



**EDU FINANCE TO IMPROVE FINANCIAL LITERACY IN RENGGINANG
MSMES IN SUMENEP REGENCY****Ahmad Syauqi¹****Universitas KH. Bahaudin Mudhary Madura, Sumenep, Indonesia****achmadsyauqi9@gmail.com****Imam Anas Mubarak²****Universitas KH. Bahaudin Mudhary Madura, Sumenep, Indonesia****imamanasmubarak@gmail.com****Wakik³****Universitas KH. Bahaudin Mudhary Madura, Sumenep, Indonesia****mohnurwakik97@gmail.com****Syaiful Anshori⁴****Universitas KH. Bahaudin Mudhary Madura, Sumenep, Indonesia****syaifulanshori907@gmail.com**

Abstract

This research aims to provide a comprehensive understanding of the basic concepts of financial management, such as transaction recording, budgeting, and cost calculations, which are expected to help MSMEs in making more appropriate business decisions. The population that is the focus of this study is all Rengginang MSMEs, totaling 42 MSMEs. The sampling technique used in this study is a saturated/census sample, the author took all respondents from the Rengginang MSME population, namely 42 respondents/MSMEs. Because it employs numerical data for descriptive statistical analysis, the research design employed in this study is quantitative. The outcomes of these computations will thereafter be contrasted with Chen and Volpe's standards for financial literacy. The study's findings indicate that financial behavior, financial awareness, and financial abilities are generally inadequate. Therefore, it is necessary to apply the Edu Finance Model for Rengginang MSMEs, which consists of Funding planning for rengginang MSMEs in Prenduan Village requires a clear written plan detailing the capital required and how the funds will be used. A profit and loss report can be prepared, providing information for rengginang MSMEs to manage their businesses. Furthermore, orderly financial record keeping will



facilitate MSMEs. Feedback is needed to determine the extent to which budget allocations are in line with the plan. If not, the root cause of the discrepancy should be identified and incorporated into the next period's action plan to ensure sustainable financial management.

Keywords: Edu Finance, Financial Literacy, Financial Behavior, Financial Management



INTRODUCTION

Indonesia's economy is one of the largest in Southeast Asia, with an economic structure supported by various sectors, including industry, agriculture, trade, and services. Micro, Small, and Medium-Sized Enterprises (MSMEs) are the foundation of the national economy and play a highly critical role in the face of both national and global economic issues. One of the most significant economic pillars in Indonesia is MSMEs. According to data from the first semester of 2021, there were 64.2 million MSMEs, accounting for 61.07% of the GDP, or IDR 8,573.89 trillion. The ability of MSMEs to employ over 117 million people, or 97% of the workforce, and to amass up to 60.4% of total investment are two examples of their contributions to the Indonesian economy. (Junaidi, 2024).

The capacity to comprehend, control, and make wise financial resource decisions is known as financial literacy (Lusardi & Mitchell, 2014). An adequate level of financial literacy enables business owners to conduct appropriate financial planning, budgeting, record-keeping, and evaluation, thereby improving business performance and sustainability. Conversely, low financial literacy often leads to mismanagement of capital, irregular record-keeping, and inappropriate decision-making (Huston, 2010).

The development of the processed food industry made from agricultural products (agroindustry) is increasingly rapid along with the increase in income and consumer demand (society) for processed agricultural products which are considered to contain many vitamins and nutrients needed by the body, so that they are not considered only as snacks but also have health benefits (Manjilala & Sirajuddin, 2018). Sumenep Regency is one of the areas located at the tip of Madura Island which is currently experiencing economic growth and development, this is reflected in the rapid growth of small industries spread across various places with various products such as keris crafts, petis industry, cassava chips, poly crackers, brown sugar industry (siwalan sugar), jubada, rengginang and so on. As a typical cuisine that is already well-known in many areas and has come to represent Sumenep Regency snacks, the snack food MSME "rengginang lorjuk" is one of the quickly expanding food industries in Sumenep Regency.

Low financial literacy impacts MSMEs' ability to manage capital, maintain sound financial records, manage cash flow, and make appropriate investment or financing decisions. This often hinders business development and limits their opportunities to compete in the broader market. The Edu Finance



program is a systematic effort to provide financial education and mentoring to MSMEs, with a focus on improving their understanding and skills in managing business finances. Edu Finance is a financial education approach that combines financial management theory with hands-on practice to improve entrepreneurs' financial understanding and skills. Conceptually, this program is based on human capital theory, which states that increased knowledge and skills will positively impact individual productivity and economic performance.

