Strengthening Household Financial Management through Community-Based Financial Literacy Training for Women's Community Groups in Paiton District

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Abstract—*Limited financial literacy remains a significant challenge in improving household welfare, particularly among women who play a central role in managing family finances. Furthermore, the rapid growth of digital financial services has increased public exposure to illegal financial practices, including illegal online lending. These conditions highlight the need for financial literacy programs that not only improve financial knowledge but also encourage positive financial behavior. This community engagement program aimed to enhance the financial literacy of housewives and PKK members in Paiton District through a community-based financial literacy training program. The activity was conducted on November 19, 2025, at Paiton Village Hall and involved 32 participants. The program employed a* Participatory Learning and Action *(PLA) approach through interactive lectures, group discussions, household budgeting simulations, pre-test and post-test evaluations, and post-training mentoring. The training materials covered basic financial literacy concepts, household budgeting, family financial planning, emergency fund management, formal financial products, and prevention of illegal online lending risks. Evaluation results indicated a substantial improvement in participants' financial literacy, with the average score increasing from 58.4 in the pre-test to 83.7 in the post-test, representing a 43.3% increase. Improvement was observed across all assessment indicators, particularly in family financial planning and household budgeting. In addition to enhancing participants' knowledge, the program produced a financial literacy module and a WhatsApp-based mentoring group to support continuous learning. The findings demonstrate that community-based financial literacy training effectively strengthens women's financial capability and contributes to improving household economic resilience through more structured and sustainable financial management practices.*

Keywords—*financial literacy, women empowerment, household financial management, PKK, community engagement.*

1 Introduction

Financial literacy refers to an individual's ability to understand, manage, and make informed financial decisions in order to achieve financial well-being. Within the household context, financial literacy plays a crucial role in helping families manage income, control expenditures, develop financial plans, and anticipate various economic risks. These competencies have become increasingly important due to the growing complexity of financial products and services available to the public [2], [3].

According to the 2024 National Survey of Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK) and Statistics Indonesia (BPS), the national financial literacy index reached 65.43%, representing an improvement compared to previous survey results. Despite this progress, approximately one-third of the Indonesian population still lacks adequate financial knowledge and understanding, indicating the continued need for financial education programs [4]. Financial education programs are increasingly recognized as effective policy instruments for improving financial inclusion and strengthening household financial capability, particularly among vulnerable groups such as women and low-income households [11].

Women represent one of the most important target groups for financial literacy enhancement programs. Strengthening women's financial capability is considered a strategic approach to improving household welfare, financial inclusion, and economic resilience [3], [7].

OJK reported that more than 11,389 illegal financial entities had been shut down by September 2024, indicating that many individuals remain vulnerable to fraudulent financial schemes due to inadequate financial literacy and limited understanding of legitimate financial products and services [4].

Previous studies have consistently shown that financial literacy training improves financial knowledge, saving behavior, financial planning, and household financial resilience [1], [5], [6]. In addition to limited financial literacy, communities are increasingly exposed to digital financial risks. The rapid development of financial technology has expanded access to financial services, but it has also facilitated the emergence of various illegal financial practices that negatively affect society. Lusardi and Mitchell argue that individuals with higher levels of financial literacy are more likely to engage in financial planning, maintain savings, and make rational financial decisions. Other studies have also demonstrated that community-based financial education programs effectively enhance household financial management skills, particularly among women and individuals with lower educational backgrounds [6], [9]. Nevertheless, many existing programs primarily focus on theoretical knowledge transfer and rarely incorporate practical household budgeting exercises and post-training mentoring activities.

Based on discussions with PKK administrators, most participants had never attended financial literacy training and did not maintain written household financial records. Under these circumstances, a significant gap exists between the community's need for effective household financial management skills and the current level of financial literacy among community members. Furthermore, the limited availability of educational programs that combine practical financial training with continuous mentoring underscores the importance of implementing this community engagement initiative. Therefore, the financial literacy training program for housewives and PKK members in Paiton District was designed not only to improve participants' understanding of fundamental financial concepts but also to develop practical skills in household budgeting, family financial planning, and risk awareness regarding illegal online lending.

This community engagement program aims to enhance the financial literacy of housewives and PKK members through a community-based training approach supported by learning modules and post-training mentoring. It is expected that the program will contribute to strengthening women's capacity in household financial management while simultaneously promoting household economic resilience in Paiton District.

2 Method

This community engagement program was conducted on November 19, 2025, at Paiton Village Hall, Paiton District, Probolinggo Regency, East Java, Indonesia. The target participants were housewives and members of the Family Welfare Empowerment Organization (PKK) who actively participated in managing household finances. A total of 32 participants attended and completed all stages of the program, including training sessions and evaluation activities.

