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Financial Literacy Skills of Housewives in Managing Family Finances

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Abstract: The financial literacy ability of housewives describes the ability to manage family finances. The age, financial knowledge, financial attitudes, income, education, and occupation of housewives all influence their ability to develop financial literacy. This study was conducted to assess the financial literacy abilities of housewives in managing family finances using a descriptive quantitative approach. Providing insight to housewives in Palembang City on the importance of understanding financial literacy. The findings illustrate that of the six factors influencing the financial literacy of housewives; age has a significant impact on the financial literacy of housewives. Therefore, the financial management of housewives will be better if they can achieve a high level of financial literacy.

Keywords: Age, Financial Knowledge, Financial Attitude, Financial Literacy, Housewives

Introduction

Financial literacy encompasses the knowledge, skills, and attitudes that influence decision-making and financial management, thereby enhancing the quality of financial decisions and ultimately contributing to the financial well-being of individuals and communities (Kumar et al., 2023). The application of financial literacy to the community requires financial education. In a 2022 survey conducted by the Financial Services Authority (OJK), the financial literacy index of the Indonesian population was 49.68 percent, an increase from 2013, 2016, and 2019, which were 21.84 percent, 29.70 percent, and 38.03 percent, respectively. Financial education activities provide understanding to the community by obtaining financial education materials, which are related to the characteristics of the financial services sector, characteristics of financial products and/or services, financial management, and taxation related to products and/or services (Financial Services Authority, 2024).

The National Survey of Financial Literacy and Inclusion (SNLIK) is a survey conducted by OJK. The results of the 2025 SNLIK increased compared to those of the 2024 SNLIK, which showed a financial literacy index of 65.43% and a financial inclusion index of 75.02%. The OJK, in collaboration with the Central Statistics Agency (BPS), conducted the SNLIK to measure the financial literacy and inclusion index of the Indonesian people, serving as a basis for an annual program to improve financial literacy and inclusion. The 2025 SNLIK is the result of a second collaboration between the Central Statistics Agency (BPS) and the Financial Services Authority (OJK), following the 2024 SNLIK (Financial Services Authority, 2025).

The collaboration was conducted to gain a comprehensive understanding of the condition of financial literacy and inclusion in Indonesia from two perspectives: evaluating the previous SNLIK implementation and addressing the government's data needs through the National Council for Financial Inclusion (DNKI), which provides a more comprehensive view. The financial literacy of housewives, based on DNKI, is 62.79%, and based on sustainability calculations, it is 62.67%. The financial inclusion of housewives, based on DNKI, is 92.70%, and based on sustainability calculations, it is 78.24%.

Several research studies have found correlations between demographic factors and the financial management of housewives. The results of Handayani's (2023) research indicate that financial attitudes, income level, education level, and financial literacy have a positive and significant impact on financial management behavior. At the same time, income level does not have a significant effect on financial literacy. The results of Suryanto and Rasmini's 2018 research show that there is a simultaneous effect of age, education level, and business income on the level of financial literacy. There is a partial effect of age on financial literacy. Increasing age does not significantly affect financial literacy; however, education level and business income have a notable impact on financial literacy.

The results of Rellyasari's (2022) research indicate that both working and non-working housewives possess expertise in managing and allocating their finances, including income, education, and work. Research shows that income, education, and occupation impact financial literacy. The results of Munthasar's (2021) research show that financial knowledge, financial attitudes, and financial self-efficacy have a fixed insignificant effect on financial literacy.

Financial attitudes, knowledge, skills, and financial beliefs that an individual holds influence their financial behavior (She at al., 2022). Increasing a person's knowledge can have a positive impact on their active participation in financial-related activities and more positive financial behavior. The relationship between financial behavior and a person's attitude is evident, as someone with a long-term positive attitude is likely to exhibit better financial behavior compared to someone with a short-term financial attitude, according to Atkinson and Messy (2012). Financial goals are significant for everyone because they determine how a person plans and manages their finances to achieve the desired financial objectives.