The development of MSMEs still faces challenges related to financial literacy. (Huston, 2010) states that financial literacy encompasses the recognition and knowledge of financial instruments and their use in business and personal life. (Remund, 2010) defines financial literacy as the extent to which a person understands basic financial concepts, is aware of changing economic conditions, and has the ability and confidence to handle their resources appropriately, including short-term and long-term financial planning.

The government and financial institutions in Sumenep Regency are becoming concerned about the financial literacy issues that rengginang MSMEs continue to encounter in their development. Based on data from the Otoritas Jasa Keuangan (ojk.go.id, 2022), financial literacy in rural areas in Indonesia in 2022 was only 48.43%, which is not balanced with financial inclusion in rural areas in Indonesia in 2022 which reached 82.69%. The lack of financial literacy in rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency is reflected in the inability of business actors in terms of orderly recording/bookkeeping, lack of mastery of technology and lack of knowledge about access to funding and capital facilitated by the local government and financial institutions. The lack of financial literacy of business actors in Rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, is reflected in the inability of business actors in terms of orderly recording/bookkeeping, lack of mastery of technology and lack of knowledge about access to funding and capital facilitated by the local government and financial institutions.

LITERATURE REVIEW

Financial Literacy

According to the Financial Services Authority (2013), literacy is the ability to understand. The ability to manage one's own finances in order to develop and live a more prosperous life in the future is known as financial literacy. (Engels et al., 2020) Additionally, it was discovered that financial literacy is a component



of human capital in carrying out financial operations to enhance life pleasure from consumed products.

Financial understanding is one factor that affects financial well-being. Sound financial knowledge enables one to make wise financial decisions, which improves the suitability of investments and fund usage (Lusardi et al., 2017). Over time, as technology advances and people's habits change, particularly in terms of money management, the significance of financial literacy will grow. As a result, managing financial literacy will become more difficult and call for certain abilities (Panos & Wilson, 2020).

According to (Ionescu, 2020) A person is considered financially literate if they have a set of abilities and skills that allow them to use resources to achieve their goals. The President's Advisory Council on Financial Literacy (2008) also revealed the stages of evaluating financial literacy, which include financial behavior, financial knowledge, financial skills, and perceived knowledge. (Hastings & Mitchell, 2020) emphasized that one of the most important components of money management is patience. Patience is what separates people who understand financial literacy from those who don't. Those that possess a high level of financial literacy will take the long term into account while managing their money.

Education must be implemented to enhance public finances because, according to a survey by (Chen & Volpe, 2014), financial literacy may be divided into three categories, which are as follows:

1. Less than 60% indicates that the person knows very little about finances
2. 60 percent to 79 percent indicate that the person has a modest level of financial expertise.
3. >80%, which suggests that the person is highly knowledgeable about finances

Financial Knowledge

Financial knowledge is strongly tied to financial literacy or financial education. Financial knowledge can be successfully channeled and understood through financial literacy. Several studies have shown that inadequate financial literacy is caused by a lack of financial knowledge (Cai et al., 2020). According to several studies, financial conduct and financial understanding are positively correlated. Having more financial knowledge correlates with making more responsible and constructive financial decisions (Lind et al., 2020).

Understanding finance is crucial for more than just personal interests. In addition to helping us manage our money sensibly, financial literacy can boost



the economy. Understanding finance has the ability to transform the world. Individual or family financial circumstances may become chaotic due to a lack of understanding of financial management concepts and issues. Developing financial skills, such as keeping track of money coming in and going out, is essential to having financial knowledge. One method for making decisions about financial management is financial expertise.

The term "financial knowledge" describes the understanding one possesses, particularly with regard to financial concepts and financial products (Cai et al., 2020). Subjective and objective financial knowledge are the two categories of financial knowledge. Asking people to rate their level of financial understanding yields subjective financial knowledge, while using knowledge-based questions yields objective financial knowledge (Mountain et al., 2021).

Financial Skills

Financial management abilities are necessary to develop financial literacy (Dong & Doukas, 2020). The capacity to apply creativity and ideas to accomplish, modify, or make something more meaningful in order to generate value from the effort is known as skill. Three markers of skill are as follows: Entrepreneurial, managerial, and technical abilities (Sariwulan et al., 2020). According to some academics, increasing financial literacy is necessary to hone financial management skills, and financial literacy and financial skills are correlated (Dewi et al., 2020).

