

Socialization of Financial Literacy and Safe Investment in the Banjarejo Village Community, Madiun City

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Abstract. Abstract. The development of financial products and services, especially in the digital era, has changed the way individuals manage their finances. The problems found in the Banjarejo Village community in Madiun City are the lack of understanding and knowledge in managing finances and investments, which makes people vulnerable to financial risks, debt, and fraud, and have not been able to plan their finances optimally for the future. By using the Community Development method, a sustainable and systematic development process that aims to improve the economy and social welfare. The Financial Literacy and Investment socialization activity aims to provide a deeper understanding to the community regarding their financial management. This program also provides education in choosing legal financial products that are supervised by relevant authorities, such as the Financial Services Authority (OJK). This socialization activity is part of community service activities in Banjarejo Village, Madiun City. The process is carried out by conducting an initial survey and interviews with the local community to identify their level of financial literacy, their needs related to financial education, and general investment patterns. After the socialization session, it was continued with a discussion session where participants could discuss the obstacles faced and their experiences in investing. This activity was held in Banjarejo Village, Madiun City on January 19, 2025 and was attended by 27 participants. As a result, most of the participants showed a fairly good understanding of personal budget management.

Keywords: Socialization, Education, Financial Literacy, Safe Investment, Community Service

INTRODUCTION

The rapid development of the financial world, especially in the digital era, has changed the way individuals manage their finances. This condition presents challenges as well as opportunities for society, especially the younger generation, to better understand and actively participate in personal financial management and investment. However, the reality on the ground shows that the level of financial literacy in Indonesia, especially among the younger generation, is still relatively low. According to a survey by the Financial Services Authority (OJK) in 2024, the level of financial literacy of the Indonesian people reached 65.43%. This means that there are still people who do not have adequate understanding of how to manage finances wisely, especially in terms of investment for the future. This ignorance results in low public participation in investment, which could actually be

an effective way to achieve financial well-being in the future (Badriatin and Rinandiyana, 2020). Investment, whether in the form of stocks, bonds, mutual funds, or other instruments, is still not a priority for many individuals.

This lack of financial literacy makes people vulnerable to various problems, such as inefficient financial management, difficulty in accessing appropriate financial services, and being trapped in illegal investment practices or investment fraud (bogus investments) (Finthariasari et al., 2020). This is exacerbated by the rampant investment offers whose legality is unclear, which promise high profits in a short time without adequate explanation of the risks. This condition requires serious efforts to improve financial literacy so that the community can make smart financial decisions, including choosing safe investment products that suit their needs.

Financial education is an important aspect of everyday life, especially for the community and the younger generation. Good financial and investment literacy can help in managing finances effectively, dealing with risks, and making the right investment decisions. However, there are still many people who do not understand the basic concept of investment, so that people are vulnerable to making the right investment decisions. Ernayani et al., (2024) emphasized that financial education programs should be directed at increasing the community's practical knowledge of how to make smart financial decisions, especially in money management and investment. Maria et al., (2024) showed that training participants experienced significant improvements in their ability to plan budgets, save, and use financial resources wisely.

The importance of financial literacy lies not only in understanding the basic concepts of finance, but also in the ability of the community to manage personal finances, recognize risks, and choose financial products and investments that are safe and in accordance with their respective risk profiles. In addition, increasing financial literacy is also part of an effort to support financial inclusion, which in turn can improve the welfare of society in general. The research results from Kang et al., (2024) show that financial literacy has a partial positive influence on entrepreneurship and entrepreneurial intentions. By being more financially literate, the community will be better able to utilize financial products to improve their economic conditions and avoid detrimental financial traps. The role of academics in socialization and education activities is expected to be a solution to community problems (Septiani et al., 2020). Community-based financial education is very effective in improving financial literacy among lower-middle class people, because participatory and locally-based approaches are more easily accepted by the community (Maria et al., 2024).

Community service through financial literacy and investment education aims to provide a deeper understanding to the people of Banjarejo Village, Madiun City, especially vulnerable groups such as MSMEs, housewives, and the younger

generation about the importance of managing finances wisely and investing safely. This program will also provide education on how to choose financial products that are legal and supervised by relevant authorities, such as the Financial Services Authority (OJK). In addition, this education is also designed to help the public understand the difference between healthy investments and fraudulent investments, recognize the characteristics of investment fraud, and provide an understanding of risk management in investment.

