

## **FINANCIAL EDUCATION PROGRAM FOR MATURE WOMEN IN INDONESIA**

**Invited as a Country Presenter to 1st First Multipartite Regional Meeting on  
the Financial Security of Older Women in East and Southeast Asia  
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### **Introduction**

1. Indonesia entered the era of aging population a decade ago. The total population of Indonesia according to the 2010 national census is 237.6 million with 58 percent living in the island of Java. It also showed that Indonesia is among the top five countries with the highest number of elderly people in the world, reaching 18.1 million or 9.6 percent of the population. The sex ratio between male and female population aged 65 years and over at 2010 was 0.79 male/female. In 2012, the average population older than 60 years old was around 7.18 percent. It is predicted that the numbers of elderly in Indonesia in 2015 will reach 18.3 million or 8.5 percent of the population and in 2020 it will be 28.8 million or 11.34 percent with a life expectancy of about 71.1 years. Life expectancy at birth for total population in 2010 was 71.05 years with males at 68.53 years and females at 73.69 years. The proportion of the elderly challenges the need for security both material and non-material for the elderly.
2. According to Elderly Welfare Constitution (Constitution No. 13/1998) senior citizens are persons who have reached 60 (sixty) years of age. According to Indonesian Family Planning Coordinating Board (BKKBN), Young Elderly population are aged 60-69 years old, medium elderly population is 70-79 years old, and elderly population is 80 years and older.
3. So far, not many financial security programs have been provided for elderly women In Indonesia. The programs for the elderly relates to Elderly Social Security Program (JSLU) from Ministry of Social Affairs, Elderly Health Care Program Development from Ministry of Health, and Forum Communications Home Care Indonesia (FKHCI) that aims to listen to any complaints to assist the elderly.

## **Lessons learn from the Financial Education for Mature Women Program by PPSW-Indonesia, Purpose and Methods**

4. PPSW is a women's NGO that is concerned with gender diversity and equality. PPSW was founded in 1986 as the implementing body for the Indonesian An-Nisa Foundation. The main purpose of the organization are: (1) To facilitate the capacity building of women in particular, and society in general (as the coordinating institution) and (2) To advocate for the realization of solidarity and cooperation among women and communities to struggle for the creation of gender equality and foster a conducive climate for women's capacity building.
5. The Financial Education for Mature Women Program adapted the training materials of the Citi-Tsao Foundation Financial Education Program for Mature Women in Singapore to meet the needs of Indonesian mature women and build PPSW's capacity to deliver this program effectively to its grassroots women's group members. The Citi Foundation grant provided financial support to conduct needs assessments and focus group discussions; adapt the existing financial education curriculum for mature women; build PPSW staff's capacity; raise public awareness on the importance of financial education for women aged 40-60 years; and plan and develop a strategy and proposal to train around 40% of 14,001 PPSW members across 6 provinces in Indonesia (DKI Jakarta, West Java, Banten, Riau, Aceh, and West Kalimantan).
6. In its initial phase, the Financial Education for Mature Women Program targeted 600 women aged 40 years and over from Jakarta, West Java, Banten, Riau, Aceh and West Kalimantan Provinces. It aims to increase participants' knowledge of financial issues, especially asset building and protection, pensions and savings. It provides participants with information on the financial steps necessary to prepare for old age as well as facilitate the development of a financial plan.
7. Thus the program is for mature women (40-60 years old) including the elderly women (more than 55 years old).
8. The purposes of the impact study were: (1) To analyze the changes between pre and post training using the program indicators—either changes in the item sub-indicators, composite indicators and typologies of change indicators, (2) To describe the program participants and the results of the Focus Group Discussions which focused on the impact of the training on the participants and their families.
9. A total of 777 women filled out the questionnaire: 120 from Aceh, 122 from the Riau, 122 from Banten, 119 from DKI Jakarta, 127 from West Java, and 167 from West Kalimantan Provinces. The financial education program has 12 indicators and 25 sub-indicators.
10. The Focus Group Discussions (FGDs) were conducted in May 2013 in four (4) provinces namely Aceh Province, Banten, Jakarta and West Kalimantan with the aim to: (1) prove the extent to which the implementation of financial planning by participants during the study, (2)

analyze the qualitative statements that the participants shared of the changes in their economic enterprises before and after education, and (3) analyze the impact of financial education on the participants and their families.

