Analysis of the Development of Elementary School Students' Financial Literacy

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Abstract: *This study aims to analyze the development of students' financial literacy skills during the period 2019-2024. Financial literacy, which includes an understanding of money management, investment, and financial planning, is an essential competency in equipping students to face global economic challenges. This study uses a qualitative approach with descriptive methods, combining in-depth interviews, participant observation, and document analysis to explore students' financial understanding, attitudes, and practices. Data were collected from elementary school students in various regions to ensure diversity in social, economic, and cultural backgrounds. Data analysis was carried out thematically by identifying key patterns related to financial literacy skills, influencing factors, and changes that have occurred over the past five years. The results of the study show an increase in students' awareness of the importance of financial literacy, especially after the integration of financial literacy into the national education curriculum and the massive influence of digital financial technology. However, challenges such as gaps in access to information, low parental participation, and lack of practical training in financial management are still major obstacles. This study suggests increasing collaboration between schools, families, and communities in providing comprehensive and applicable financial literacy education. These findings provide insights for educators, policymakers, and financial institutions to design more effective strategies to improve students' financial literacy skills in the future.*

***Key Words**:* elementary school, financial literacy, analysis, development

Introduction

Financial literacy has become one of the essential skills that individuals need to have from an early age to face the challenges of the modern economy. This skill includes understanding basic financial concepts, money management, financial planning, and making wise economic decisions (OECD, 2020). In the context of education, developing financial literacy in elementary school students plays an important role in forming sustainable financial habits and attitudes. However, in Indonesia, financial literacy among children and adolescents is still relatively low, as reported by the Financial Services Authority ((OJK), 2022), which shows that the national financial literacy rate has only reached 49.68%.

Previous studies have focused heavily on financial literacy among adolescents and adults.(Lusardi, A., & Mitchell, 2014;(Setyawati, H., & Narmaditya, 2021). However, research that highlights the development of financial literacy in elementary school students is still very limited. In addition, most approaches in financial literacy research tend to be quantitative, which focuses on measuring students' scores or levels of understanding without qualitatively exploring students' experiences, perceptions, and learning contexts. This gap indicates the need for more in-depth studies to understand how elementary school students develop their financial literacy, especially in the context of learning that is relevant to everyday life.

On the other hand, the education system in Indonesia has included an introduction to basic finance in the curriculum as part of the competencies taught, for example through Citizenship Education (PKn) or Mathematics subjects (kipin, 2022). However, the effectiveness of the implementation has not been widely studied, especially from the perspective of students as the main subject of learning. This study aims to explore how elementary school students understand the concept of financial literacy, how they apply it in everyday life, and to what extent the learning approach in schools supports the development of these abilities.

Environmental factors, both from family and society, also have a significant influence on students' financial literacy.(Agnew, S., & Cameron-Agnew, 2015). Previous research shows that children who grow up in families with good financial understanding tend to have higher financial literacy skills compared to children from families with low financial literacy.(Drever et al., 2015). However, how this interaction occurs in the Indonesian context is still a question that has not been widely answered. In addition, the differences in economic, cultural, and social conditions of Indonesian society provide unique challenges that need to be further explored.

The novelty of this study lies in the qualitative descriptive approach that not only evaluates the level of student understanding, but also explores the dynamics of learning, patterns of interaction between students and their environment, and the obstacles faced. Thus, the results of this study are expected to provide new insights that are relevant to the development of financial literacy education policies that are in accordance with the needs of elementary school students in Indonesia.

Method

This study uses a qualitative approach with a descriptive design to explore in depth the development of financial literacy of elementary school students. This approach was chosen because it allows researchers to holistically understand how elementary school students learn, understand, and apply financial literacy concepts in their daily lives. The focus of this study includes students' understanding, attitudes towards financial management, and simple financial practices carried out by students.

The subjects of this study were elementary school students from grades 4 to 6 in an elementary school in an urban area with diverse socio-economic backgrounds. The determination of informants was carried out by purposive sampling, taking into account variations in students' family backgrounds, such as parental education level and employment status. In addition to students, teachers and parents of students were also included as supporting informants to obtain more comprehensive data.

