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Financial Literacy: An Effort to Increase Students' Interest in Investment and Entrepreneurship

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A B S T R A C T

Financial literacy is a crucial competency for students to face increasingly complex economic challenges. However, low levels of financial literacy among students often lead to consumptive behavior and a low interest in investing and entrepreneurship. Therefore, this community service activity aims to improve financial literacy and encourage investment and entrepreneurship among students at Universiti Malaysia Kelantan. The activity's implementation methods included outreach, training (workshops), interactive discussions, and evaluation through pre- and post-tests. The material covered personal financial management, an introduction to investment instruments, and the basics of entrepreneurship. The results of the activity showed a significant increase in participants' understanding of financial literacy, as well as increased student interest in investing and starting a business. Furthermore, participants also demonstrated a more positive attitude toward managing their finances wisely and productively. Therefore, this activity is expected to be a strategic effort in developing a financially independent young generation capable of contributing to economic development.

INTRODUCTION

The increasingly complex global economy demands that every individual possess the ability to manage their finances effectively and rationally. This ability is needed not only by professional economic actors but also by students, as part of the younger generation who will face future economic dynamics. In this context, financial literacy is a crucial competency to support sound and sustainable financial decision-making (Lusardi & Mitchell, 2014).

Financial literacy is defined as an individual's ability to understand financial concepts and risks, as well as possessing the skills, motivation, and confidence to apply this knowledge in effective decision-making. A good level of financial literacy will empower individuals to manage their finances wisely, including in financial planning, debt management, and investment decision-making (OECD, 2016).

However, various studies indicate that the level of financial literacy among university students remains relatively low. This is further supported by a survey by the Financial Services Authority (OJK), which indicates that the level of financial literacy in Indonesia remains moderate, with a significant gap in understanding among the younger generation (OJK, 2022). This condition is an important concern because low financial literacy can have an impact on unhealthy financial behavior.

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Low levels of financial literacy among college students are often reflected in high levels of consumerism. Students tend to allocate their finances to meet lifestyle needs rather than productive needs. Furthermore, a lack of thorough financial planning leaves students unprepared for long-term financial needs (Chen & Volpe, 1998).

On the other hand, financial literacy is closely linked to an individual's interest in investing. Investment is a crucial instrument for improving future financial well-being. Individuals with high levels of financial literacy tend to have a better understanding of various investment instruments, the risks involved, and strategies for optimally managing an investment portfolio (Hastings et al., 2013).

Despite this, investment interest among college students remains relatively low. Many students perceive investing as difficult, high-risk, and requiring significant capital. This perception stems from a lack of understanding and adequate information about investing, leading students to avoid it (Aren & Zengin, 2016).

In addition to investing, entrepreneurship is also a form of productive economic activity that students can engage in. Entrepreneurial activities not only provide opportunities to earn income but also contribute to job creation and drive economic growth (Hisrich, 2017).

However, students' interest in entrepreneurship still faces various obstacles, both internal and external. One influential internal factor is low financial literacy. Students who lack a good understanding of financial management tend to lack confidence and are reluctant to start a business due to concerns about the risk of loss (Woodyard & Robb, 2011).

Financial literacy plays a crucial role in shaping productive economic mindsets and behaviors. With good financial literacy, students will be better able to identify investment and business opportunities, manage risks, and make rational decisions in economic activities. This suggests that improving financial literacy can be a strategy to encourage students' interest in investment and entrepreneurship (Lusardi, 2019).

Based on this description, it can be concluded that financial literacy plays a strategic role in increasing interest in investment and entrepreneurship among students. Therefore, this research is important to analyze the extent to which financial literacy can be an effort to increase students' interest in investment and entrepreneurship, so that it is hoped that it can contribute to the development of independent and competitive human resources in the economic sector.

METHOD

This community service activity was held from June 24–28, 2024, at the University of Malaysia Kelantan, targeting university students. The program was designed to encompass education, training, interactive discussions, and mentoring to improve financial literacy while fostering student interest in investment and entrepreneurship.