(Dong & Doukas, 2020) claimed that information, education, and knowledge about banking, deposits, credit, insurance, taxes, and finance and its sources are all included in the concept of financial literacy. A person's financial knowledge grows into their financial skills. The capacity to use one's financial knowledge in day-to-day situations is known as financial skills. Making logical and efficient financial and economic resource decisions is made possible by having sound financial knowledge. As a result, having sound financial judgment is crucial when making decisions that will benefit the company in the long run.

Innovation, creativity, and skill are intertwined. Effective skills will encourage creativity, and creativity leads to invention. Because financial technology requires creativity and innovation, which can only be achieved with financial abilities, financial literacy is therefore essential in this digital age (Saravanakumar, 2020).

Financial Behavior

Several studies have found a favorable correlation between financial conduct and financial literacy. How people handle, manage, and use their



financial resources can reveal a lot about their financial behavior. The impact of an individual's desire to satisfy his basic requirements in line with the behavior of his income is what leads to the creation of financial conduct. The four measures of a person's financial conduct are credit management, cash flow management, cash flow savings, and consumption.

(Nidar & Bestari, 2012) claimed that actions pertaining to financial applications or practices are referred to as financial conduct. A person's ability to handle and utilize the financial resources at his disposal is referred to as his financial conduct (Ionescu, 2020). Meanwhile, according to (Rochlin & Simon, 2011), In order to prevent discussions from being separated, financial behavior is a field where interactions across different disciplines are entrenched and continuously incorporated.

Discussions about financial behavior in some of the most recent literature demonstrate how important financial behavior is becoming. (Ionescu, 2020) claimed that one of the key elements influencing environmental health and sustainable energy is financial behavior. (Kostini & Raharja, 2020) compiled nine metrics to gauge financial behavior: sound financial management, keeping track of all financial transactions, the presence of financial documents that don't follow financial accounting standards, the impression that company funds are being used for personal gain, the use of company funds to buy assets, paying off debts, keeping personal expenses apart from business operations, regular planning for business operations, and impulsive purchases.

RESEARCH METHOD

The population that is the focus of this study is all Rengginang MSMEs, totaling 42 MSMEs. The sampling technique used in this study is a saturated/census sample, because the population size is no more than 100 respondents. According to (Sugiyono, 2017), saturation is a sampling technique used when the population is small enough to sample each member of the population. Therefore, the author took all respondents from the Rengginang MSME population, namely 42 respondents/MSMEs.

Because it employs numerical data for descriptive statistical analysis, the research design employed in this study is quantitative. The outcomes of these computations will thereafter be contrasted with Chen and Volpe's standards for financial literacy, quoted in (Purwanto & Anwar, 2022). The criteria for the level of financial literacy are divided into:

- a. High, if the literacy rate exceeds 80%



- b. Medium, if the literacy rate is between 60% to 79%
- c. Low, if the literacy rate is less than 60%

RESULTS AND DISCUSSION

Research Results

This study aimed to determine the level of financial literacy among rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency. The data were analyzed by 42 respondents, utilizing ten indication questions that are based on financial behavior, financial knowledge, and financial skills. The data were then processed, and the results are explained below:

Table 1. Financial Literacy Level

Aspect	Question	Financial Literacy Level		
		Low <60%	Medium 60%- 79%	High ≥80%
Financial Knowledge	1. Financial statement knowledge		60%	
	2. Knowledge of expenditure and income	55%		
	3. Personal budget knowledge		60%	
	4. Investment knowledge	50%		
	Average	56,25%		
Financial Skills	1. Budget skills	50%		
	2. Investment skills	50%		
	Average	50%		
Financial Behavior	1. Behavior in financial statements	55%		
	2. Expenditure reports	57%		
	3. Saving behavior		65%	
	4. Tax behavior	50%		
	Average	56,75%		

Source: Processed Data, 2025.

With a mean overall percentage of 56.25%, the financial knowledge variable in Rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, is categorized as low based on the data analysis results above. Having a 50% average overall worth, Among Rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, the second variable—financial skills—is classified as low. With an average total value of 56.75%, the third variable—financial behavior among rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency—is categorized as low.