## Summary of Participant Profiles

11. Table 1. Summary Profile of Trainees in 6 Provinces.

Conditions	Descriptions
Number of participants from 2 sessions	777 women
Largest percentage of participants' educational level	Elementary school level (39.4%)
Largest percentage of participants' age	40-50 years (77.1%)
Largest percentage of marital status	Married (86.6%)
Average number of children	4 children
Largest percentage of job status	Housewives (38.8%)
Average monthly expenditure	Rp 1.540.000 (equivalent to US \$ 154)*
Average monthly income	Rp 1.860.000 (equivalent to US \$ 186)*
Largest percentage of monthly income	>Rp 1.200.000 (57.7%) (equivalent to US \$ 120)*
Largest percentage of saving status	Yes, sometimes (86.4%)
Largest percentage of place of saving	At home (37.9%)
Largest percentage of family's financial knowledge	Moderate level (33.7%)
Largest percentage of bank account ownership	Don't have (62.5%)
Largest percentage ownership of health insurance	Don't have (71.3%)
Largest percentage ownership of life insurance	Don't have (89.7%)
The largest percentage of willingness to attend training every week	Yes (99.5%)
Largest percentage of experience and willingness of sharing knowledge	Yes (98.8%)
Largest percentage of willingness to give personal information	Yes (93.8%)
Average training attendance	73.6 %
The largest percentage of develop financial plan	Yes (81.5%)
The largest percentage of graduation attendance	Yes (93.2%)

\*Note: When the study conducted, the exchange rate was 1 US \$ = Rp 10.0000

## **12. Issues of findings: Results of the Change Analysis in Financial Education Indicators Between Pre and Post Training in 6 Provinces**

All sub-indicators level and all indicators level changed significantly. Most of the typologies of changes indicator were type 1 (yes pre-training and yes post-training) and type 2 (no pre-training and yes post-training).

The results of analysis showed significant positive changes on 12 composite indicators of financial education to all participants as a composite indicator of optimism in old age and financial needs: the ability to make a financial assessment, the ability to make a budget, the existence of network security, firmness and ability to communicate the needs of the spouse and families, monitoring financial plan, debt, bank services and products information, current investment assessment, planning and the ability to cope emergencies, financial planning, the ability to manage the business.

## **13. Issues of Family Financial Planning in 6 Provinces**

The results showed that the largest percentage (24.3%) of participants established goals focusing on children's education. The remaining goals of financial planning were for savings (19.6%), buying assets (10.0%), and business (8.0%), preparing for old age (14.3%), paying off debt (0.9%), supplement the family income to meet their daily needs (5.7 %), religious activities (10.2%), economically productive activities (1.4%), and managing finances (4.9%). Meanwhile, the smallest percentage of financial planning goal (0.6%) was to increase knowledge.

## **14. Impacts of Financial Education:**

- a. For the women farmers, implementation of their financial plans were in the form of investment for retirement savings, children's schooling, and expenses for socio-cultural activities such as religious pilgrimage.
- b. For merchant women, financial plans were expressed through economically productive activities such as, putting up or sustaining a small grocer, pastry shop, sale of LPGs, chips and others. Profits were used to buy a house, vehicles such as cars and motorcycles, home renovation, and others.
- c. For women in the capital city of Jakarta, financial plans were mostly for human capital investment such as paying for school fees, school savings, life insurance and saving for the old age.
- d. For women who work as civil servants reported that after training they initiated secondary sources of income such as home rental, selling merchandise and others.
- e. For housewives, financial plans were expressed through economically productive activities.
- f. For elderly women (above 55 years), financial plans involved having savings and a small business.

## **15. Impacts of Financial Education**

- a. The results showed that the impacts of training were expressed by several positive changes among the participants such as understanding the impact of changes, financial planning, productive economic business plan, increasingly able to communicate well with others, building more confidence, more independence and more optimism for the future.
- b. Based on the results, the impact of financial education can be divided into five categories: increased knowledge, increased psychosocial control, improvement of business planning, changes in behavior, and the impacts on other people. Increased knowledge consists of knowing the difference between desires and needs, increasing insight, knowing more about finances, knowledge of financial management, increasing psychosocial control consists of confidence, patience, restraint, saving, and financial control. Improved business planning consists of the ability to manage finances, make a financial plan, and manage the finances. Changes in behavior consist of reducing spending, being diligent and able to save.

## **Gaps and Problems**

16. The results showed: (1) Gaps in impacts between mature women in DKI Jakarta and other locations; (2) Gaps between mature women older than 50 compared to younger than 50; (3) Gaps between mature women who are more educated (high school) and less educated (elementary and secondary school) in terms of creativity, being proactive towards accessing trainings and productive activities and technology applications; (4) Gaps between mature women who work as farmers and non-farmers in terms of income fluctuation and patterns that affect financial management.

