

Analysis of Financial Literacy in Financial Management by Students in High School in Bitung City

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ABSTRACT

This study aims to analyze financial literacy in financial management by high school students in Bitung City. This study used a qualitative descriptive method. Primary data were collected through semi-structured interviews with 15 high school students in Bitung City who resided in boarding houses, had studied Economics, and were actively attending school. Informants were selected using a purposive sampling technique. Data were analyzed through data reduction, data presentation, and conclusion drawing, and their validity was tested using source triangulation. The results showed that students' understanding of financial literacy was still at a basic level, particularly in distinguishing needs from wants.. There was a gap between the cognitive (knowing) and behavioral (doing) aspects of daily financial management.

The implementation of financial literacy by students tended to be less than optimal, with financial decisions often influenced by emotional factors and exposure to social media. Furthermore, most students did not yet realize the urgency of financial planning for the future. This study concludes that students' financial literacy is in a transitional stage from understanding to practice, so interventions from schools, teachers, and the environment are needed to strengthen the internalization of financial knowledge into wise and sustainable behavior.

INTRODUCTION

Financial literacy is a discipline deeply embedded in everyday life. Therefore, it is essential for everyone to optimally utilize their finances and make informed and wise decisions about their personal finances. Knowledge and implementation of sound personal financial management practices are essential for everyone to improve their future lives. This knowledge and implementation of personal financial management by individuals and communities is often referred to as financial literacy.

Financial literacy is the ability to make informed decisions about managing their finances to avoid financial problems. Financial literacy impacts almost all aspects related to financial planning, management, and control. Financial management requires planning to achieve both long-term and short-term goals. These goals are achieved through savings, investments, or fund allocation (Waluyo & Marlina 2019).

Low financial literacy is a serious problem for Indonesian society. Consequences of this low understanding include economic decline and the creation of an increasingly consumerist society. Therefore, having knowledge of financial literacy is crucial and essential for the public to achieve a prosperous life. Lack of financial literacy can lead to losses for the community itself.

The Financial Services Authority (OJK) is currently working to increase financial inclusion and literacy, especially among students. This initiative aims to enhance students' role in the Indonesian economy. After completing their education, students will begin working and earning an income. As they begin earning income, they must be able to manage their finances independently. Therefore, as the next generation, students should have knowledge and understanding of proper personal financial management. This understanding will help them manage their finances in the future.

The Financial Services Authority (OJK) has also launched a program to improve financial literacy called the Indonesian National Financial Literacy Strategy (SNLKI). The main objective of the Indonesian National Financial Literacy Strategy (SNLKI) program is to create an Indonesian society that has a high financial literacy index so that it can achieve sustainable financial prosperity, and the Indonesian National Financial Literacy Strategy (SNLKI) program makes students or pupils as one of the targets in increasing knowledge about financial literacy.

Students are a part of Indonesian society that engages in economic activities, including consumption. Living far from their parents demands that they manage their finances effectively, wisely, responsibly, and independently. Students currently experiencing a transitional period will naturally shape themselves into better individuals in the future, and they are considered a part of Indonesian society with greater financial knowledge and capabilities than the general public (Chotimah & Rohayati, 2015).

The author observed high school students in Bitung City who lived away from their parents or who lived in boarding houses. These students were selected as respondents because they had studied financial literacy in Economics. The informants in this study were students born between 2008 and 2010. According

to Bencsik (Waluyo & Marlina, 2019), this generation is called Generation Z, or the internet generation, because they have been exposed to advanced technology since childhood. Due to the current rapid development of technology, it has made it easier to access all information available on the internet, including online buying and selling, for example, through platforms like Shopee, Lazada, TikTok, Tokopedia, and others. Consumers can directly transact easily online. This ease of buying and selling makes society and students vulnerable to consumer behavior. Therefore, this generation must be able to manage their finances well.

Financial literacy is crucial in student financial management because it includes indicators that assist in financial management, such as determining funding sources, fund use, risk management, and future planning (Warsono, Suardi, 2022). Therefore, financial literacy is essential for students, especially those who do not live with their parents. They usually live in boarding houses or live on different islands from their parents due to the distance from their schools, requiring them to live independently. Based on interviews with several informants, one informant stated that he had experienced financial problems, namely not having enough funds to meet basic needs (source: Nurri Rizkiyanto, May 15, 2023). This is what causes the risk of students who live apart from their parents to be much greater when compared to students who live with their parents, when students who live in boarding houses are unable to manage their personal finances well and wisely as stated by one of the informants above then they will have difficulty meeting basic needs and other needs. Meanwhile for students who live with their parents if they do not manage their finances well and wisely it does not affect their ability to meet their basic needs because these needs will be met by their parents. The cause of the low level of knowledge about financial literacy in students is due to the lack of ability of these students in managing personal finances, not compiling detailed expenses, financial planning, lack of control in shopping, and habits of shopping for something they want rather than something they need. Based on the phenomena that have been described above, the researcher is interested in conducting research entitled "Analysis Of Financial Literacy In Financial Management By Students In High School In Bitung City"