The three factors that have a relationship with one another allow for the conclusion of the study's findings. In this instance, there are more rengginang



MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, the better the value of financial knowledge, financial abilities, and financial conduct. According to the statistics above, rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, have a low degree of financial literacy. In order for Rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, to manage their enterprises more effectively, researchers want to raise their level of financial literacy in terms of financial behavior, financial knowledge, and financial skills.

Discussion

Financial knowledge is a person's mastery of various types of finance. This also provides advantages for individuals who understand it because it provides good benefits. The more a person understands and understands financial literacy, the better their financial results (Wibowo & Dewi, 2021). Financial knowledge is an individual's knowledge regarding finance. Making financial decisions can be aided by having a solid understanding of finance. A person's money management practices can also be influenced by their level of financial literacy. Financially literate people are more likely to be adept at handling their money. Financial knowledge is an understanding that can be utilized properly to obtain beneficial benefits for better financial management, such as having savings and having better financial management (Nusa & Dewi, 2022).

According to (Swiecka et al., 2019), The four primary components of financial literacy—knowledge, skills, attitudes, and behavior—include financial skills. The capacity to use economic information to make well-informed financial decisions, including analysis, appraisal, and decision-making, is specifically referred to as financial skills. The capacity to make sound financial judgments is a component of financial abilities. This financial decision-making needs to be based on basic financial skills to ensure sound decision-making. (Dewi et al., 2020) assert that a lack of fundamental financial knowledge in budgeting and an incapacity to comprehend credit, investment instruments, or other financial goods can lead to personal financial issues. There are several ways to improve financial abilities, such as training, education, and consultation. (Elbogen et al., 2011) assert that developing fundamental financial skills, such creating a budget and obtaining financial data, is another way to enhance financial literacy.

According to (Yuniningsih, 2020), behavioral finance is the study of how individuals think and behave when making decisions, whether as individual

investors or institutional investors. Many factors, particularly psychological and sociological, can influence a person's actions or behavior when making decisions. (Suriani, 2022), Behavioral finance is a relatively new topic of study that integrates concepts from traditional economics and finance with theories from behavioral and cognitive psychology to explain why people make irrational financial decisions. Behavioral finance is associated with an individual's financial responsibility and money management.

Based on the research results above, a financial education model can be used by rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency in the future:

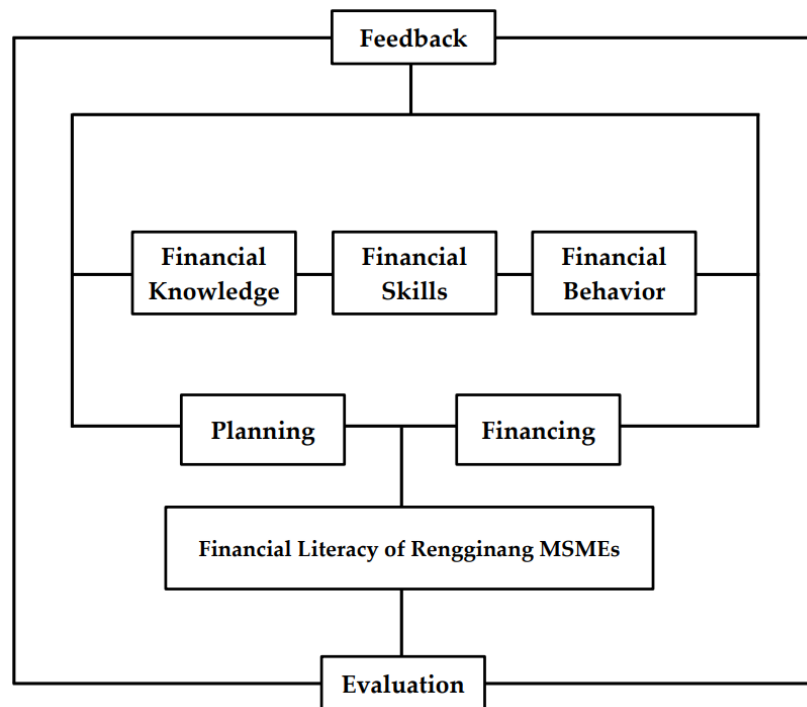


Figure 1.
Rengginang MSME edu finance model

The function of financial planning is planning financial needs. This function focuses on how Rengginang MSMEs can plan their financial needs, which activities are prioritized in Rengginang production and which funding sources are available, who has the authority to make funding decisions, why financial planning is necessary, where funding sources must be found, when funding planning must be executed, and how the company needs funds. Rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, require the following measures:



1. Rengginang MSME business managers in Prenduan Village, Pragaan District, Sumenep Regency need to prepare a clear written plan regarding the capital required and the use of the funds generated by the rengginang business.
2. Rengginang MSME managers in Prenduan Village, Pragaan District, Sumenep Regency need to calculate prospects such as profit/loss and business feasibility such as break-even points before running to ensure that the business is profitable and in accordance with the required funds.

