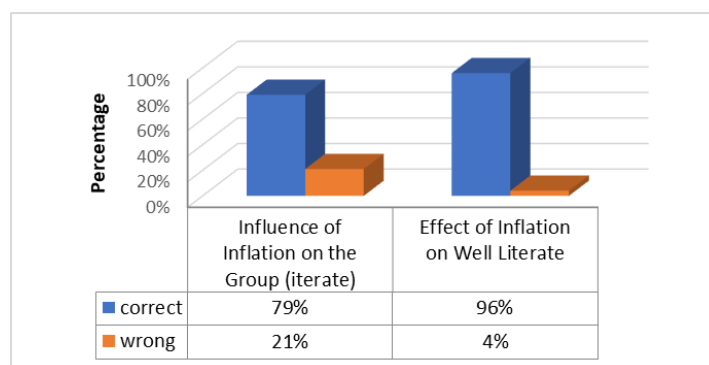


Figure 4. Financial knowledge related to Basic Personal Finance

In the sub indicator of the effect of inflation on a group, the percentage of correct answers is 79% and is in the literate category. Whereas in the sub indicator of the

effect of inflation on purchasing power the percentage of correct answers reached 96% in the well literate category.

Financial Knowledge related to Money Management

Knowledge of financial management is defined as ownership of how an individual can manage personal finance. To obtain financial knowledge of Bidikmisi recipient students on this indicator, six sub-indicators were used to obtain information. The information obtained is presented in Figure 5.

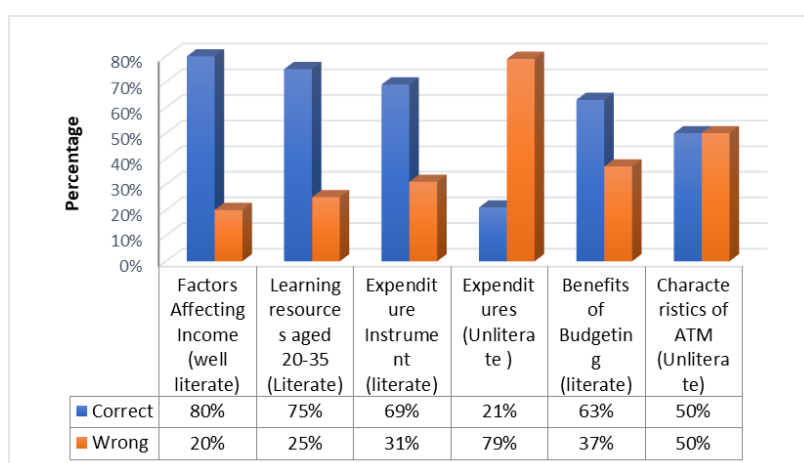


Figure 5. Financial Knowledge related to Money Management

Based on the data presented in Figure 5, information can be obtained that the sub-indicators (a) factors that affect income are in the well literate category with 80% correct answers, sub indicators (b) sources of income for people aged 20-35 in the literate category with the correct answer percentage is 75%, the sub indicator (c) the expenditure instrument is in the literate category with the percentage of correct answers 69%, the sub idnikator (d) the unexpected expenditure is in the unliterate category with the percentage of correct answers 21%, subindikator (e) the benefits of budgeting are in the litareta category with the percentage of correct answers 63%, and sub-indicators (f) ATM characteristics are in the unliterate category with the percentage of correct answers 50%.

Financial Knowledge related to Debt and Credit

Financial knowledge related to credit and debt management, is an important aspect where a person is able to manage expenditure expenses in terms of credit usage. To get information on the financial knowledge of Bidikmisi recipient students related to debt and credit, then given questions related to factors that affect the feasibility of debt in the bank, factors considered in borrowing, and the benefits of credit cards. Information is presented in Figure 6.

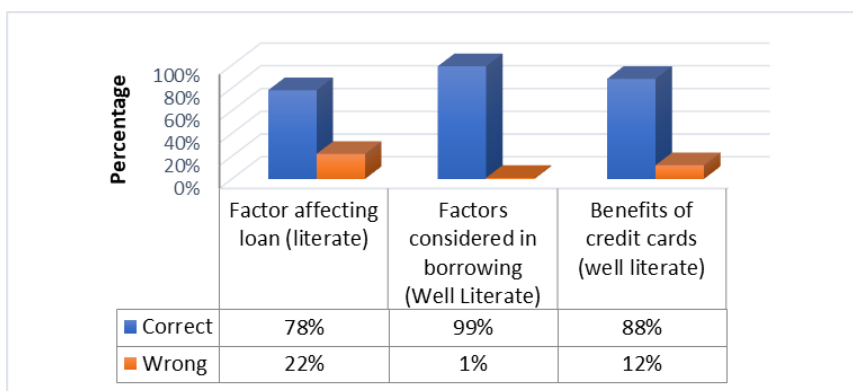


Figure 6. Financial Knowledge on Debt and Credit Indicators

In the sub-indicators of factors that affect credit worthiness are in the literate category with the percentage of correct answers 78%, the factor sub-indicators considered in borrowing and the benefits of credit cards are in the well literate category with the percentage of correct answers respectively 99% and 88%.

