

## FINANCIAL LITERACY EDUCATION AND CAPITAL MARKET INVESTMENT FOR THE YOUNGER GENERATION TO BUILD FINANCIAL INDEPENDENCE

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### ABSTRACT

Young people face a variety of financial options that are increasingly accessible through digital services, but this convenience is not always accompanied by the ability to manage money and understand investment risks. This community service activity is designed to improve participants' understanding of personal financial management, financial goal planning, basic capital market principles, investment instruments, risk and return, and prevention of illegal investments. The activity method uses an educational-participatory approach that includes mapping initial knowledge, delivering materials, case discussions, budgeting and investment goal simulations, and evaluation through pre- and post-activity tests. The program's success is planned to be assessed based on changes in knowledge scores, participant participation, and participants' ability to develop simple financial plans. This article is a preliminary draft; the number of participants, time and location of the activity, evaluation results, and documentation must be completed based on actual implementation to avoid presenting unavailable data. The program is expected to help young people make more planned, critical, and responsible financial decisions as a foundation for financial independence.

**Keywords:** *financial literacy; young generation; capital market; investment; financial independence*

### INTRODUCTION

Financial independence is not only related to income, but also to a person's ability to set financial goals, control spending, build an emergency fund, understand debt, and make savings and investment decisions appropriate to their circumstances and risk tolerance. During the transition to adulthood, young people begin to face financial decisions that impact their education, employment, consumption, and long-term well-being. Therefore, financial education needs to be provided in a practical, relevant, and sustainable manner.

Financial literacy helps individuals understand financial concepts and products, enabling them to make better decisions. Lusardi and Mitchell (2014) explain that financial knowledge is a form of human capital related to economic decisions and well-being. The OECD framework also emphasizes that financial literacy encompasses knowledge, behaviors, and attitudes, not simply the ability to memorize financial terms (OECD, 2023).

In Indonesia, the 2024 National Survey on Financial Literacy and Inclusion, published by the Financial Services Authority (OJK) and the Central Statistics Agency (BPS), showed a financial literacy index of 65.43%, while the financial inclusion index was 75.02% (OJK, 2024). This discrepancy indicates that access to or use of financial services does not always align with levels of understanding. Education is needed to ensure that the use of financial products is based on adequate knowledge and consideration.

The capital market can be an option for achieving long-term financial goals, but investments in stocks, bonds, mutual funds, and other instruments have different characteristics and risks.



Prospective investors need to understand the relationship between risk and return, diversification, investment horizons, fees, the legality of intermediaries, and the importance of not using essential funds for risky investments. In the digital space, participants also need to be aware of promises of unrealistic returns, pressure to deposit funds quickly, and offers from unauthorized parties.

Based on these needs, this community service activity is designed to provide financial literacy and capital market investment education for the younger generation. The objectives of the activity are: (1) to improve basic understanding of personal financial management; (2) to introduce capital market instruments and mechanisms; (3) to develop a critical attitude towards risks and investment offerings; and (4) to encourage participants to develop initial steps towards financial independence.

## METHOD

### 2.1 Targets and location of activities

The activity targeted participants in financial literacy and capital market investment education. According to the documentation provided, the event took place at STIE Madani Balikpapan, East Kalimantan.

### 2.2 Approach and stages of activities

The activity uses an educational-participatory approach. Material is delivered through brief presentations, questions and answers, case discussions, and practical exercises. The suggested stages are as follows:

- a. Preparation: coordination with partners, identification of participant needs, preparation of materials, and preparation of evaluation instruments.
- b. Initial mapping: participants completed a short pre-test on budgeting, savings, risks, capital market instruments, and characteristics of illegal investments.
- c. Material delivery: cash flow management, simple budget, emergency funds, SMART financial goals, risk and return concepts, stocks, bonds, mutual funds, diversification, and the legality of financial services institutions.
- d. Practice and discussion: participants prepare a simple budget, determine financial goals, and discuss case studies of investment decisions according to risk profiles.
- e. Final evaluation: participants complete the post-test and provide feedback on the activity; the facilitator assesses the results of the financial planning exercise.
- f. Follow-up: Distribute learning materials and encourage participants to check the legality of financial service providers through official OJK channels before using the product.

### 2.3 Evaluation instruments and analysis

Evaluation instruments can include the same or equivalent knowledge tests before and after the activity, participant observation sheets, financial plan assessment rubrics, and satisfaction questionnaires. Changes in knowledge are calculated from the difference in mean scores between the pre-test and post-test. If the data meet the assumptions, paired-samples t-tests can be analyzed; if the assumptions are not met or the data scale is not appropriate, the Wilcoxon signed-rank test can be used. Results should be reported along with the number of respondents, mean/median,

measures of distribution, and relevant test scores. For small-scale activities, descriptive statistics may be sufficient.

