

CHAPTER I

INTRODUCTION

1.1 Object Overview

In the sphere of education, the persona and function of the teacher play a crucial part in shaping the next generation of the country. A teacher is someone who delivers knowledge to students or an expert who may assist their students in planning, analyzing, and reaching judgments about situations they face (Djamarah and Zain, 2015). Meanwhile, as stated by (Nawawi, 2016), teachers are people who are required by their position to impart education to students.

According to the information provided from the Ministry of Education and Culture's General Directorate of Early Childhood Education, Basic Education, and Secondary Education, in the 2022/2023 school year there were 3.3 million teachers throughout Indonesia (Katadata.co.id, 2022). From the entire population, the following details the distribution of teachers based on school level:

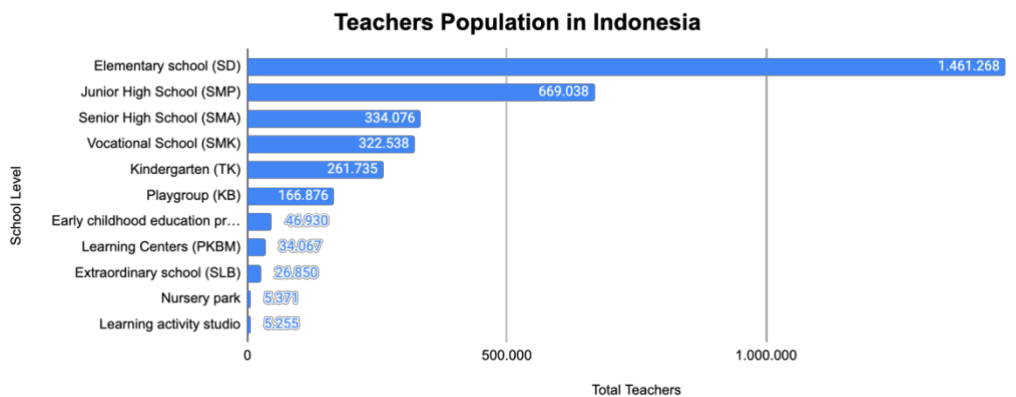


Figure 1.1

Teacher Population in Indonesia

Source: Katadata.co.id, processed data (2023)

Bandung Raya is one of West Java's metropolitan regions, along with Bandung City, Cimahi City, Bandung Regency, West Bandung Regency, and Sumedang Regency (jabarprov.go.id, 2023). In terms of education, Bandung Raya has a total of 11,295 schools consisting of 3,351 public schools and 7,944 private

schools which include schools at the Kindergarten (TK), Playgroup (KB), Al-Qur'an Education Park (TPA), Similar PAUD Units (SPS), Learning Centers (PKBM), Learning Activity Center (SKB), Elementary School (SD), Junior High School (SMP), Senior High School (SMA), Vocational School (SMK), and Extraordinary school (SLB) (Basic Education Data, 2023). There are 90,510 teachers working in Bandung Raya's schools, with specifics for each region as follows:

Table 1.1
Teachers Data in Bandung Raya School Year 2022/2023

No	Region	Teachers
1	Bandung Regency	30,754
2	Bandung City	25,941
3	Sumedang Regency	13,287
4	Cimahi City	5,432
5	West Bandung Regency	15,096
	Total Teachers	90,510

Source: <https://dapo.kemdikbud.go.id/> (2023)

Table 1.1 shows that there are a total of 90,510 teachers spread across Bandung Raya. This statistic covers all teachers, male and female, who work at the several levels of education in both public and private schools. The total teacher population consists of civil servant teachers (PNS) and organizational teachers with various educational backgrounds. In this study, the authors choose teachers in Bandung Raya as research objects.

1.2 Research Background

Financial issues have evolved into a distinct urgency that requires attention. Currently, both developed and developing countries are competing to improve their citizens' financial literacy, including Indonesia (Refera et al., 2016). Some people are still unaware of the significance of financial management to their well-being. With the fast advancement of technology, particularly in developing financial service products, people should also be more aware and motivated to use it in their daily lives. Financial problems are caused not just by inadequate income, but also by mistakes in financial management, including inappropriate use of credit cards, a lack of financial preparation, and a lack of savings. Financial literacy knowledge will assist people in managing their personal financial planning and raising their living standards (Margaretha and Pambudhi, 2015).