Financial Knowledge related to Savings and Investment

Financial knowledge related to Savings and Investment is ownership of the ability to manage a portion of income that is not spent or used for consumption. To obtain information on the financial knowledge of Bidikmisi scholarship recipients related to savings and investment, two sub indicators are used, namely institutions that guarantee deposits and characteristics of deposits. The results of information collection are presented in Figure 7. It can be seen, that the sub-indicators related to financial knowledge deposit guarantee institutions are in the unliterate category with a percentage of correct answers of 21%, whereas in the deposit characteristics the level of financial knowledge is in the well literate category with the percentage of correct answers reaching 96%.

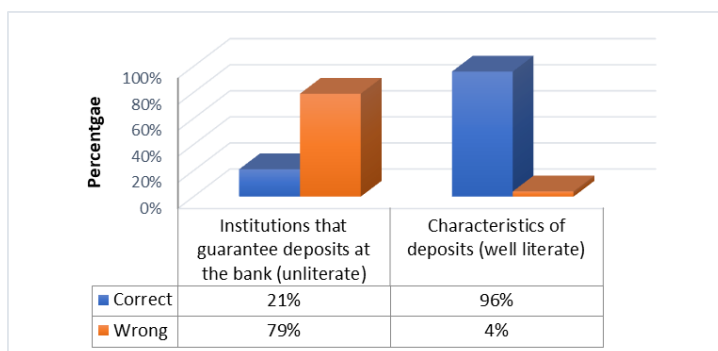


Figure 7. Level of Financial Knowledge on Savings and Investment Indicators

Financial Knowledge related to Risk Management

Financial knowledge related to risk management is defined as ownership of an understanding of resource protection, namely through insurance products or other risk management techniques. The level of knowledge of Bidikmisi scholarship

recipients on risk management indicators is presented in Figure 8. Knowledge related to the purpose of having insurance is in the unilliterate category, as well as knowledge related to the period of insurance protection for children.

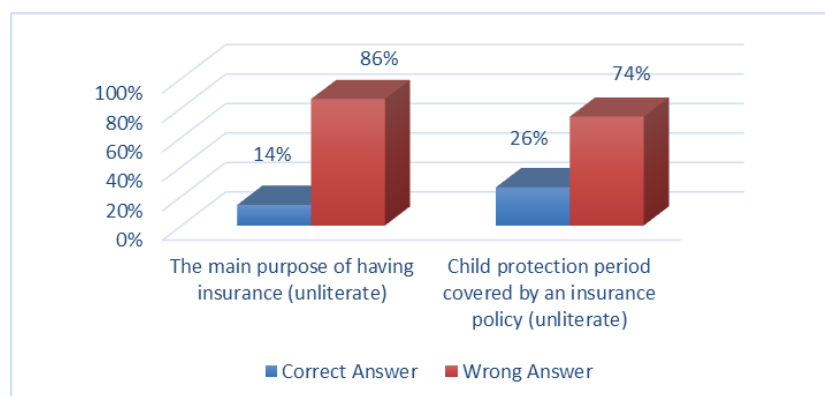


Figure 8. Financial Knowledge related to Risk Management

Discussion

Student knowledge related to the financial basis and debt and credit is the highest percentage of correct answers. While the money management indicators of student knowledge are only in the literate category. Knowledge related to investment and risk management is the worst percentage, which is only in the unilliterate category.

A person's financial knowledge depends on one's experience in interacting with various financial instruments. Almasdi Syahza (2014) states knowledge as a human ability to connect what is thought to reality. This ability is obtained from experience on one thing that is encountered or experienced and occurs repeatedly.

Investment and risk management in the form of insurance are financial instruments that are rarely encountered by students. This is because students who receive bidikmisi scholarships have limited ability in financial resources. As explained earlier, most students have monthly income at the lowest level. As a large part of student acceptance runs out to fulfill basic needs, making it difficult for students to interact with investment and insurance financial instrumental.

4. Conclusion

Based on the results of studies that have been conducted, it can be concluded that the financial literacy of Bidikmisi scholarship recipients is in the literate category. Financial knowledge related to basic personal finance is in the well literate category, financial management knowledge is in the literate category, knowledge of debt and credit is in the well literate category, knowledge related to savings and investment is in the unilliterate category, and knowledge of risk management is in the unilliterate category .

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How to cite this article:

Kurniadi, R., Suarman, & Syahza, A. (2019). Financial Literacy of Bidikmisi Scholarship Recipient Students. *Journal of Educational Sciences*, 3(3), 292-302.