In terms of educational background, people with higher levels of education tend to have more diverse preferences for financial products and services. Not only do they offer banking financial products and services, but they also provide other financial products and services, such as insurance, pension funds, and pawnshops (Financial Services Authority, 2024).

Several barriers hinder Indonesian women's ability to support financial inclusion through savings accounts. Among them are cultural and institutional barriers, low literacy and education levels, discriminatory laws and practices, time constraints, and other factors. The fact that women around the world are often the primary household financial managers and savers in the family (Setyowati, 2018).

The ability to survive is key to recovering quickly from shocks. For women who experience repression, low income, domestic violence, and unstable employment, it will take more time and effort to recover. Often, women's resilience is evident in their financial independence. If women have control over their finances, access to savings, insurance, and guarantees, and can make their own decisions. For their families, resilience can be achieved more quickly, as noted by Iskenderian (2020).

The novelty of this study lies in its focus on the financial literacy skills of housewives in the context of family financial management. Providing insight to housewives in Palembang City on the importance of understanding financial literacy. Based on the background and problems above, this study was conducted to determine the extent to which financial literacy knowledge among housewives influences their ability to manage finances. The variables used in this study are age, financial knowledge, financial attitudes, income, education, and occupation of housewives, with a focus on their financial literacy in Palembang City.

Literature Review

Financial Literacy

Financial Literacy is the ability to translate information about financial management (Lusardi & Messy, 2023). There are various benefits of Financial Literacy, including; first, being able to choose and utilize financial products and services that suit your needs; second, having the ability to do better financial planning; third, avoiding investment activities in unclear financial instruments, fourth, gaining an understanding of the benefits and risks of financial products and services, and fifth, providing significant benefits to the financial services sector.

The level of financial literacy among the Indonesian population is divided into four parts. Well-literate individuals possess knowledge and beliefs about financial service institutions and financial service products, including their features, benefits, and risks, as well as rights and obligations related to financial products and services. They also possess skills in using financial products and services. Sufficient literate means having knowledge and beliefs about financial service institutions and financial products and services, including features, benefits and risks, rights and obligations related to financial products and services. Being less literate means only knowing financial service institutions, financial products, and services. Not literate means not having knowledge and understanding of financial service institutions, financial products, and services and not possessing the skills to utilize these products and services effectively.

Remund (2010) stated that financial literacy is a measure of a person's understanding of financial concepts and having the ability and confidence to manage personal finances through making informed short-term decisions, long-term financial planning, and paying attention to economic events and conditions. Huston (2010) stated that financial literacy encompasses awareness and knowledge of financial instruments and their applications in business and life. Carpena et al. (2011) stated that there are 3 (three) dimensions of Financial Literacy, namely (1) calculation skills, (2) understanding of basic finance, and (3) attitudes toward financial decisions.

Factors that influence financial literacy, as Identified by Anz (2011), include age, financial knowledge, financial attitude, income, education, and employment. Age is a unit of time that measures the time of existence of an object or creature, both living and dead. Currently, education is needed regarding the benefits and risks of using digital financial services for young age groups.

Financial knowledge is the ability to understand, analyze, and manage finances to make informed financial decisions and avoid financial problems. The OJK has a division dedicated to consumer education and protection. They provide education on various financial products and services, helping consumers resolve any issues that may arise.

A financial attitude is a state of mind, opinion, and judgment about finances. Household income is the income of all household members obtained from several sources of income. Education is the level of mastery of knowledge possessed by a person, reflecting their ability to understand something well. Household income is uncertain income in a family or a decline in income can lead to financial problems. Families with more financial resources tend to exhibit more responsible financial behavior, such as saving, investing, setting aside funds for retirement, and having insurance protection (Gomes et al., 2021).

The higher levels of education tend to have more diverse preferences for financial products and services (Morgan, 2022). They not only offer banking and financial products and services but also a range of other financial products and services, including insurance, pension funds, and pawn shops. Occupation related to farmers or livestock breeders, plantations, fishermen, students, housewives, not working or not yet working, and other workers (other than employees or professionals, entrepreneurs or self-employed and retired).

