Financial Literacy and Inclusion of Indonesian Migrant Workers in Tawau Sabah Malaysia

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Abstract. Household financial planning is the minor line in efforts to improve government programs listed as the Financial Literacy Strategy Plan of the Financial Services Authority (OJK). This service aims to provide education on ideal financial planning to better manage the future and financial sustainability. The activity was held in the households in the Tawau Sabah Malaysia Indonesian Migrant Workers Fiends Community. The target audience was 40 Indonesian women and men consisting of employees, unemployed, and business owners. The service activity method was an excellent financial planning education covering three essential things: saving, investing, and insuring. The method for implementing PKM activities consists of three stages, namely (1) training, (2) assisting, and (3) evaluating. The implementation of activities was carried out offline. The finding of this community service activity is to compile ideal financial planning by doing three things: saving, investing, and insuring. Most of the Indonesian Migrant Workers in Tawau Sabah Malaysia lack literacy and inclusion to use and save their money properly. This program recommends the government come and see more about the financial literacy and inclusions of Indonesian Migrant Workers in Tawau, Sabah. In addition, the bankers may come to give more in-depth explanations and deal with how to open bank accounts as well as to utilize Internet mobile banking.
Keywords: Financial, Literacy, Inclusion, Tawau Malaysia, Indonesia

1 Introduction

Financial planning is a financial management activity that positively impacts achieving financial goals in the future. It consists of personal, family, and corporate financial planning (FPSB, 2013). Personal and family financial planning is the scope of personal finance activities related to individual and household behavior finance. In contrast, corporate financial planning is related to corporate finance, which includes investing decisions, financing decisions, and dividend policies (Hanafi, 2016).

Personal finance, especially financial literacy, is the focus of the government's strategy through the Financial Services Authority (OJK). Financial literacy (OJK, 2017) is a person's ability to manage finances wisely and is reflected in attitudes and behavior toward financial well-being in the future. Financial literacy is an individual's ability to make decisions effectively and efficiently related to money management (Ademola et al., 2019; Rai et al., 2019).

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The data published by the Financial Services Authority (OJK) in 2017 showed that the low financial literacy index, which was only 23%, was an indicator that Indonesian people were not literate about financial management, starting from the lowest level, namely individuals, families, and households. Households are one of the spearheads for success in increasing financial literacy. It is common to see families having no plan for their household finances. Many homemakers experience difficulties in paying expenses in the end even in the middle of the month causing an economic downturn. The factors causing homemakers to have difficulties in managing finances include a lack of knowledge in planning and managing household money and low soft skills. Hence, they are less efficient at managing finances (Sukirman et al., 2019).

Indonesian Migrant Workers in Malaysia are about 50% of Malaysia's population because Malaysia is a neighboring country whose population comes from the Malay nation. That is one of the reasons why many Indonesian citizens live and stay in Malaysia. Several problems occur due to the large population in Malaysia. One of which is the problem of education and management of household finances.

Many Indonesian migrant workers in Tawau Sabah, Malaysia, work as palm oil laborers. They work in the morning, afternoon, and evening. Moreover, the children of these workers are attending school from representatives of the Indonesian office in Tawau Sabah, Malaysia. From the results of interviews with the head of the community, Mr. Riswan Abadi, Indonesian Migrant Workers care about each other as seen in the picture below.

Picture 1 Member of Indonesian Migrant Workers friend community at Tawau Sabah, Malaysia

The Indonesian Migrant Worker Friend Community members in Tawau Sabah, Malaysia are very closely related in helping and sharing each other as can be seen from the picture below.

The residents in Tawau Sabah, Malaysia are migrant workers who work in oil palm fields. In terms of their finances, they have no problem making ends meet. However, they need to understand how to manage the funds and the salary they get, how much they should be invested, spent for daily expenses, and saved for their children’s education. You can see from the picture below an oil palm plantation area in Tawau Sabah, Malaysia.
Research Questions:
Based on the situation analysis above, the problem formulation is as follows:
1. The community and homemakers in Tawau Sabah, Malaysia, have little knowledge of managing finances, so they don't have future savings. There needs to be more knowledge about financial literacy both Islamic and non-Sharia finance.
2. The children’s education of Indonesian Migrant Workers in Tawau Sabah, Malaysia might need assistance, especially when they are adults and they require high school fees. If their parents have no plan for educational expenses, these children may not continue their education.
3. Societies are not aware of what a financial institution is and the difference between Islamic and Non-Sharia Financial institutions
4. There was a lack of investment account for the future

Research Objective:
From the formulation of the problem, the objectives of this research are:
1. Carrying out assistance and training in terms of managing Sharia and non-Sharia finance
2. Managing simple household finances
3. Educating on how to avoid fraudulent investments and invest in financial institutions registered with the Financial Services Authority (OJK) or financial institutions in Tawau Sabah Malaysia

