

Financial Literacy and Investment Socialization for Generation Z

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ABSTRACT

This socialization is carried out to help the internet generation or generation Z people who should have knowledge about financial literacy and investment. So that you are able to make good and appropriate financial decisions. This Community Service activity aims to socialize financial and investment literacy to Generation Z in the West Muara Sabak area. The activity was carried out using the socialization method, then continued with discussion and question and answer as well as filling out a questionnaire. The activity participants were students in the Muara Sabak Barat area, East Tanjung Jabung, totaling 30 participants. Based on the results of the questionnaire, it is known that there are still many students who do not know or find out about financial literacy and investment. Overall, this socialization has increased participants' knowledge of managing their finances.



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INTRODUCTION

Financial literacy is a person's ability to understand and use various financial concepts and skills effectively. This includes knowledge of money management, investments, savings, financial planning, credit, and risk. Financial literacy helps individuals make better decisions regarding their personal finances, such as how to manage a budget, minimize debt, and plan for a safe and stable financial future. With good financial literacy, a person can make smarter financial decisions, avoid costly mistakes, and achieve financial stability and long-term financial goals.

According to Francis & Hoefel true digital users are people born from 1995 to 2010 or called Generation Z, this happens because since their birth they have been familiar with the internet, social networks and mobile phones (Francis & Hoefel, 2018). Stillman & Stillman stated that Generation Z is the newest working generation, born between 1995 and 2012, Generation Z is also called the net generation or internet generation (Stillman & Stillman, 2017). Generation Z are those who were born after the millennium and do not know a world without the internet, they use social media as the main medium for communicating and making friends in different ways, besides that they are a generation that, although

multitasking, does not have emotional abilities.

Generation Z is a generation that easily absorbs information. Rosdiana stated that apart from daily needs, easy internet access can also be used to study the financial sector (Rosdiana, 2020). This is important because a country's economy will not shake if people understand the financial system. As technology develops, it tends to make people misunderstand or deal with finances because of the many financial products and conveniences offered. Therefore, it is necessary to equip the public, especially Generation Z, with knowledge, especially about financial literacy.

According to the Financial Services Authority, financial literacy is a series of processes or activities to increase the knowledge, skills and confidence of consumers and the wider community so that they are able to manage their personal finances better. Understanding financial literacy is essentially not just knowledge, but can foster a sense of wisdom in managing your finances or assets (Krystianti et al., 2022). Another study also states that student literacy levels have a significant effect on financial behavior (Ariska et al., 2023).

Understanding financial literacy for Generation Z is important, this is in accordance with research by Philippas & Avdoulas (2020) which shows that students who are financially literate are better able to overcome unexpected financial shocks, so that financial literacy can be a driver of economic prosperity. This opinion is in line with Amari et al. (2020) who stated that financial literacy should be considered an important factor for improving household welfare, because according to Stolper & Walter (2017) the fewer individuals who understand finances, the more likely they are to make bad financing decisions.

Understanding financial literacy will make someone able to manage finances, this ability will ultimately make someone decide whether the funds will be used for needs or allocated for investment. Investment is a concept where someone invests capital with the hope of getting a profit in the future (Safii et al., 2022). Basically, investments are made to obtain added value for the assets/capital issued (Perwitasari et al., 2023).

According to Liu & Hua someone who has knowledge of financial literacy will be able to make investment decisions (Liu & Hua, 2021). Meanwhile, Kunaifi & Akbar (2019) stated that financial behavior is related to investment behavior. Knowledge about investment is important, so that investors do not make mistakes in making investment decisions. Listyani et al. (2019) stated that knowledge about investment includes a person's understanding of the aspects, valuation and effects of returns that will be obtained in the future.

METHOD

This socialization activity is part of community service activities carried out at vocational schools in West Java. The financial literacy and investment socialization for Gen Z was held on Monday 1 July 2024. Participants in this socialization were students with a total of 30 participants. The method of implementing this activity is socialization regarding financial literacy and investment for Gen Z. The PkM activity regarding financial literacy and investment for Gen Z is quite enthusiastic, especially for students, this activity is important and important for students to be more aware and understand financial management. , investment and more importantly avoid fraudulent investments. This PkM activity was

carried out directly by providing a description of the material and then participants were asked to fill out a questionnaire and also a question and answer session.