Financial Literacy for Housewives

Consultative Group to Assist the Poor (CGAP, 2016) defines financial inclusion as the access that households and businesses have to the effective use of financial products and services. These financial products and services must be continuously available and well-regulated. Based on work or daily activities, the groups of employees or professionals, entrepreneurs/self-employed, and housewives have the highest financial literacy index, namely 83.22 percent, 78.32 percent, and 64.44 percent, respectively (Financial Services Authority, 2024)

The role of women in managing family finances is often invisible, but its impact is enormous. Women manage the household budget, determine spending priorities, and plan for the future. Iram et al., (2021) women need to have a sufficient understanding of financial planning so that they can make informed and wise decisions.

This Financially Smart Women pocketbook is compiled and presented by OJK as a guide for women to increase their insight into simple financial management, learn about financial products and services needed by individuals and families, and understand aspects of financial consumer protection. Provides practical guidance and strategies that can help women manage their finances more effectively. Starting from budgeting, saving, and investing to preparing pension funds. All of these topics are discussed in clear, easy-to-understand language, with relevant examples that apply to everyday life.

The Impact of Mothers' Financial and Business Literacy. If explained further, here are some of the impacts and benefits: for mothers families, making family financial management better and more focused, minimizing losses in terms of investment, for the country, contributing to increasing the number of financial literacy skills and the number of female entrepreneurs in the eyes of the world, and for society, the contribution of mothers especially in transferring knowledge about finance and business will undoubtedly have a broader impact.

Methods

The study was conducted using multivariate analysis, which aims to determine the influence of age, financial knowledge, financial attitude, *financial* behavior*,* household income*,* education, and financial literacy of housewives. Qualitative methods are employed to collect information accurately and measurably related to the implementation of financial literacy among housewives. The data used are primary data collected from a total of 319 respondents, comprising housewives in Palembang City. Data collection techniques using questionnaires and interviews.

The respondents of the study include age, namely the age of the housewife and the knowledge possessed by the housewife, especially related to financial management or financial literacy. Financial attitudes, where housewives have a way of responding to the money they have by managing the finances according to the needs of family members. Income is related to the amount of income earned by housewives, whether obtained by working or not working or being a housewife. Respondents' education was also inquired about, specifically to determine how much education homemakers have received that enables them to understand financial literacy. The occupation of the respondent's housewife to see the ability in financial management.

Findings

The research analysis was conducted to examine the influence of age, knowledge, financial attitudes, income, education, and work on the financial literacy of housewives in Palembang City. The respondents in this study consisted of 319 housewives in Palembang City. Respondents were female, aged between 20 - 40 years. The duration of female respondents who were married or had become homemakers for 5-25 years was examined to assess their ability to manage household finances. Respondents' knowledge of financial literacy was partly acquired in the educational context, specifically in high school and undergraduate education, enabling them to manage their finances effectively based on the knowledge they gained. The research method using multiple regression aims to analyze the independent factors that influence the financial literacy of housewives, utilizing the R-squared analysis tool, p-value, and significance of each variable used, both from factors that influence the financial literacy of housewives.

Table 1. **Model Summary**

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.674 [a]	0.454	0.444	1,885

Predictors: (Constant), Age, Knowledge, Financial Attitude, Income, Education and Occupation

Based on the output in Table 1., The R-value of 67% is close to 1, illustrating that the research data can be used to conduct analysis. The R-squared value of 0.454 indicates that 45% of the variation in the dependent variable is explained by the independent variables used in the study, namely age, knowledge, financial attitudes, income, education, and employment. An adjusted R-squared of 44% can make predictions that are not as high because other factors, which account for 54%, are not considered in this study. The Standard Error of the Estimate value of 1.885 indicates that the model's predictions are relatively small, suggesting that the study's results are pretty accurate. Overall, the multiple regression model used in this study is quite strong, significant, and reliable in explaining the influence of the six independent variables on the dependent variable.