In this regard, a variety of considerations need to be made in order to manage finances effectively and efficiently, ensuring that the allocation of funds truly achieves the desired goals and achieving the MSMEs' objectives. Funds that already exist must be distributed or invested in ventures that will yield the highest earnings. In order to accomplish their intended objectives, Rengginang MSME business managers in Prenduan Village, Pragaan District, Sumenep Regency, must exercise control over their companies. All sales transactions must be documented by managers. A profit and loss report may be created from these sales records, giving Rengginang MSMEs useful information for running their companies. Organized financial records will facilitate MSMEs in making decisions based on historical data. Additionally, ask the bank for more capital. Therefore, to increase the trust of banks that will grant business loans, it is essential to maintain disciplined financial bookkeeping. Feedback is needed to determine the extent to which budget allocations are in line with the plan. If so, a new plan should be created to achieve business development goals. If not, the root cause of the discrepancy should be identified and incorporated into the next period's action plan, ensuring continued financial management.

CONCLUSION

With an average total value of 56.25%, the financial knowledge variable in Rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, is categorized as low based on the data analysis results above. With an average total value of 50%, the second variable—financial skills—among rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency, is categorized as low. With an average total value of 56.75%, the third variable—financial behavior among rengginang MSMEs in Prenduan Village, Pragaan District, Sumenep Regency—is categorized as low. Therefore, it is necessary to apply the Edu Finance Model for Rengginang MSMEs, which consists of Funding planning for rengginang MSMEs in Prenduan Village, Pragaan District,



Sumenep Regency requires a clear written plan detailing the capital required and how the funds will be used. A profit and loss report can be prepared, providing information for rengginang MSMEs to manage their businesses. Furthermore, orderly financial record keeping will facilitate MSMEs. Feedback is needed to determine the extent to which budget allocations are in line with the plan. If so, a new plan should be created to achieve business development goals. If not, the root cause of the discrepancy should be identified and incorporated into the next period's action plan to ensure sustainable financial management.

REFERENCES

- Cai, X., Hu, Z., & Chen, J. (2020). A many-objective optimization recommendation algorithm based on knowledge mining. *Information Sciences*, 537(1), 148–161.
- Chen, H., & Volpe, R. (2014). An Analysis of Personal Financial Literacy Among College Students. *Financial Services Review*, 7(2), 107–128.
- Dewi, V., Febrian, E., Effendi, N., & Anwar, M. (2020). Financial Literacy among the Millennial Generation: Relationships between Knowledge, Skills, Attitude, and Behavior. *Australasian Accounting, Business and Finance Journal*, 14(4), 24–37.
- Dong, F., & Doukas, J. (2020). When fund management skill is more valuable? *European Financial Management*, 26(2), 455–502.
- Elbogen, E., Tiegreen, J., Vaughan, C., & Bradford, D. (2011). Money management, mental health, and psychiatric disability: A recovery-oriented model for improving financial skills. *Psychiatric Rehabilitation Journal*, 34(3), 223–231.
- Engels, C., Kumar, K., & Philip, D. (2020). Financial literacy and fraud detection. *The European Journal of Finance*, 26(4–5), 420–442.
- Hastings, J., & Mitchell, O. (2020). How financial literacy and impatience shape retirement wealth and investment behaviors. *Journal of Pension Economics & Finance*, 19(1), 1–20.
- Huston, S. (2010). Measuring financial literacy. *Journal of Consumer Affairs*, 44(2), 296–316.
- Ionescu, L. (2020). The economics of the carbon tax: environmental performance, sustainable energy, and green financial behavior. *Geopolitics, History, and International Relations*, 12(1), 101–107.
- Junaidi, M. (2024). *UMKM HEBAT, PEREKONOMIAN NASIONAL MENINGKAT*. Direktorat Jenderal Perbendaharaan (DJPb) Kementerian