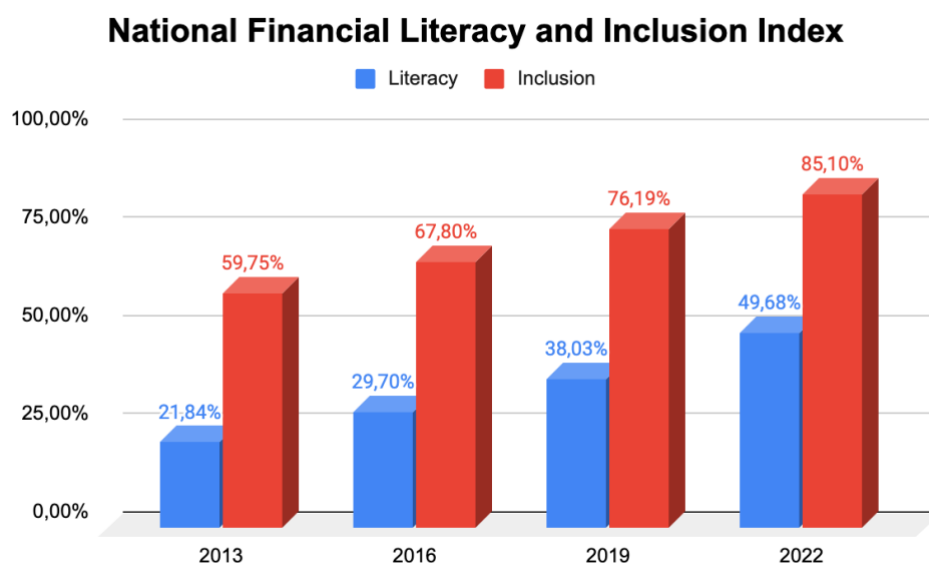


Figure 1. 2

SNLIK Survey Result of 2022

Source: ojk.go.id (2022)

On October 29, 2022, The Financial Services Authority (OJK) published the outcomes of the 2022 National Financial Literacy and Inclusion Survey (SNLIK), which revealed an improvement in the Indonesian people's financial literacy and inclusion index. The survey discovered that the Indonesian population's

level of financial literacy was 49.68%. This value improved compared to the 2019 SNLIK results, which revealed that the index of financial literacy had a value of 38.03%. Although it has experienced a fairly large increase compared to 2019, this percentage must still be increased to face the development of financial technology, which will be massive in the future (OJK, 2022).

The lack of access to financial services is one of the leading causes of poverty in developing countries (Krisnawati, 2019). Therefore, financial sector and service expansion are critical for economic growth and poverty eradication. However, the rising number of financial goods and services available, as well as global economic uncertainty, have increased the complexity of financial decisions and exposed the public to economic and financial issues. Recent trends in the financial sector and services emphasize the necessity of financial literacy because bad financial judgements and choices result from a lack of financial understanding, which also can lead to undesirable financial consequences and economic situations (Refera et al., 2016).

The urgency of this research consists of several factors, including there are still not many studies that raise teachers as a research subject for financial literacy, and most of the current research has not evaluated the literacy level of teachers but instead stresses the influence of a teacher's financial capability on how they teach financial literacy to their students.

Meanwhile, teachers have an important role as educators for future generations since they are at the frontline of implementing education. The participation of teachers is very much needed to accelerate public understanding of financial planning literacy. Teachers play an important role in financial literacy because they are responsible for guiding and educating students about financial literacy. Teachers are also encouraged to disseminate financial literacy material to their students at a young age for them to learn good and planned financial management.

Teachers with strong financial understanding have a greater capacity to make better decisions in managing their own finances, which can be a positive example for their students. In addition, the ability of financial literacy in teachers

can also help them to be more financially stable and secure, so they can achieve prosperity.