FINDINGS AND DISCUSSION

1. Preparation

The preparation stages are carried out through discussions with the campus regarding the needs or obstacles faced by the student. Based on needs and also data from various references, it appears that the level of financial literacy and investment understanding is still low for IIMS students. Based on these considerations, the PkM team chose the topic of financial literacy and investment outreach activities.

2. Implementation

Implementation of Community Service (PkM) is carried out using the socialization method about financial literacy and investment with the aim of providing information and understanding to students about financial literacy and investment. The first session is a presentation of material consisting of:

a. Discussion about the meaning of Generation Z

The speaker conveyed the understanding and characteristics of generation Z based on the advantages and disadvantages of Gen Z, among the advantages are having more information, being able to do many things at one time. Meanwhile, some examples of shortcomings include liking instant things and being too free on social media.

b. Explaining financial literacy

An explanation of the meaning of literacy is provided based on several reference sources, one of which is the Financial Services Authority (OJK). Apart from that, the speaker also conveyed the impacts caused by a lack of literacy, such as making mistakes in making decisions, and getting caught in fraudulent investments.

c. Explaining investment.

The explanation about investment consists of: (1) Definition of Investment based on expert opinions; (2) Introduction to legal and safe investments, such as shares, gold, deposits, mutual funds, and property. Apart from introducing types of investment, the presenter also conveys the level of risk that may be borne by investors/owners; (3) Introduction to fraudulent investments and Ponzi schemes as well as the characteristics of fraudulent investments and how to avoid fraudulent investments. One of the characteristics of fake investments is high returns but minimal risk; and (4) Providing tips to avoid fraudulent investments, one of which is ensuring that the company's business plan is clear, and you can find information related to the company and its products.

3. Evaluation

In the question and answer session, discussion and based on the results of the questionnaire, it showed that only 33.62% of participants understood the concept of financial management where if my income increases, my investment or savings will also increase. This means that participants understand that the greater their income does not make them more

consumptive, but the greater the funds they have to set aside for investment/savings. The results of the questionnaire regarding how much participants knew about financial literacy showed that 45.15% of participants had and had ever sought to know about financial literacy either through books, the internet or other sources, and the rest needed to increase their awareness of it.

financial literacy. Apart from that, the results of the questionnaire showed that 27.92% had really tried to find out, and 16.38% had found out about investment either through books, the internet or other sources. Meanwhile, the rest need to increase their knowledge about investment. Participants can enrich and broaden their knowledge regarding financial literacy and investment via the internet, which is very easy to access, especially for Gen Z.

Meanwhile, 45.15% of participants were aware that it was important for them to know about financial literacy before making an investment. 43.31% will find out as much information as possible about investment if they are interested or someone offers them an investment. Overall, the results of this questionnaire show that there are still many PkM participants who do not know about the concepts of money management, financial literacy and investment, so these results are in line with the participant's statement in the questionnaire that 64.38% of participants have never made any form of investment. However, 59.85 participants had concerns if they could not set aside funds for their future. Based on the results of the discussion, questions and answers and also the results of the questionnaire, several solutions can be presented:

- a) Participants' lack of knowledge about financial literacy and investment. The solution given is to carry out educational activities regularly.
- b) There are still many participants who have not invested, so the solution that can be done is to carry out outreach and training related to increasing participants' awareness of the importance of investing early.

CONCLUSION

Financial literacy activities and investment outreach were carried out at one of the campuses in East Tanjung Jabung. Community service activities received a good response from partners, both teachers and school students. The result of this activity is that there are still many students who do not know or know about financial literacy and investment, so joint efforts are needed from various practitioners, academics and related agencies to continue to socialize the importance of financial literacy and increase understanding. investment, especially for students. Based on the evaluation results, as many as 64.38% of participants felt there had been an increase in insight regarding financial and investment recording literacy. Furthermore, community service activities at IIMS do not just stop here, but can be continued to investment workshops and/or other activities that can support increasing student knowledge in the fields of finance and investment.

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