The program adopted a Participatory Learning and Action (PLA) approach, which positions participants as active contributors throughout the learning process. This approach has been widely applied in community empowerment programs because it promotes experiential learning, participant engagement, and sustainable behavioral change.

The implementation of the program consisted of five main stages: needs assessment, program preparation, training implementation, program evaluation, and post-training mentoring. The summary of these stages is presented in Table 1.

Table 1. Stages of Community Engagement Program Implementation

Stage	Activities	Outputs
Needs Assessment	Coordination with village authorities and PKK administrators; identification of participants' financial literacy challenges	Training needs assessment
Program Preparation	Development of training modules, learning materials, evaluation instruments, and administrative arrangements	Training module and evaluation instruments
Training Implementation	Delivery of training materials through lectures, discussions, simulations, and question-and-answer sessions	Improved participants' knowledge and skills
Program Evaluation	Administration of pre-test and post-test assessments and participant satisfaction evaluation	Data on participants' learning improvement
Mentoring	Establishment of a WhatsApp mentoring group and post-training consultation	Program sustainability

Needs Assessment

The initial stage involved coordination with PKK administrators and village officials to identify participants' needs related to household financial management. Preliminary findings indicated that most participants did not maintain regular financial records, lacked emergency funds, and had limited knowledge of formal financial products and the risks associated with illegal online lending. These findings served as the basis for designing the training curriculum and ensuring that the learning materials addressed the participants' actual needs and financial challenges.

Program Preparation

During this stage, the community engagement team developed a financial literacy training module covering several topics, including basic financial literacy concepts, household budgeting, family financial planning, formal financial products, the risks of illegal online lending, and saving and simple investment strategies. In addition, evaluation instruments were developed in the form of pre-test and post-test assessments consisting of twenty multiple-choice questions designed to measure participants' knowledge before and after the training program.

Training Implementation

The training was conducted through face-to-face sessions using interactive lectures, group discussions, case simulations, and practical household budgeting exercises. The training materials included: (1) Basic concepts of financial literacy, (2) Household income and expenditure management, (3) Household budgeting techniques, (4) Short-, medium-, and long-term financial planning, (5) Emergency fund preparation and saving strategies, (6) Introduction to formal financial products and services, (7) Prevention of risks associated with illegal online lending.

Throughout the training sessions, participants were encouraged to share their financial experiences, discuss challenges encountered in managing household finances, and identify practical solutions that could be applied in their daily lives.


Figure 1. Implementation of the Community-Based Financial Literacy Training Program

Program Evaluation

Program evaluation was conducted using a pre-test and post-test design to measure changes in participants' knowledge and understanding of the training materials. The pre-test was administered before the training sessions commenced, while the post-test was conducted after all training activities had been completed. The evaluation focused on five key dimensions of financial literacy: (1) Understanding of basic financial literacy concepts, (2) Ability to prepare household budgets, (3) Knowledge of savings and emergency fund management, (4) Understanding of formal financial products and services, (5) Awareness of risks associated with illegal online lending. The use of pre-test and post-test assessments is commonly employed to measure learning outcomes and evaluate the effectiveness of community-based educational interventions.

The percentage of learning improvement was calculated using the following formula: **Improvement Percentage (%) = ((Post-test Score − Pre-test Score) / Pre-test Score) × 100**. In addition to assessing participants' knowledge gains, feedback was collected regarding the training materials, delivery methods, and perceived benefits of the program.

Post-Training Mentoring

To ensure the sustainability of the program outcomes, the community engagement team established a WhatsApp-based mentoring group that functioned as a platform for consultation, peer learning, and experience sharing among participants.

Through this mentoring platform, participants received ongoing support in implementing household financial record-keeping practices, setting savings targets, and addressing financial management issues encountered after the training. The post-training mentoring component was expected to strengthen behavioral change by enabling participants to continuously apply the knowledge and skills acquired during the program.

Consequently, the benefits of the intervention were not limited to short-term knowledge improvement but were also expected to contribute to sustainable household financial management practices and long-term economic resilience among participating families.

3 Result And Discussion

3.1 Result

Participant Characteristics

The financial literacy training program was attended by 32 participants consisting of housewives and members of the Family Welfare Empowerment Organization (PKK) in Paiton District. All participants were actively involved in managing household finances, making the training content highly relevant to their daily financial responsibilities.