This research raises the topic of teachers' financial literacy. The research is also relevant in the field of management, specifically regarding how teachers can manage their finances well. The management of the teacher's personal finances is included in the planning process in management. According to Krisnawati et al. (2018), planning is the cornerstone of management. This entails setting goals and determining how to achieve them. Teachers who are familiar with the fundamentals of personal finance are better able to manage their finances, including budgeting, saving, investing, and managing debt. In addition, an understanding of financial literacy can also help teachers in establishing a more secure financial future for their own and their family.

Research carried out by Nurbaeti et al. (2020) discovered that only 51.5% of teachers have basic financial management knowledge. In this study, the authors explained that some elementary school teachers still lack knowledge about financial literacy, especially digital and modern-based financial products. Financial planning has so far been done in a relatively conventional way, with earnings used to fulfil daily necessities. If there is still residual income, it will be stored and left in a bank account until it is enough to buy fixed assets. This happens because of the lack of information obtained about the types and methods of financial planning that are easy, safe, and reliable. The outcomes of the research are also in accordance with the research that carried out by Prayulianto (2019), which found that just 1% of teachers understood financial literacy out of 88 respondents.

Kadoya and Khan (2019), Bhushan and Medury (2013), and Dewi (2022) revealed that demographic factors had an impact on a person's degree of financial literacy. Demography is an analysis of the composition and dynamics of a population in a certain place. Demography is defined as the study of population changes in terms of population number, distribution, and composition using demographic data analysis and mathematical computations (Adioetomo and Samosir, 2013). In this study, demographic factors influencing financial literacy were identified as age, gender, education level, income level, and working period.

Financial literacy is influenced by a person's age. An individual's age will continue to increase, and with the addition of age, more and more events are heard, seen, and experienced, thereby increasing his experience of an object. Furthermore, as age increases, people will get more expertise in handling their funds, which will impact their degree of financial literacy. Another factor that influences financial literacy is gender. Men and women have distinct attitudes and behaviours, which is partly because of genetics and partly due to socialization. Differences in attitudes and behaviour will also influence how they perceive financial literacy.

Age and gender factors have proven to have an effect on financial literacy. According to research conducted by Dewi (2022), researchers found that gender, age, outcome, and speciality were demographic factors that influence financial literacy and associated variables. According to the study, gender differences have a significant impact on the connection among financial skills and financial capacity, as well as knowledge and financial ability. Women have been shown to be better financial managers and to be more dependable in financial management. Furthermore, age maturity level has also proven to influence the connection within financial literacy aspects. The study's results demonstrate that the sample's capability to make decisions and achieve financial goals is affected by age. However, this study deviates from the conclusions made by Irman et al. (2020), where age and gender have no significant impact on the financial literacy level.

Additionally, a person's education level may have an influence on their financial literacy. The level of education is the point at which a person has finished the formal learning process. Formal knowledge influences one's mindset, behaviour, and morality in line with the education gained. Another factor that influences financial literacy is income level. Income is the amount of money earned during a specific time period depending on the type of work, achievement, and working period. Both of these variables have been shown to influence financial literacy. A study carried out by Rellyasari (2019) found that income level, education level, and employment simultaneously significantly affect the degree of financial literacy. Someone with a substantial income and an extensive education demonstrates a strong degree of financial literacy (Rellyasari, 2019). The greater an

individual's income, the more adept they are at financial management (Dewanty and Isbanah, 2018).

Moreover, the working period is also another factor that influences financial literacy. The working period is a measurement of the amount of time or working period that a person has spent comprehending and carrying out the responsibilities of a job (Foster and Seeker, 2001). In accordance with research conducted by Shalahuddinta and Susanti (2014) shows that the working period or job experience has a strong favourable influence on financial literacy level. Someone with extensive job experience becomes familiar with managing resources, especially their income, resulting in a greater degree of financial literacy.