In line with the government's agenda in supporting the increase in national financial inclusion, as well as encouraging economic growth through financial empowerment of the community. Through a participatory and community-based educational approach, this program is expected to provide long-term impacts in the form of increasing sustainable financial literacy and the community's ability to plan their finances better in the future. With these conditions, it is felt necessary to have a community service program that focuses on increasing financial literacy and safe investment education as a preventive effort and community economic empowerment.

This program is expected to fill the knowledge gap, improve people's ability in financial management, and prepare people to actively participate in a more inclusive and secure economic ecosystem. Thus, this background underlines the importance of financial literacy and investment education initiatives as one of the solutions to improve people's financial welfare and security.

PROBLEM

The low level of financial literacy in the community causes people to be unable to manage their finances effectively and participate in safe investments. In addition, rural communities who do not understand the basic concepts of investment are vulnerable to being trapped in illegal investment practices or fraud (fake investments). These frauds often promise high returns without adequate explanation of the risks, which can result in major financial losses. Although access to financial services has increased, many people do not understand how to optimally utilize financial products. This creates a gap between access and use of safe and legal financial products. Existing education programs have not sufficiently reached the wider community, especially vulnerable groups such as MSMEs and rural communities. Therefore, a more participatory educational approach is needed to empower communities in financial management. Financial inclusion must be supported by adequate financial literacy so that people can understand the risks and benefits of financial products.

IMPLEMENTATION METHOD

This socialization activity is part of community service activities carried out in Banjarejo Village, Madiun City. Implementation by conducting an initial survey and interviews with the local community to identify their level of financial literacy,

their needs related to financial education, and common investment patterns.

Next, conduct socialization and education that introduces the importance of financial literacy and safe investment. In this activity, participants will be invited to understand basic concepts such as: Personal financial management (management of income, expenses, savings, and debt), types of safe and legal investments (such as mutual funds, deposits, government bonds, and sharia investments), characteristics of fraudulent investments or investment fraud, and the long-term benefits of the right investment. As part of efforts to increase financial inclusion, this program will also include socialization of legal financial products that are registered and supervised by official financial authorities such as the OJK. Participants will be given an understanding of how to utilize safe formal financial products, such as savings, business credit, insurance, and sharia investments. Furthermore, discussions and question and answer sessions will be conducted intensively to ensure that each participant understands the material. Participants are given the opportunity to ask questions about personal financial issues, current investment practices, or confusion about a particular investment offering. This session will provide a deeper understanding of the topics that have been presented.