The program implemented a participatory, educational, and applied approach, placing students as active participants in every stage of the activity. This approach was chosen so that participants not only gain theoretical knowledge but also apply financial literacy concepts to personal financial management, investment decision-making, and business development.

Preparation Stage

The preparation stage is carried out before the activity is implemented to ensure all program requirements are in place. Activities at this stage include:

1. Identifying student needs and understanding of financial literacy, investment, and entrepreneurship.
2. Developing training materials covering personal financial management, financial planning, investment, and entrepreneurship.
3. Coordinating with campus officials and resource persons.
4. Developing evaluation instruments in the form of pre- and post-tests.
5. Preparing activity facilities and infrastructure.

Implementation Stage

The implementation stage is conducted over five days using the following learning methods:

a. Financial Literacy Socialization and Counseling

The activity begins with the presentation of material on the importance of financial literacy for students. The material covers basic concepts of financial management, budgeting, savings management, consumption control, and the importance of financial planning from a young age.

b. Investment Training

Participants are provided with an understanding of various investment instruments such as deposits, bonds, mutual funds, stocks, and digital-based investments. In addition, students are also given simple simulations on calculating investment risks and returns so they understand the principles of safe and rational investment.

c. Entrepreneurship Training

Entrepreneurship topics include identifying business opportunities, developing simple business models, digital marketing strategies, managing business finances, and utilizing technology in business development. This activity aims to foster an entrepreneurial spirit and encourage students to create independent businesses.

d. Interactive Discussions and Case Studies

Participants are divided into groups to discuss various cases related to financial management, investment, and business development. This method is used to improve critical thinking and problem-solving skills.

e. Mentoring and Consultation

Participants have the opportunity to consult directly with resource persons regarding investment plans and business ideas they wish to develop. Mentoring is provided to help participants develop financial plans and simple business plans.

The evaluation phase was conducted to measure the effectiveness of the activities. This included administering a pre-test before the activity and a post-test after the activity to determine improvements in participants' understanding. In addition, questionnaires were distributed to determine participants' satisfaction with the implementation of the activities, as well as direct observation of participant participation and engagement during the activities. The data obtained was then analyzed to determine the program's success in increasing financial literacy and interest in investment and entrepreneurship.

As a final step, follow-up was provided in the form of mentoring and monitoring for participants who expressed a deeper interest in investment and entrepreneurship. This mentoring aimed to help students implement the knowledge they had acquired, both in starting investments and designing and running businesses. With this follow-up, it was hoped that the community service activities would not only increase knowledge but also have a tangible impact on changing students' economic behavior.

RESULT AND DISCUSSION

Result

This community service activity was carried out with students as the primary participants at Universiti Malaysia Kelantan. The program was implemented through several stages: outreach, training (workshops), interactive discussions, and evaluation. Overall, the activity went well and received a very positive response from participants, as evidenced by the attendance and active participation levels.

Pre-test results revealed that most students still had a relatively low level of financial literacy. This was evident in the participants' lack of understanding regarding personal financial management, such as budgeting and savings management, and limited knowledge of investment instruments. Furthermore, most participants did not yet have a comprehensive understanding of basic entrepreneurship concepts, Table 1.1 below is the result of the pretest.

Tabel 1.1 Result of the Pre-Test

Measured Aspects	Average Score
Financial Literacy	44,6
Investment Knowledge	40,7
Entrepreneurship Understanding	43
Overall Average	**42,8**

Following the activity, post-test results showed a significant improvement in participants' understanding. Students began to develop simple financial plans, understand basic investment concepts, and recognize various business opportunities that can be pursued with limited capital. This improvement demonstrates the effectiveness of the educational method used in improving participants' financial literacy.

