GROWING FINANCIAL LITERACY IN EARLY CHILDHOOD IN THE ERA OF DIGITAL SOCIETY

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Abstract. Financial literacy is one of the basic skills in managing finances effectively to improve financial well-being. Currently the use of financial services and the emergence of increasingly sophisticated financial tools, it is very necessary to teach financial literacy to children. One of the efforts to prepare a generation that is financially literate is to introduce financial literacy from an early age. The purpose of this research is to foster children's financial literacy skills in the era of digital society. The method used is a literature review in order to identify, review, evaluate, and interpret some of the existing research with interesting and relevant themes. The results of this study found that financial literacy at an early age is still low, due to low parental supervision in the use of money which is still considered taboo by parents.

Keywords: Financial literacy, early childhood, digital society era.

INTRODUCTION

The era of globalization is an era of technological development with the main objective of improving people's welfare. Materially, the welfare of the people is described by adequate and increasing financial conditions. Since the Covid-19 pandemic, many problems have arisen in society due to the community's unpreparedness to face the risk of Covid-19, one of which is financial problems. Before the implementation of the new normal, the financial condition of the community during the pandemic was unstable because the community had to undergo quarantine at home and stop working, causing an accumulation of income. This condition certainly has an impact on the lifestyle of the community which requires the community to have a good agreement to survive.

Wise and proper financial management can help a person achieve independent prosperity in the future. A study states that a person's financial management behavior is related to a person's consumption pattern which becomes a habit not only for adults but also for children because children imitate adult lifestyles (Pulungan, 2019). Consumtivism or consumptive behavior is an economic activity in buying goods based on wants, not needs because of luxuries and following fashion (Sustiyo et al, 2020). This definition shows that knowledge of financial management is needed so that someone can use it more wisely.

Financial management education or referred to as educational financial literacy needs to be taught from an early age so that this education can be embedded in children. Based on Rizki's statement in Hukum online.com (13/03/20) the OJK stated that the inclusion of Indonesian people's financial services has increased to 76%, but only 35% of people have good literacy in financial services (Rizki, 2020). The data shows that people cannot manage their finances well because they do not know and understand the importance of financial literacy in preparing for future prosperity.

Financial literacy is one of the basic skills in managing finances effectively to improve financial well-being. One of the efforts to prepare a generation that is financially literate is to introduce financial literacy from an early age. The purpose of introducing literacy from an early age according to Puspitorona (2019) is that children need to be prepared to become individuals who are tough, wise, logical, have principles, and are responsible for their decisions. The decision in this case is the decision to choose between needs and wants.

Financial literacy education in Indonesia, especially in early childhood, is still very minimal because this knowledge is still considered taboo for children, so this knowledge is often ignored. Several studies on financial literacy in early childhood show that learning about finance is still taught only for learning. The children are brought by their parents every morning to hand over their savings to their teacher. This activity will only prohibit children from managing money only to the extent of saving knowledge. Meanwhile, financial management is not only limited to saving, but also spending something effectively and carrying out social activities related to finance, because when someone is financially prosperous it will be easier to carry out social activities.

Perceptions of teachers and parents about the importance of children's financial literacy are also still low, because the introduction of money to children is still considered taboo so that children receive less stimulus regarding financial literacy. Parents have an important role in prohibiting financial management because children will observe all parental activities which are used as learning experiences in managing money. The stages of financial literacy in early childhood are certainly different from adults. The stage of financial education in early childhood is still at the initial stage or the first level. According to UNICEF financial education, there are initial stages, namely currency, price, savings and property or property. Training early on the categorization of money can shape patterns of money management behavior in the future, this will introduce children to the concept of saving, spending and sharing. The introduction of this concept becomes more interesting if it is done through play, because the soul of early childhood is basically playing, so it is very well applied in learning.

Previous research conducted by Irina et al (2021) stated that improving the quality of education is due to the use of modern educational programs and educational technologies that fully meet modern challenges, as seen from the increasing use of financial services and the complex appearance of financial services. Several technological advances in the current digital era have a major impact on all human activities, forcing everyone to understand and use them (Kernighan, 2017). These technological developments affect all aspects of the industry and lead to a new digital economy. The world is undergoing drastic changes, especially in the fields of industry and technology (Wrede et al., 2020). People, data and machines are connected virtually and through digital technology. Technical requirements influence individual attitudes and ethics. Technology has become a basic necessity of human life.