Therefore, in order to create a successful and prosperous society, it is crucial for every person to be knowledgeable about financial literacy. As stated by OJK (2016), financial literacy is defined as understanding, capabilities, and ideas that could impact attitudes and behaviour in making decisions and managing finances with the goal of reaching wealth. It is expected that doing research on the literacy level of teachers and the factors that affect it would benefit organizations or schools to ascertain the teachers's financial literacy level in order for them to continue raising their financial literacy levels with the aim to improve teachers' well-being. The explanation above encourages the author to conduct research entitled "THE INFLUENCE OF DEMOGRAPHIC FACTORS ON FINANCIAL LITERACY (STUDY ON TEACHERS IN BANDUNG RAYA)".

1.3 Problem Formulation

Financial issues may have a considerable influence on an individual's life regardless of age, gender, religion, or social position. As a result, it is important that everyone, including teachers, have financial literacy knowledge. An advanced level of financial literacy in a person will subsequently protect society from potential financial troubles. In addition to low income, poor financial management also contributes to financial difficulties. Based on the foregoing, the researchers developed the following problems in this study:

1. Does age has a significant influence on the financial literacy level of teachers in Bandung Raya?
2. Does gender has a significant influence on the financial literacy level of teachers in Bandung Raya?
3. Does education level has a significant influence on the financial literacy level of teachers in Bandung Raya?
4. Does income level has a significant influence on the financial literacy level of teachers in Bandung Raya?
5. Does the working period has a significant influence on the financial literacy level of teachers in Bandung Raya?
6. Do age, gender, education level, income level, and working period have a significant influence simultaneously on the financial literacy level of teachers in Bandung Raya?

1.4 Research Objective

The following aims and objectives are expected to be attained in this study, taking into account the obstacles that have been identified, including:

1. To find out whether age has a significant influence on the financial literacy level of teachers in Bandung Raya
2. To find out whether gender has a significant influence on the financial literacy level of teachers in Bandung Raya
3. To find out whether education level has a significant influence on the financial literacy level of teachers in Bandung Raya
4. To find out whether income level has a significant influence on the financial literacy level of teachers in Bandung Raya
5. To find out whether the working period has a significant influence on the financial literacy level of teachers in Bandung Raya
6. To find out whether age, gender, education level, income level, and working period have a significant influence simultaneously on the financial literacy level of teachers in Bandung Raya

1.5 Benefits of Research

a. Theoretical Benefit

For academic purposes, this research is expected to help future scientific development by enhancing information concerning financial literacy and the factors that impact it, particularly in the case of teachers, as a reference that can be used to enhance future studies.

b. Practical Benefit

The outcomes of this research are intended to be used as reference and consideration material by government and financial services authorities in order to deal with teacher financial concerns. In addition, this research can also be useful for the general public in adding insight and consideration for managing finances more wisely and efficiently so that it allows for an increase in the standard of living of the community and general welfare.

1.6 The Systematic of Mini-Thesis Writing

This section is a guide or reference in the preparation of scientific papers so it can be read easily and understood. Each chapter will be discussed as follows:

a. CHAPTER 1: INTRODUCTION

The problem that will be examined is described in this chapter, which also includes numerous sub-chapters on the research background, problem formulation, problem definition, research objectives, research benefits and thesis systematics.

b. CHAPTER 2: LITERATURE REVIEW

This chapter discusses the concepts that form the basis of knowledge related to the problems in research so as to examine the advantages and disadvantages of previous research.

c. CHAPTER 3: RESEARCH METHODOLOGY

This chapter offers a methodical implementation approach for describing, quickly recapping, and evaluating the data acquired in order to aid in the formulation of strategies, the definition of procedures, and the conduct of analysis.

d. CHAPTER 4: RESULTS AND DISCUSSION

This section explains the discussion of research results based on the findings that have been acquired as well as the researchers' original opinions, with the aim of providing an explanation and interpretation of the analysed research data with the aim of answering the research questions.

e. CHAPTER 5: CONCLUSION

This chapter is a closing that contains the conclusions of the research and compiled recommendations based on the findings of the research preparation.