During the training session, participants were given a financial budget simulation and introduced to investment instruments such as stocks and mutual funds. As a result, most participants were able to develop more structured personal financial plans. Furthermore, during the entrepreneurship session, participants successfully identified business ideas based on local needs and digital trends, such as online businesses and technology-based services, Table 1.2 shows the improvement before and after training:

Tabel 1.2 Result of the Post-test

Measured Aspects	**Pre-test**	**Post-Test**	**Improvement**
Financial Literacy	44,6	81,8	37,2
Investment Knowledge	40,7	77,8	37,1
Entrepreneurship Understanding	43	80	37
Overall Average	**42,8**	**79,9**	**37,1**

Significant changes occurred in attitudes and behaviors. Participants demonstrated increased awareness of the importance of wise financial management and began to reduce consumer behavior. Furthermore, there was an increased interest in investing, as evidenced by participants' desire to start investing on a small scale.

Interest in entrepreneurship also increased, as evidenced by participants' enthusiasm in developing business ideas and business plans. Several participants even expressed interest in developing their own small businesses after participating in this activity. This demonstrates that the program not only increases knowledge but also motivates concrete action.

Discussion

The results of this activity demonstrate that financial literacy plays a crucial role in increasing investment and entrepreneurial interest among students. The increase in post-test scores compared to pre-test scores indicates that interventions in the form of education and training significantly improved understanding. This aligns with the findings of Annamaria Lusardi and Olivia S. Mitchell, who stated that financial literacy contributes to the quality of individual financial decision-making.

The increase in investment interest among students demonstrates that a sound understanding can change negative perceptions about investment. Before the activity, investing was perceived as complicated and high-risk. However, after receiving education, students began to understand that investing can be done gradually with manageable risks. This indicates that financial literacy plays a role in increasing individual confidence in making investment decisions.

In the context of entrepreneurship, the increase in student interest indicates that financial literacy also plays a role in building entrepreneurial readiness. Students with a sound financial understanding tend to be more capable of thorough business planning, including managing capital, calculating costs, and projecting profits. This reinforces the view that financial literacy is a crucial factor in developing an entrepreneurial spirit.

The implementation method used in this activity, a combination of lectures, practical training, and interactive discussions, proved effective in increasing participant understanding and engagement. The participatory approach allowed students to actively learn and directly practice the material presented, resulting in a deeper understanding.

However, several obstacles were encountered during the implementation of the activity. Some participants still struggled to grasp more complex investment concepts, such as risk analysis and portfolio diversification. Furthermore, time constraints hindered the in-depth delivery of the material.

Furthermore, although interest in investment and entrepreneurship increased, not all participants had the courage to directly implement this knowledge. This indicates the need for a follow-up program in the form of mentoring to enable students to apply financial literacy in real life.

Overall, this community service activity successfully achieved its primary objective of improving financial literacy and encouraging interest in investment and entrepreneurship among Universiti Malaysia

Kelantan students. These results demonstrate that the financial literacy program can be an effective strategy in developing a financially independent and economically productive young generation.

CONCLUSION

Based on the results of the community service activities, it can be concluded that the financial literacy program has had a significant impact on improving students' understanding of financial management, investment, and entrepreneurship. Prior to the program, most students at Universiti Malaysia Kelantan still had a relatively low level of financial literacy, as evidenced by limited understanding of basic financial concepts, budget planning, and minimal knowledge of investment instruments and business management.

After participating in a series of activities, which included outreach, training, and interactive discussions, there was a significant increase in both participants' knowledge and skills. Students became more able to systematically develop personal financial plans, understand various investment alternatives that are accessible according to their financial capabilities, and have a basic understanding of developing a simple business plan. This demonstrates that the educational and participatory approach used in this program is effective in improving students' financial literacy.

In addition to increasing knowledge, this activity also impacted changes in participants' attitudes and behaviors. Students demonstrated increased awareness of managing their finances more wisely, reduced consumer behavior, and began considering the importance of saving and investing from an early age. The increase in investment interest was reflected in participants' interest in starting small-scale investments, while the increase in entrepreneurial interest was evident in the emergence of business ideas and the desire to develop independent businesses. The implementation method, which integrated material delivery, practical training, and interactive discussions, proved effective in increasing participant engagement and strengthening practical understanding. However, several limitations remained, such as limited time and varying levels of participant understanding, which impacted the optimization of the activity's outcomes. Furthermore, some students still required further guidance to effectively implement the knowledge gained.

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