Novina Putri Bestari (2022) in her research found that 76.8% of Indonesian people already use the internet, but have low digital skills. This statement is emphasized by Siswantara (2021) who focuses his research on the limited digital capabilities of Indonesian society. This is what makes many negative cases about digital finance. Researchers and practitioners prove that the right educational program is one that can facilitate the process of acquiring knowledge and developing skills, such as logical thinking, perseverance, and making the right and correct decisions (Klimaszewska, 2014). this needs the cooperation of various parties such as children's toy makers. Toy makers play the most important role in bringing about innovation in the field of developing economic culture in children (Bassok et al., 2019).

Based on the problems above, the researcher wants to take the title of instilling financial literacy in early childhood because financial literacy is very important and needs to be taught to children as early as possible to prepare a quality generation.

RESEARCH METHOD

This research is a qualitative research with a literature study approach. This research is used to solve problems by using data from several research results, books, and other information that is relevant to early childhood financial literacy in the digital era.

RESULT AND ANALYSIS

Digital financial services are generally known as fintech (financial technology), which is a digital technology that can help people make long-distance financial transactions quickly and easily (Kim et al., 2015). Fintech is a connection of technology and financial terms that have revolutionized and changed the financial sector (Abad-Segura et al., 2020). According to Teo et al., (2015) the presence of technology has caused digital services, especially in the financial sector, to develop rapidly in society. This development has led people to the need for mobile apps that support their daily activities. The phenomenon of digitalization of financial services or fintech can be measured and analyzed from the acceptance of an individual in society (Aydin, 2016). Individual community acceptance of a mobile application can generally be accumulated based on the level of public knowledge of a technology (knowledge) (C. Kim et al., 2010).

Knowledge or knowledge of technology according to Gia-Shie Liu and Pham Tan Tai (2016) is a form of understanding, needs, desires, and goals of using a technology. the way to measure and evaluate the acceptance of technology for its users is through the TAM (Technology Acceptance Model) (David, 1989). The main constructs of the TAM theory are perceived usefulness and perceived ease of use. perceived usefulness is how someone's perception of the use of the technology can help their work better or not, and Perceived ease of use is how someone's perception of using the application is easy to use. This means that in addition to usability, the use of this theory is influenced by perceived ease of use.

According to Britton, the first step in introducing literacy to children is a very appropriate step. because this behavior if instilled from an early age will become a habit. According to Donina (2021) there are 3 ways to foster financial literacy in children, namely education, government, parenting or family. These three institutions play an important role in the success of financial literacy in children. The government has included a literacy curriculum in schools with the hope that students will be literate from an early age. Learning financial literacy in children must of course be done by playing, and proper parenting also affects the growth of children's financial literacy. Parents are the main socialization agents in the child's learning process about finance and the process of developing financial management behavior carried out within the family environment. The formation of character, self-discipline, and integrity can also be carried out in the implementation of children's financial literacy by parents through various practices, such as getting used to living honestly and moderately (moderation), saving, doing entrepreneurship, introducing the concept of investment, and other good practices.

Financial literacy education from an early age teaches children to be confident, creative and innovative individuals. According to the international financial education framework for children and youth on financial education in UNICEF and the guidelines for organizing the ministry of education and culture's literacy movement, there are several levels of knowledge about financial literacy in children. The level of education and knowledge of financial literacy in early childhood is still in the basic or first level, namely the value of money, prices, savings, and assets or property. The value of money is the basis for children's knowledge to be able to manage finances well, financial literacy is not only limited to knowledge about expenses and income, but also how children can share the assets they already have.

According to the Financial Services Authority or OJK (2020) in a guidebook for teachers, assisting parents to foster financial literacy in children includes the following: 1) knowledge of the concept of money and skills to recognize various types of money. 2) knowledge about the use of money in everyday life and skills to distinguish between needs and wants, 3) knowledge and skills to save money for later use and savings, 4) awareness to share with other people or friends who need it more. One of the ways above is to teach financial literacy by doing social activities. The main principle of growing financial literacy skills is developing good character in early childhood. With social activities, children will learn how children can manage their wealth well while still being able to share it with others. Literacy is no longer understood only as an individual transformation, but also as a social transformation.