This study used three main techniques to collect data, namely (1) In-depth Interviews. Interviews were conducted in a semi-structured manner with students, teachers, and parents. Interviews with students aimed to explore their understanding of financial literacy, their experiences in managing money, and their attitudes towards financial concepts. Interviews with teachers focused on learning strategies applied in the classroom, while interviews with parents aimed to understand the role of the family in shaping children's financial literacy. (2) Participant Observation. Observations were conducted during classroom learning activities and students' daily activities in the school environment. Researchers recorded student behavior related to financial literacy, such as how they discussed pocket money, shared shopping experiences, or other activities involving financial decisions. (3) Document Analysis. The documents analyzed included the syllabus, lesson implementation plan (RPP), and learning materials related to financial literacy. In addition, researchers also studied informal documents, such as student spending records or student work related to money management.

Data analysis was carried out thematically(Braun, V., & Clarke, 2006). The analysis process includes six main steps: (1) Reading and understanding the data in depth to gain an initial understanding; (2) Coding data relevant to the research focus; (3) Identifying initial themes based on emerging codes; (4) Reviewing themes to ensure relevance and completeness; (5) Defining and naming themes specifically; and (6) Compiling a structured report based on the themes found.

To ensure the validity of the data, this study used source triangulation (students, teachers, and parents) and method triangulation (interviews, observations, and document analysis). In addition, member checking was carried out by asking informants to reconfirm the data that had been collected and analyzed.

Results and Discussion

The results of this study are divided into three main dimensions: elementary school students' financial understanding, attitudes, and practices. The data obtained came from in-depth interviews, participant observation, and document analysis related to financial literacy learning.

1. Understanding of Students' Financial Literacy

The findings of this study from 30 students interviewed, 80% of students understand the function of money as a medium of exchange. They can give simple examples, such as buying food in the canteen. 60% of students understand the importance of saving but are unable to explain the specific purpose of saving (for example for future needs). Only 10% of students can explain the concept of the value of money from a time perspective (for example the difference in value of Rp10,000 today compared to five years from now).

Students' understanding of financial literacy is still limited to basic concepts. These results reflect the findings(Pinto, L.M., & Coulson, 2011), which shows that children at the elementary school level generally have a functional understanding of money but do not yet fully understand abstract concepts such as financial planning or investing.(Grohmann, A., Kouwenberg, R., & Menkhoff, 2015). This shows the need for a more contextual learning approach to introduce more complex concepts gradually.

2. Attitude towards Financial Management

Findings from the interview revealed that 50% of students considered pocket money to be for direct consumption, such as buying snacks. 35% of students stated that saving was important, but only did so if there was money left over. 15% of students already had a simple plan for using their money, such as setting aside some of their pocket money to buy stationery.

Students' attitudes towards finance are greatly influenced by the values taught by their families and teachers.(Mandell, L., & Klein, 2009). Students who have a habit of saving usually get support from parents who actively provide financial education at home. This is in accordance with researchGudmunson, C.G., & Danes, (2011), which states that children's financial literacy is highly dependent on the influence of the social environment, especially the family. Unfortunately, the role of schools in shaping students' attitudes towards money management is not yet optimal due to the lack of explicit financial literacy teaching materials in the curriculum.(Brown, M., Henchoz, C., & Spycher, 2018).

3. Student Financial Practices

Findings from the observation results showed that some students practiced saving activities at school through a class savings program facilitated by teachers. However, this program was only followed by 40% of students, while the rest admitted that they preferred to save money at home. In simple buying and selling activities (such as in the canteen), students showed functional understanding, but had difficulty in calculating change correctly. Some students practiced financial management through creative activities, such as selling small products (for example, handicrafts) to their friends, but only 10% of students reported their income and expenses in a structured manner.

Student financial practices show that hands-on experience is one of the most effective learning methods.(Jorgensen, BL, & Savla, 2010). Activities such as class savings or buying and selling simulations can help students understand financial concepts in a practical way. However, low student participation in these programs indicates barriers, such as lack of motivation or initial understanding. In accordance with the findingsShim, et al (2010), hands-on experiential learning can accelerate students' understanding of financial concepts.

Conclusion

This study shows that elementary school students' financial literacy is at an early stage, with understanding still limited to basic concepts such as the function of money, while more complex aspects, such as the value of money and financial planning, are not fully understood. Students' attitudes towards finance tend to be influenced by the role of parents and habits at home, while financial practices, such as saving or recording expenses, have begun to be carried out although they are still less structured. These results emphasize the importance of integrating financial literacy into the curriculum, empowering parents as literacy agents at home, and using interactive learning media to support the development of students' financial understanding, attitudes, and practices holistically.

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