LITERATURE REVIEW

Theory of Planned Behavior (TPB)

According to Ajzen (Arianti 2021), the Theory of Planned Behavior (TPB) considers, in addition to attitudes toward behavior and subjective norms, individuals also consider perceived behavioral control, namely their ability to perform the action. This theory explains that the intention to behave can lead to the behavior displayed by the individual. The Theory of Planned Behavior (TPB) is suitable for describing any behavior that requires planning.

Financial Literacy

According to Bhushan and Medury (Arianti 2021), financial literacy is the ability to make informed judgments to make effective and appropriate decisions about the use and management of money. It is a combination of individual abilities, attitudes, and ultimately, individual behavior related to money.

Financial literacy helps improve the quality of financial services and contributes to the economic growth and development of a country.

With the increasing complexity of the economy, individual needs, and financial products, every individual must have financial literacy to manage their personal finances. Financial knowledge is crucial for every individual to avoid making mistakes in their financial decisions. Lack of financial knowledge can result in losses for individuals, particularly due to declining economic conditions, both domestically and internationally, or the development of economic systems.

Based on the above definition, it can be concluded that financial literacy is an individual's ability to apply financial knowledge in making decisions regarding sound personal financial management to achieve prosperity and avoid financial problems.

Financial Management

According to Suryanto (Sulistyarini, 2019), financial management is how a person treats and manages their finances, and uses their financial resources to achieve future prosperity. Individuals who are responsible for financial management will use their money effectively, including budgeting, saving and controlling expenses, investing, and paying debts on time.

Meanwhile, according to Yusanti and Lutfi (2020), financial management is a person's ability to manage or organize their finances, starting from the planning stage, auditing, finding, and storing funds for daily needs. Financial management is a person's responsibility to organize and manage their finances to meet their daily needs.

METHODOLOGY

This research uses a qualitative descriptive method. According to Sugiyono (2017), descriptive research aims to define or explain a phenomenon as it occurs. Qualitative research is research that collects data naturally to interpret problems, with the researcher as the primary tool (Anggito & Setiawan, 2018).

Primary data was collected through semi-structured interviews with informants, while secondary data was obtained from relevant literature and journals. Informants were selected using a purposive sampling technique with the following criteria: (1) students enrolled in high schools in Bitung City who have taken Economics, (2) students living in a different residence from their parents (boarding), and (3) students actively attending school. The informants in this study were 15 students from grades 10, 11, and 12, aged 15 to 18.

The data processing technique used three stages: data reduction (sorting relevant data), data presentation, and conclusion drawing. Data validity was maintained through source triangulation.

RESULT AND DISCUSSION

Understanding Students' Financial Literacy

The research findings indicate that financial literacy has become an integral part of students' daily lives, with high levels of usage. This positioning of financial literacy not only as knowledge but also as an experiential space that continuously exposes students to information, including information related to financial activities.

Furthermore, a sound understanding of financial literacy indicates that students are immersed in a financial environment rich in economic information, such as product promotions, consumption trends, and lifestyles. This indirectly shapes students' financial experiences, as they become accustomed to seeing and interacting with consumption activities in their daily lives.

In relation to Jean Piaget's constructivism theory, the experiences students gain through social media are not passively received but actively processed through the interaction of new experiences with prior knowledge. This demonstrates that social media acts as an informal learning environment that shapes students' understanding of financial realities.

The research findings also indicate that social media not only provides information but also shapes students' perspectives on financial activities.

Implementation of Financial Literacy

The results of the study indicate that students have a basic understanding of the concept of financial literacy, particularly in distinguishing between needs and wants and in simple financial management. This indicates that the formal learning process in schools has contributed to the development of students' financial knowledge.

This finding aligns with the view of Annamaria Lusardi and Olivia S. Mitchell, who stated that financial literacy is an individual's ability to understand basic financial concepts used in decision-making. In the context of this study, students have reached the cognitive stage of understanding financial literacy.

However, the research findings also indicate that this understanding has not been fully followed by consistent practice in daily life. Students are still often driven to fulfill desires, especially when influenced by exposure to social media. This condition indicates a gap between knowing and doing. Students understand the correct concepts, but are unable to consistently implement them in financial decision-making.

This phenomenon can be explained through the perspective of financial literacy, which encompasses not only cognitive aspects but also behavioral aspects. According to the Organization for Economic Co-operation and Development, financial literacy encompasses the knowledge, skills, attitudes, and behaviors necessary to make effective financial decisions. Therefore, understanding concepts alone is not sufficient to develop complete financial literacy.