As presented in Table 2, the majority of participants belonged to the productive age group of 36–45 years. Individuals within this age range generally bear substantial responsibilities related to household financial management, including children's educational expenses, healthcare costs, and long-term family financial planning. Consequently, enhancing financial literacy among this group has significant implications for improving household financial stability and resilience.

Table 2. Demographic Characteristics of Participants

Characteristics	Frequency (n)	Percentage (%)
Age 25–35 Years	8	25.0
Age 36–45 Years	12	37.5
Age 46–55 Years	9	28.1
>55 Years	3	9.4
Total	**32**	**100**

Improvement in Financial Literacy Knowledge

Program effectiveness was assessed through pre-test and post-test evaluations measuring participants' understanding across five key dimensions of financial literacy: household budgeting, family financial planning, savings and emergency funds, formal financial products, and awareness of illegal online lending risks.

Table 3. Comparison of Pre-Test and Post-Test Scores by Financial Literacy Indicator

Financial Literacy Indicator	Pre-Test	Post-Test	Improvement (%)
Household Budgeting	60	88	46.7
Family Financial Planning	55	82	49.1
Savings and Emergency Funds	57	84	47.4
Formal Financial Products	58	79	36.2
Illegal Online Lending and Financial Risks	62	90	45.2
Average	**58.4**	**83.7**	**43.3**

The evaluation results revealed improvements across all measured indicators. The highest increase was observed in family financial planning (49.1%), while the lowest improvement occurred in participants' understanding of formal financial products (36.2%). Nevertheless, the overall increase demonstrates the effectiveness of the training program in enhancing participants' financial literacy.

Financial Literacy Improvement

The findings indicate that all financial literacy indicators experienced substantial improvement following the intervention. The consistent increase across all dimensions suggests that the training materials, instructional methods, and practical exercises successfully enhanced participants' understanding of household financial management.

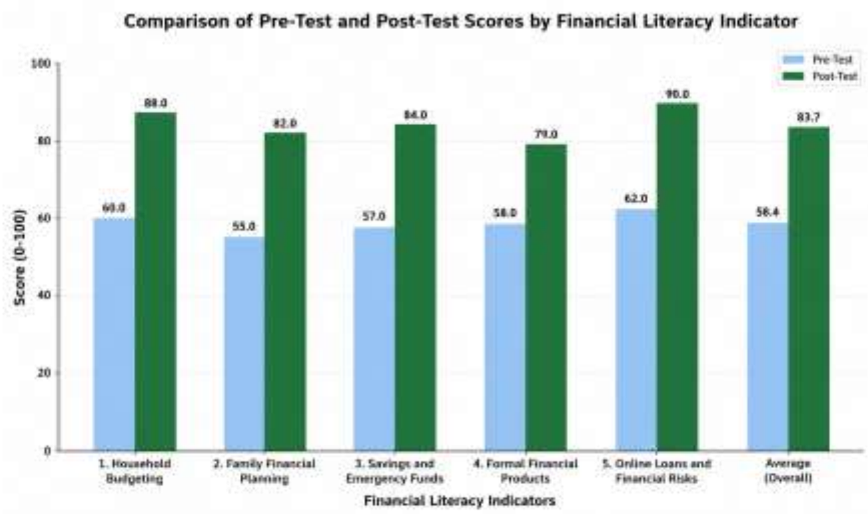

Fig 1. Comparison of Pre-Test and Post Test Scores By Financial Literacy Indicator

The notable improvement in family financial planning and household budgeting indicates that participants gained a better understanding of financial goal setting, expenditure prioritization, and resource allocation. These competencies are essential components of effective household financial management and contribute to long-term economic stability.

3.2 Discussion

Effectiveness of Financial Literacy Training

The increase in participants' average scores from 58.4 to 83.7 demonstrates that the financial literacy training program effectively improved participants' financial knowledge and understanding. This finding supports the financial literacy framework proposed by Lusardi and Mitchell [1], which emphasizes that financial education plays a crucial role in enabling individuals to make informed and rational financial decisions.

The substantial improvement in family financial planning suggests that many participants previously lacked structured financial planning practices. Prior to the intervention, financial decisions were largely based on immediate household needs without clear medium- or long-term financial objectives. Following the training, participants demonstrated greater awareness of the importance of setting financial goals, prioritizing expenditures, and establishing emergency funds.

These findings are consistent with previous studies demonstrating that financial literacy interventions contribute significantly to improving household financial planning practices and encouraging sustainable saving behaviors [9].The results further indicate that financial education interventions can effectively address knowledge gaps among women responsible for managing household finances.

Strengthening Women's Financial Capability

One of the primary objectives of this program was to strengthen women's financial capability in managing household resources. From a women's empowerment perspective, financial literacy extends beyond financial knowledge and encompasses the ability to make independent economic decisions that affect household well-being.