According to Britton (2012: 31) The financial literacy approach to children contains three main elements, namely relevant, appropriate and fun. Teachers need to introduce to children that nowadays saving money can be done at banks and ATMs, and spending something can be done with digital money through applications on mobile. The current flow of technology is having an impact that cannot be ignored by various agencies. Digital financial literacy has now become a key element, especially in digitizing financial products and services and promoting quality digital devices to provide effective financial literacy (Kartini et al., 2022). Various literature studies on financial literacy show that digital devices such as videos, games, cartoons, films and others can effectively increase financial literacy.

Updates in the digital era must be introduced to children so they are not left behind by technological developments. Teachers or parents in teaching technology and finance must be accompanied by trust in children that children can use technology development properly, of course with facilities that are adapted to children's needs and remain under strict supervision. Develop financial skills for early childhood, must pay attention to the characteristics of child development, family characteristics, and culture; basic financial experience independent of family; and ensuring family participation in financial literacy education. Understanding of the concept of money begins to develop from an early age, it can be introduced through activities in PAUD units. Children can discover and learn more about using money presented in a more realistic way. Both teachers and parents can incorporate financial concepts and money management skills into daily social interactions with adults and incorporate activities that enable the development of financial skills into the educational process. Thus, it can be understood that these financial experiences and skills are closely related to everyday life.

The stages of child development in financial stimulation must grow and develop side by side, both physically and psychologically. The stage of physical development related to the ability to explore and interact with the surrounding environment must be supported by optimal physical development. Children's physical development begins with coordinated movements. Along with physical growth, physical activity activities will also change. Parenting patterns, ways of educating, types of toys, and the surrounding environment have a lot of influence on the development of children's physical skills. while psychological development is the child's cognitive and social emotional abilities. children's cognitive abilities in this case related to learning something. Children need to get stimulation to process information, learn to evaluate, analyze, remember, compare, and understand causal relationships. Meanwhile, children's social emotional abilities, namely children's ability to adapt to their environmental situations, have self-awareness, and prosocial behavior through the ability to make friends and share with peers, listen and respect friends' opinions, solve problems in ways that are socially accepted, show tolerance towards friends, as well as showing politeness when expressing emotions, adjusting to the situation at hand. Another ability that must be mastered by children is language skills, namely understanding language and expressing language. The development of understanding language in children is that language is not just speech, but contains a broader meaning. Through language, children can express their opinion, express their rejection and admiration, and interact with friends. Meanwhile, expressing language means that children can answer complex questions, for example, name groups of pictures, communicate orally with an increasing vocabulary, and are able to express feelings and opinions.

Technology needs to be introduced to children as early as possible, no longer seeing the negative impact, but the positive impact of the technology. Many parents' perceptions when introducing technology to children have concerns about the negative impact on children's growth and development, these concerns cause limitations in children's use of technology. In addition, parents have the perception that today's technology is difficult and complicated, so it doesn't need to be introduced to children. This concern causes children to be less creative in using technology. This concern also has an impact on the provision of limited game facilities. When parents see the positive impact of technology, parents will provide more complete facilities for their children. This belief is certainly very influential in children's learning. when children are given the opportunity to try, creativity will develop.

CONCLUSION

Growing children's financial literacy successfully requires collaboration in various parties, namely families, schools, and government. Teaching financial literacy to children requires children's readiness in physical growth, cognitive maturity and children's social-emotional abilities. the child's cognitive ability in this case is related to learning something, while the child's social emotional ability is the child's ability to adjust to his environmental situation, have self-awareness, and prosocial behavior. in addition to the ability to speak children. Fostering financial literacy in children can be done through 4 things, namely 1) knowledge of the concept of money and skills to recognize various types of money. 2) knowledge about the use of money in everyday life and skills to distinguish between needs and wants, 3) knowledge and skills to save money for later use and savings, 4) awareness to share with other people or friends who need it more. Financial literacy has many benefits for children when they are adults, namely making children more creative and innovative.

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