The formula for the mean score change is:  $\Delta = \text{mean post-test score} - \text{mean pre-test score}$ . The relative percentage change can be calculated as  $[(\text{post-test} - \text{pre-test}) / \text{pre-test}] \times 100\%$ , if the initial score is not zero. Analysis should be done on the data actually collected; do not fill in the results based on estimates.

## RESULTS AND DISCUSSION

### 3.1 Implementation of education

Photo documentation shows the implementation of education/presentations in the STIE Madani Balikpapan classroom. Authors should include the activity date, number of participants, duration, aggregate participant profiles, detailed materials, and forms of interaction based on implementation notes. This documentation can be used as visual evidence of the activity after confirming the date and obtaining permission to use the photos.



Based on visual documentation, the activity took the form of an educational/presentation session in a classroom at STIE Madani Balikpapan. The facilitator delivered the material using presentations and multimedia devices, while participants attended the session from their seats and engaged in the discussion. The number of participants, duration of the activity, name of the program/partner, and official date of the activity cannot be ascertained based on the photos alone and must be supplemented by the author.

### 3.2 Financial literacy and financial independence materials

Financial management lessons should begin with mapping income and expenses, separating needs from wants, setting priorities, and establishing an emergency fund. Participants can be asked to create a monthly budget based on realistic situations. This approach helps connect financial concepts to everyday decisions and positions investing as part of a financial plan, not a shortcut to profit.

Financial independence should be explained as a gradual process. Initial steps can include financial record-keeping and consumer debt control; then, building an emergency fund and appropriate protection; and then, considering investments based on your goals, time horizon, and

ability to withstand losses. Not all participants need to immediately invest in the capital market. A wise decision might also be to delay investing until basic needs and an emergency fund are more readily available.

### 3.3 Introduction to capital markets and investor protection

An introduction to capital markets should differentiate the functions of stocks, bonds, and mutual funds and explain that investment returns are not guaranteed. Stock prices can fluctuate due to company, industry, economic, market sentiment, and other factors. Diversification can help mitigate specific risks, but it does not eliminate them entirely. Participants should also understand transaction costs, the importance of reading product information, and the prohibition against using high-risk loans to pursue investment returns.

Consumer protection must be a key component of education. Participants are encouraged to verify the legality of companies and product offerings through official sources, not to share OTP codes or passwords, and to be wary of "guaranteed profits" claims, recruitment bonuses, or pressure to transfer funds immediately. Material should be educational and not constitute recommendations to buy or sell specific stocks.

### 3.4 Results of participant knowledge evaluation

Pre-test and post-test data have not been included. Therefore, the following table is retained as a fill-in format, not as activity results. If no pre- and post-tests were conducted, remove these indicators or replace them with actual evaluation data, such as feedback questionnaire results or participant practice rubrics.

| Indikator                           | Pre-test  | Post-test | Perubahan  |
|-------------------------------------|-----------|-----------|------------|
| Rata-rata skor pengetahuan          | 55/100*   | 82/100*   | +27 poin*  |
| Jumlah peserta dengan skor lengkap  | 12 orang* | 12 orang* | —          |
| Kemampuan menyusun rencana keuangan | 2,1/4*    | 3,4/4*    | +1,3 poin* |

### 3.5 Discussion and implications

If the evaluation shows an increase in scores, these results can be discussed as an indication that the learning helped participants understand the concepts presented. However, short-term knowledge gains do not automatically indicate behavioral change or the achievement of financial independence. Follow-up, repeated practice, environmental support, and access to reliable information are still necessary. If the score change is small or imperceptible, discuss possible causes, such as the length of the material, the level of prior knowledge, the relevance of the examples, or the quality of the instrument.

An effective educational program should assess not only knowledge but also the ability to apply concepts to real-world decisions. Therefore, follow-up actions could include a monthly expense tracking challenge, setting savings goals, or further educational consultation sessions. For investment topics, the focus should be on responsible decision-making, not short-term profits.

## CONCLUSION

Financial literacy and capital market investment education for the younger generation is crucial for developing financial planning skills, understanding investment instruments, assessing risks, and recognizing fraudulent offers. Activities combining material presentation, case discussions, simulations, and pre-test/post-test evaluations can be used as a structured community service approach. Conclusions regarding the activity's success must await valid implementation and evaluation data. Upon completion of the activity, the author should present concrete results, program limitations, and a sustainability plan based on the findings.

## Thank-you note

The author would like to thank STIE Madani Balikpapan and all participants who supported this educational activity. This statement should be adjusted to reflect the roles and approvals of the relevant parties.

## Ethics and Conflict of Interest Statement

Authors must ensure that participant documentation and data are used ethically, maintain the confidentiality of personal data, and obtain necessary consent. The authors declare [no conflict of interest/describe any relevant conflicts of interest].

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