During the training sessions, many participants reported that they had become more aware of the importance of financial record-keeping and expenditure classification. These skills constitute fundamental elements of sound financial management and are essential for maintaining household financial resilience, particularly during periods of economic uncertainty.

The findings also support previous research indicating that financial literacy serves as a catalyst for women's economic empowerment by increasing financial confidence, decision-making capacity, and participation in household economic activities [10].

According to the OECD Financial Literacy Framework [3], women with higher levels of financial literacy tend to demonstrate greater financial confidence, improved risk management capacity, and stronger saving behavior. Therefore, strengthening women's financial capability may generate broader social and economic benefits by improving family welfare and reducing household vulnerability to financial shocks.

Increased Awareness of Illegal Online Lending Risks

The findings also revealed a 45.2% increase in participants' understanding of illegal online lending and financial risks. This improvement suggests that participants became more capable of identifying characteristics of unauthorized financial services and understanding the potential consequences associated with their use.

This outcome is particularly significant given the rapid expansion of digital financial services in Indonesia. Previous studies have indicated that limited financial literacy is one of the primary factors contributing to individuals' vulnerability to predatory lending schemes, excessive debt accumulation, and fraudulent financial practices [3], [4].

Through case-based discussions and practical examples, participants acquired skills to verify the legality of financial institutions and understand reporting mechanisms for suspicious financial activities. As a result, the program contributed not only to financial knowledge enhancement but also to consumer protection awareness.

Program Sustainability through Post-Training Mentoring

A distinctive feature of this program compared to conventional training initiatives was the incorporation of post-training mentoring through a WhatsApp support group. This mentoring mechanism enabled participants to receive continuous guidance in implementing household financial records, setting savings targets, and managing financial challenges encountered after the training.

The mentoring component is particularly important because knowledge acquisition alone does not automatically translate into behavioral change. According to the Financial Capability Framework [8], sustainable financial behavior requires the integration of financial knowledge, practical skills, motivation, and ongoing social support.

Therefore, combining financial literacy training with continuous mentoring increases the likelihood of long-term behavioral change and strengthens the overall impact of community-based financial education programs.

Implications for Household Economic Resilience

Overall, the results demonstrate that financial literacy training contributes positively to strengthening women's capacity to manage household finances. Improved skills in budgeting, emergency fund preparation, financial planning, and risk management provide participants with essential tools for enhancing household economic resilience.

Furthermore, the findings highlight the effectiveness of community-based empowerment approaches in promoting financial literacy among vulnerable groups. By strengthening women's financial capability as primary household financial managers, the program has the potential to generate broader impacts on family welfare, community development, and local economic resilience.

The results suggest that financial literacy interventions should be integrated into broader community empowerment initiatives to maximize their long-term social and economic benefits. Future programs may further enhance their impact by expanding participant coverage, incorporating digital financial literacy components, and implementing longer-term mentoring and monitoring mechanisms.

4 Conclusion

The community-based financial literacy training program implemented for housewives and PKK members in Paiton District proved effective in improving participants' knowledge and skills related to household financial management. Through the application of the Participatory Learning and Action (PLA) approach, which integrated interactive lectures, group discussions, practical simulations, and post-training mentoring, participants developed a better understanding of household budgeting, family financial planning, emergency fund management, formal financial products, and the risks associated with illegal online lending.

The evaluation results demonstrated a substantial improvement in participants' financial literacy levels. The average score increased from 58.4 in the pre-test to 83.7 in the post-test, representing a 43.3% improvement. The greatest increase was observed in the family financial planning dimension, indicating that participants gained a stronger awareness of the importance of setting financial goals, prioritizing expenditures, and preparing for future financial needs through systematic financial planning.

Beyond improving participants' financial knowledge, the program also generated sustainable outputs in the form of a financial literacy module and a WhatsApp-based mentoring group. These outputs provided participants with continuous access to learning resources, consultation opportunities, and peer support. The post-training mentoring component played a critical role in facilitating the translation of financial knowledge into practical financial behaviors, thereby increasing the likelihood of long-term behavioral change.

Overall, the findings suggest that community-based financial literacy interventions represent an effective strategy for strengthening women's financial capability and enhancing household economic resilience. By empowering women as primary household financial managers, such programs have the potential to contribute not only to improved family welfare but also to broader community economic development. Future initiatives should consider expanding participant coverage, extending mentoring periods, and incorporating periodic monitoring and evaluation mechanisms to assess long-term impacts on financial behavior, financial inclusion, and household well-being.

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