In the context of this study, students are still at the cognitive stage of financial literacy, where they understand basic concepts but have not yet fully reached the application stage. This is evident in the students' tendency to be easily influenced by external stimuli, particularly when making consumption decisions.

This can be explained through the Theory of Planned Behavior, which states that individual behavior is influenced by attitudes, social norms, and self-control. In the context of this study, positive attitudes toward products displayed on social media, the influence of trends and the digital environment, and students' low self-control drive the formation of purchase intentions, which then manifest in impulsive consumption behavior.

This finding reinforces previous research showing that a good level of financial literacy does not necessarily directly result in rational economic behavior, especially when individuals are in an environment that strongly influences their preferences and decisions.

Thus, it can be understood that the financial literacy of students in this study is still in the transition stage, from understanding to practice. This process is not yet fully complete, as various factors still hinder the internalization of knowledge into behavior.

Future Financial Planning

Research shows that financial planning is a crucial process for individuals in managing their financial resources to achieve long-term goals. For students, particularly, sound financial planning can provide a strong foundation for achieving future financial well-being. However, despite its importance, many students remain unaware of its importance.

Research by Czech et al. (2024) shows that financial literacy levels among students tend to be low, potentially hindering them from making wise financial decisions. Therefore, increasing understanding of the importance of financial planning is crucial so that the younger generation can better prepare for future economic challenges.

Effective financial planning encompasses not only income management but also managing daily expenses and setting aside savings. According to Mustafa et al. (2023), planning that encompasses all these aspects can help individuals achieve financial freedom and avoid future financial problems. Therefore, it is important for students to learn to budget and save from a young age. This way, they can develop habits that will benefit them in the long run. A solid understanding of basic financial planning concepts, such as cash flow, debt, and investment diversification, can enrich their knowledge and enable them to make more informed financial decisions. Furthermore, financial education is a crucial element in building awareness of the importance of financial planning. Improving financial literacy among students can help them understand the risks and benefits of their financial decisions. Developing financial education programs in schools and universities is expected to accelerate this process (Li & Mu, 2024). These programs should include relevant topics such as retirement planning, insurance, and investments that are accessible to students.

On the other hand, this study found that, despite the increasing importance of financial literacy, many challenges remain in teaching financial planning to students. One major challenge is the lack of interest and lack of understanding of how to initiate financial planning at a young age. According to research by Khalil et al. (2021), students tend to focus more on short-term needs, such as a consumerist lifestyle, rather than considering long-term planning. Therefore, it is crucial to create more engaging and relevant approaches, such as using digital platforms that are more accessible and understandable to younger generations, to educate them about financial planning. Ultimately, by implementing sound financial planning, students can prepare for a brighter future. They will be better prepared to face economic uncertainty and better manage financial risks. Therefore, the role of the government, educational institutions, and the financial

sector is crucial in creating an environment that supports the development of appropriate financial literacy and planning for students (Medina-Vidal et al., 2023). It is hoped that with thorough financial planning, students will be able to achieve financial stability and avoid financial problems in the future.

Financial literacy is an essential foundation for effective financial planning. Young people who understand financial management can make wiser financial decisions. This literacy includes understanding basic financial concepts, such as savings, investment, debt management, and retirement planning (Chen & Chen, 2023). Without adequate financial literacy, young people are at risk of making financial mistakes that could hinder their future economic progress.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research results and discussions regarding Financial Literacy in relation to financial management in high schools throughout Bitung City, the following conclusions can be drawn:

1. Students' understanding of financial literacy is essentially at a basic level, particularly in distinguishing between needs and wants and in simple financial management. However, this understanding has not been fully followed by the ability to apply it consistently, indicating a gap between knowledge (cognitive) and practice (behavior) in everyday life.
2. Students' implementation of financial literacy tends to be suboptimal and limited, resulting in decisions often influenced by emotional factors and not entirely rational.
3. The research results indicate that financial planning is a crucial process for individuals in managing their financial resources to achieve long-term goals. For students, in particular, sound financial planning can provide a strong foundation for achieving future financial well-being. However, despite its importance, many students do not yet recognize the urgency of financial planning.

Based on the research results, the following recommendations can be made:

1. For schools: Schools are expected to develop more contextual learning programs by linking economics material to the realities of students' financial use. This is important so that students not only understand the concepts theoretically but also are able to apply them in their daily lives.
2. For teachers: Teachers are expected to integrate real-life examples from social media into economics lessons, such as advertising analysis, consumer behavior, and financial management.
3. For students: Students are expected to use social media more wisely, especially when making economic decisions. Students need to get used to prioritizing needs over wants, and train themselves to budget and save from an early age to avoid detrimental consumer behavior.

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