Table 2. **Results of Simultaneous Hypothesis Testing**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	923,592	6	153,932	43,300	,000 [b]
Residual	1109,154	312	3,555		
Total	2032,746	318			

Based on Table 2, the F-value of 43.300 with a significance value of 0.000 indicates that the regression model is significant between the independent variables, namely Age, Knowledge, Financial Attitude, Income, Education, and Occupation, and the financial literacy of housewives. The Sum of Squares for Regression of 923.592 has a smaller value than the Residual value (1109.154) because other variables not used in the study are included. In comparison, the Mean Square value for the Regression value of 153.932 is greater than the Residual value of 3.555, indicating that the variables used can explain the research results. Overall, the test results in Table 2 describe a valid and significant regression model that explains the relationship between the independent variables and financial literacy Among housewives.

Table 3. **Multiple Regression Results**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7,360	1,977		3,723	0,000
Age	0,589	0,062	0,435	9,503	0,000
Knowledge	-0,074	0,036	-0,087	-2,078	0,039
Financial Attitude	0,146	0,055	0,111	2,650	0,008
Income	0,100	0,041	0,105	2,451	0,015
Education	-0,206	0,056	-0,176	-3,715	0,000
Work	0,315	0,031	0,462	10,309	0,000

Based on Table 3, the age of housewives has a significant effect on the implementation of financial literacy activities. Increasing financial literacy among young and adult age groups will have an impact on the financial inclusion products used within the family environment.

Housewives' knowledge of financial literacy has a significant adverse effect on the implementation of financial literacy. This is because increasing the knowledge possessed by housewives can have a positive impact on their active participation in financial-related activities, as well as more positive financial behavior. The relationship between behavior and a person's attitude is evident in that someone with a long-term positive attitude will exhibit better financial behavior compared to someone with a short-term financial attitude. Housewives who do not tend to respond to financial behavior can significantly impact household finances.

The financial attitude of housewives has a significant influence on the implementation of financial literacy, such that housewives who already possess the ability to manage finances will result in effective financial management. Housewife income significantly affects financial literacy. This is because housewives today can manage the income they earn. Financial management can be pursued by housewives today, on average, as they can now attend higher education. Housewives with a high school or college education will further reduce their inability to manage finances because they already possess the skills to manage household finances.

Housewife work has a significant positive effect on the implementation of financial literacy. This is because the role of homemakers as the mainstay of the family economy is significantly higher compared to that of men. In addition to working as employees in companies, housewives can utilize their skills to produce various products.

Conclusion

The financial management ability of housewives refers to their understanding of financial literacy, which is influenced by several independent factors. Increasing financial literacy among young and adult age groups will have a positive impact on the financial inclusion products used within the family environment. Housewives must be able to manage finances because they play an important role in the sustainability of the family. Young adults have begun to understand how to manage finances obtained from both earned income and income from spouses.

The increase in knowledge possessed by housewives, whether acquired during school, college, or through self-study, can have a positive impact on their active participation in financial-related activities and more positive financial behavior. The relationship between behavior and a person's attitude is evident in someone who has a positive attitude, which enables them to respond effectively to financial conditions in the family environment and utilize resources for the long term.

Housewives who already have a handle on finances will enable financial management to be carried out effectively. The ability to manage finances by dealing with existing or received funds can be leveraged to consider the best options for the family's future. The existence of various knowledge available today can also be utilized by homemakers in managing their household finances.

The income of housewives, whether they work, have a business, or are simply housewives, can be managed by themselves or obtained from their husbands. Income management can be achieved by meeting current and future needs, which is highly dependent on the effective management of household income, considering both short-term and long-term needs. Short-term needs that must be met in a reasonably large amount or long-term needs length with a larger percentage

Housewives who are educated in high school and college will further alleviate their financial management difficulties because they already possess the skills to manage household finances effectively. While in school or college, education related to increasing financial literacy is usually obtained by attending various seminars. After becoming a housewife, financial literacy skills can be acquired through self-study, as knowledge related to financial literacy is widely available on social media.

The role of housewives as the mainstay of the family economy is significantly higher compared to that of men. In addition to working as employees in companies, housewives can utilize their skills to produce various products. This is done by a mother who understands the meaning of a mother as a mainstay of the household.

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