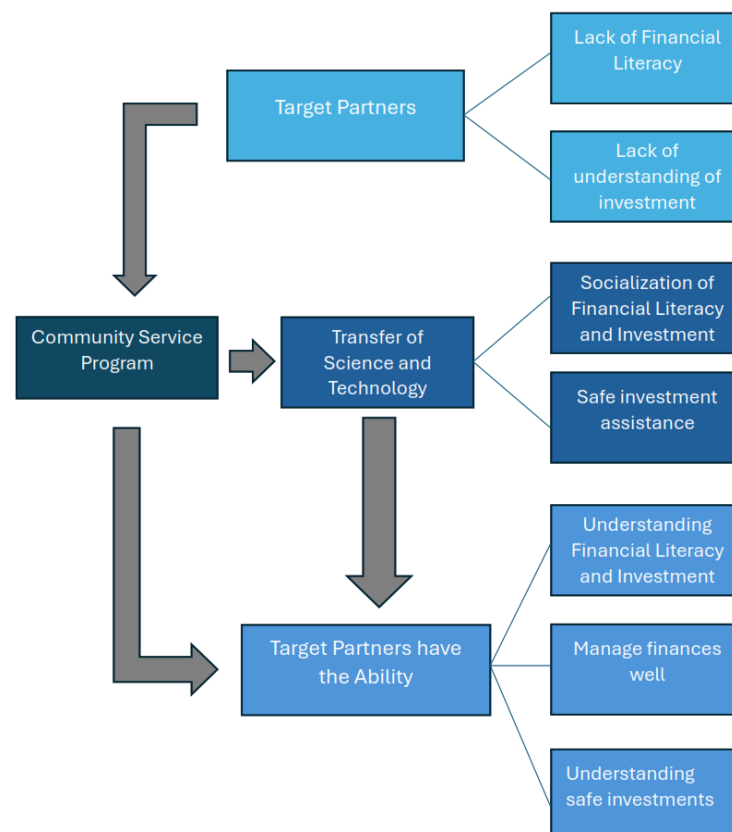


Figure 1. Overview of Science and Technology that will be implemented

Figure 1 explains that the implementation of Science and Technology aims to improve public financial literacy, especially in terms of safe investment, as well as

encourage active participation in better financial management. On January 19, 2025, community service activities were carried out in Banjarejo Village, Madiun City.

RESULTS AND DISCUSSION

The implementation of community service activities lasted for about 150 minutes and was attended by 27 participants at the Banjarejo Village Hall. In providing material, the community service team explained the basic concept of financial literacy, such as personal financial management, financial planning and education about legal and safe investments, as well as identifying the characteristics of investment fraud (fake investments), such as promises of large profits in a short time without risk. According to Thomas and Hedrick-Wong, (2019) sufficient financial literacy will have a positive influence on a person's financial behavior, such as managing or allocating their finances properly.

In the presentation, the resource person highlighted the importance of financial literacy in the digital era, which includes an understanding of digital financial products and services, as well as the associated risks and opportunities. This was followed by a discussion of the various choices of digital financial instruments available, such as e- wallets, mobile banking, online loans, and digital investment platforms. Participants were also given guidance on how to invest carefully, including the importance of conducting research, understanding risk profiles, diversifying, and avoiding fraudulent investments. Investment planning in personal finance is important, because it is an independent learning process to manage finances in the present and future (Rahadi and Stevanus, 2020).



Figure 2. Opening of Socialization Activities



Figure 3. Presentation

After the socialization session, it was continued with a discussion session where participants could discuss the obstacles faced and the participants' experiences in investing. Many participants asked questions about how to start investing, how to identify the right investment, and how to manage risk in investing. This shows that even though participants have begun to understand the basics of financial literacy, participants still need more practical information. Many participants are not aware of the importance of making a clear monthly budget, and many still do not record income and expenses regularly. This socialization teaches participants to have control over community finances, such as making a budget, prioritizing needs, and avoiding a consumptive lifestyle.

Dirman et al. (2022) emphasized that the level of financial inclusion must be supported by adequate financial literacy so that people can understand the risks and benefits of the financial products offered. Therefore, a financial literacy program that is integrated with efforts to increase financial inclusion is important to empower people to be able to make the right and safe financial decisions. The results showed that most participants showed a fairly good understanding of personal budget management, although there were still some who were not fully aware of the importance of long-term financial planning. Understanding of the basic concepts of personal financial management, such as income, expenses, and savings, was fairly good. Although interest in investment was quite high, many participants did not understand more complex investment instruments. Participants are more familiar with simpler investments and tend to avoid investments that are considered high risk. Therefore, it is important to provide a deeper understanding of the difference between risk and return, as well as diversification strategies to reduce risk (Faujiyanto et al., 2023).



Figure 4. Post Socialization

Although this socialization has provided quite good basic information, participants need to be reminded that financial literacy and investment are ongoing processes. Therefore, more educational and training activities are needed so that the community continues to gain a deeper understanding over time. Ultimately,

this activity has a positive impact on the community, especially in the environmental, social, and economic fields.

CONCLUSION

Overall, the socialization activity to improve financial and investment literacy has succeeded in achieving its objectives by providing a basic understanding of the importance of good financial management and an introduction to investment instruments. Participants showed great interest in learning more about this, although there are still some challenges related to deeper understanding and investment readiness. Therefore, this educational activity should be continued with more in-depth sessions and mentoring for those who want to start their financial journey. To improve financial and investment literacy in the community, it is hoped that there will be follow-up in the form of regular training, providing more practical information, and working with financial institutions or professionals to provide more specific and comprehensive advice.

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