The Tawau Sabah Malaysia Indonesian Migrant workers may have several benefits from this program such as:
1. avoiding fraudulent investments
2. planning retirement and education savings for the children of homemakers in Tawau Sabah Malaysia
3. Knowing the comparison between Islamic and Non-Sharia finance

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2 Methodology

The method used in Islamic and Non-Sharia financial literacy and Inclusion Training and Assistance in Kretam, Kalabakan, Tawau Sabah Malaysia consists of 3 stages starting from training, assisting, and evaluating. The implementation of the activities was carried out in 10 meetings by prioritizing partner issues as follows;

<table>
<thead>
<tr>
<th>Step</th>
<th>Subjects</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Socialization of Islamic and Non-Sharia Financial Literacy</td>
<td><strong>1st Meeting</strong> Introduction</td>
<td></td>
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<tr>
<td></td>
<td><strong>2nd Meeting</strong> What is Literacy</td>
<td></td>
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<td></td>
<td><strong>3rd Meeting</strong> Why is financial literacy important?</td>
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<td></td>
<td><strong>4th Meeting</strong> What is the Literacy must be known by society?</td>
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<td><strong>5 hours 30 minutes</strong></td>
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<tr>
<td>2. Socialization of Sharia and Non-Sharia Financial Inclusion</td>
<td><strong>5th Meeting</strong> What is Inclusion?</td>
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<td></td>
<td><strong>6th Meeting</strong> What is the differences between Literacy and Inclusion?</td>
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<td></td>
<td><strong>7th Meeting</strong> Is Inclusion is important?</td>
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<td></td>
<td><strong>5 Hours 30 minutes</strong></td>
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<td>3. Evaluation</td>
<td><strong>8th Meeting</strong> Distributing Questioners about Understanding on Literacy and Inclusion Differences between Islamic and Non-Sharia financial institutions</td>
<td><strong>2 Hours 30 minutes</strong></td>
</tr>
</tbody>
</table>
3 Results and Discussion

The solutions and problem-solving that are expected from the international collaboration service is "Assistance for Household Financial Literacy and Inclusion in the Community of Indonesian Migrant Workers Tawau Sabah Malaysia friends" as follows:

Table 1
Problem solution and Outcome

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Problems</th>
<th>Problems</th>
<th>Solutions</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Finance</td>
<td>The community and homemakers in Tawau Sabah, Malaysia, have little knowledge of managing finances, so they don't have future savings. There needs to be more knowledge about financial literacy, both Islamic and non-Sharia finance The children’s education of Indonesian Migrant Workers in Tawau Sabah, Malaysia will need assistance, especially when they are adults and they require high school fees. If their parents have no plan for</td>
<td>Assisting and training on managing Sharia and non-Sharia finance Managing simple household finances Educating on how to avoid fraudulent investments and invest in financial institutions registered with the Financial Services Authority (OJK) or financial institutions in Tawau Sabah Malaysia</td>
<td>The Tawau Sabah Malaysia Indonesian Migrant Workers community can avoid fraudulent investments The Tawau Sabah Malaysia Indonesian Migrant Workers community has retirement savings and education savings for their children</td>
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<td></td>
<td>educational expenses, these children may not continue their education</td>
<td>community knows the comparison between Islamic and Non-Sharia finance</td>
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<tr>
<td></td>
<td>Societies are not aware of what a financial institution is and the differences between Islamic and Non-Sharia Financial institutions</td>
<td>Households invest in the right place and they know how to save their money efficiently.</td>
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</tbody>
</table>

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<thead>
<tr>
<th>2.</th>
<th>Education</th>
<th>Training and educating on Islamic Finance Institution and Non-finance institutions</th>
<th>The Tawau Sabah Malaysia Indonesian Migrant Workers community knows well about Islamic Finance Institution and Non-finance institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>There is a lack of knowledge about Insurance, Pawnshop, Financing, and Islamic Finance Institution and Non-finance institutions</td>
<td>The Tawau Sabah Malaysia Indonesian Migrant Workers community knows well about Islamic Finance Institution and Non-finance institutions</td>
<td></td>
</tr>
</tbody>
</table>

4. Conclusion

The finding of this community service activity compiles ideal financial planning by doing three things: saving, investing, and insuring. Most of the Indonesian Migrant Workers lack literacy and inclusion on how they use and save their money properly. This program recommends the government come and see more about the financial literacy and inclusions of Indonesia Migrant Workers in Tawau, Sabah. In addition, the bankers may come to give more in-depth explanations and deal with how to open bank accounts as well as to utilize Internet mobile banking.

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11. **Peningkatan literasi keuangan pada umkm melalui pelatihan dan pendampingan pembukuan sederhana**
13. **Literasi Keuangan Bagi Komunitas di Kecamatan Doro Kabupaten Pekalongan**
15. **Perencanaan Keuangan Ideal Rumah Tangga bagi Ibu-Ibu di Desa Kota Daro II Kabupaten Ogan Ilir**
17. **Peningkatan literasi keuangan pada umkm melalui pelatihan dan pendampingan pembukuan sederhana**
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