- Keuangan RI. <https://djpb.kemenkeu.go.id/kppn/curup/id/data-publikasi/artikel/2885-umkm-hebat,-perekonomian-nasional-meningkat.html>
- Kostini, N., & Raharja, S. (2020). Analysis of Financial Behavior of SMes in the Creative industries in Bandung City, indonesia. *Review of Integrative Business and Economics Research*, 9(1), 131–139.
- Lind, T., Ahmed, A., Skagerlund, K., Stromback, C., Vastfjall, D., & Tinghog, G. (2020). Competence, confidence, and gender: The role of objective and subjective financial knowledge in Household finance. *Journal of Family and Economic Issues*, 41(4), 626–638.
- Lusardi, A., & Mitchell, O. . (2014). The Economic Importance of Financial Literacy: Theory and Evidence. *Journal of Economic Literature*, 52(1).
- Lusardi, A., Samek, A., Kapteyn, A., Glinert, L., Hung, A., & Heinberg, A. (2017). Visual tools and narratives: New ways to improve financial literacy. *Journal of Pension Economics & Finance*, 16(3), 297–323.
- Manjilala, & Sirajuddin. (2018). Daya Terima Dan Kandungan Gizi Kue Bolu Cukke Substitusi Tepung Ubi Jalar Ungu. *Media Gizi Pangan*, 25(2), 7–12.
- Mountain, T., Kim, N., Serido, J., & Shim, S. (2021). Does type of financial learning matter for young adults' objective financial knowledge and financial behaviors? A longitudinal and mediation analysis. *Journal of Family and Economic Issues*, 42(1), 113–132.
- Nidar, S., & Bestari, S. (2012). Personal financial literacy among university students (case study at Padjadjaran University students, Bandung, Indonesia). *World Journal of Social Sciences*, 2(4), 162–171.
- Nusa, S., & Dewi, A. (2022). Pengaruh Financial Knowledge, Financial Attitude Dan Parental Income Terhadap Financial Management Behavior Mahasiswa Daerah Istimewa Yogyakarta. *Jurnal Ilmiah MEA*, 6(3), 905–914.
- ojk.go.id. (2022). *Survei Nasional Literasi dan Inklusi Keuangan Tahun 2022*. Ojk.Go.Id. <https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Survei-Nasional-Literasi-dan-Inklusi-Kuangan-Tahun-2022.aspx>
- Panos, G., & Wilson, J. (2020). Financial literacy and responsible finance in the FinTech era: capabilities and challenges. *The European Journal of Finance*, 26(4–5), 297–301.
- Purwanto, E., & Anwar, M. (2022). Application of the edu finance model to improve financial literature in creative industry in Sidoarjo district. *Jurnal Siasat Bisnis*, 26(1), 57–69.



- Remund, D. (2010). Financial Literacy Explicated: The Case for a Clearer Definition in an Increasingly Complex Economy. *Journal of Consumer Affairs*, 44(1), 276–295.
- Rochlin, J., & Simon, H. (2011). Does fellowship pay: what is the long-term financial impact of subspecialty training in pediatrics? *Pediatrics*, 127(2), 254–260.
- Saravanakumar, A. (2020). Life skill education for creative and productive citizens. *Journal of Critical Reviews*, 7(9), 554–558.
- Sariwulan, T., Suparno, S., Disman, D., Ahman, E., & Suwatno, S. (2020). Entrepreneurial performance: The role of literacy and skills. *The Journal of Asian Finance, Economics, and Business*, 7(11), 269–280.
- Sugiyono. (2017). *Methods Research Quantitative Qualitative and R & D*. Alfabeta.
- Suriani, S. (2022). *Financial Behavior*. Yayasan Kita Menulis.
- Swiecka, B., Grzesiuk, A., Korczak, D., & Wyszowska-Kaniewska. (2019). A theoretical framework for financial literacy and financial education. *Financial Literacy and Financial Education*, 1(12), 1–10.
- Wibowo, A., & Dewi, A. (2021). Pengaruh Financial Attitude, Financial Knowledge, Dan Parental Income Terhadap Financial Management Behavior (Objek studi: Mahasiswadi Provinsi Jawa Barat). *Journal Of Management*, 8(2), 913–920.
- Yuniningsih. (2020). *Perilaku Keuangan Dalam Berinvestasi (Laboratorium Experiment Dan Field Experiment) (Edisi Pertama) (1st ed.)*. Indomedia Pustaka.