16. Participants expressed problems such as having minimal positive changes in maternal health problems (86.6%); lack of support from child/ren or the husband (94.5%); and lack of working capital (75.4%). Participants work on managing the issue by looking for additional capital (84.7%), improving communication and cooperation within the family (97.1%), and cutting back expenses to saving (96.6%).

## **Mapping of Planning Types**

17. Based on the results, the women's financial planning can be divided into four types: productive economic activities, material procurement, human resource investment—education, and socio-cultural-religious activities. Types of productive economic activities such as selling snacks, food, clothing, fish, nuggets, shoes and others. Types of material procurement such as purchasing land, house, home renovation, purchase of vehicles and others. Types of human resource investments or education such as school fees, school savings, saving for children and old age. Type of socio-cultural-religious activities such as pilgrimage and Umrah to Mekkah.

## **The needs**

18. The largest proportion of participants has high school education. Therefore, the need for teaching materials related to IT is very relevant (e.g., use of the internet, marketing on-line, and so on).
19. The need to market the products of women as they aim to increase their productivity.
20. Financial planning has been carried out at an average of 75 percent. There is a need to develop materials such as financial planning checklists in order for implementation to be effective and realistic:
  - a. There should be a participant profile mapping to locate prospective tutors who will motivate fellow participants, in particular to increase saving for retirement in old days.
  - b. The need to improve networking with universities and local governments to implement a mentoring program for women that will have greater synergy and more sustainability.
  - c. The Department of Agriculture and the Department of Trade and Industry can be a partner.

## **Moving forward / next steps in policy**

22. General recommendations for PPSW are as follows:

- a. PPSW should always monitor the quality of facilitator competencies through a standardized and regular performance evaluation (1 or 2 times a year). This can be validated by getting participant opinions on how trainers deliver the program's messages; if these are easily understood; and if they have been clear in conveying the message and so on.
- b. PPSW should always monitor and evaluate the implementation of the training curriculum, the suitability of training materials, mapping the needs of teaching materials to come, mapping the impacts of the training on the participants and their families, and mapping of human potential of participants by age and socio-economic circumstances.
- c. So far, PPSW's networking with various stakeholders within and outside the country has been done optimally. Networking in support of fundraising for operational trainings and cooperation to increase women's access to information in general need to be maintained and strengthened. PPSW's coordination with local governments need to be expanded to market the participants' products well. For example, the participants who are interested in agribusiness incubation training need to be supported further particularly in the use of IT. Some participants who are ready to expand their business could use the opportunity to market their business 'online'. Through this development, it is expected that the results of the training done by PPSW for mature women can be sustained and developed.
- d. Enhancing partnerships between PPSW with entrepreneurs at the regional and national level could be viewed as a chance to become 'foster father' for the participants, especially in the processing and marketing of products.

- e. Finally, the main issues should be identified for mature women whose concerns are the needs of grassroots communities. Here are what can be considered as the main issues, namely:
- The development of an adult woman, both in terms of physical development/ health, social, economic and psychological as well as spiritual.
  - Communication and interaction skills of mature women.
  - Calculating the needs of family life and the family's financial revenue potential.
  - Planning the family's economic, creative and productive activities.
  - Stress management, time and work for mature women.
23. Government of Indonesia should coordinate and facilitate institutions like PPSW to move together in developing mature women, in general and elderly women, in particular to help them achieve financial independence by increasing their knowledge, improving their financial management practices, and enhancing their household's economic, productive and creative activities.

## Conclusions

Indonesia entered the era of aging population a decade ago. Based on population census in 2010, Indonesia is among the top five countries with the highest number of elderly people in the world, reaching 18.1 million or 9.6 percent of the population. However, there are only very few financial security programs for elderly women in Indonesia.

Lessons learned from the Financial Education for Mature Women by PPSW-Indonesia:

- a. Based on the analysis of results, there are significant positive changes on 12 composite indicators of financial education among all the participants.
- b. The impacts of the training were observed in various positive changes among participants such as understanding the impact of changes in herself, financial planning, productive economic business plan, increasingly able to communicate well with others, building more confidence, more independence and optimism for the future.
- c. The results showed: (1) Gaps in impacts between mature women in DKI Jakarta and other locations; (2) Gaps between mature women older than 50 compared to younger than 50; (3) Gaps between mature women who are more educated (high school) and less educated (elementary and secondary school) in terms of creativity, being proactive towards accessing trainings and productive activities and technology applications; (4) Gaps between mature women who work as farmers and non-farmers in terms of income fluctuation and patterns that affect financial management.
- d. The need for teaching materials related to IT and the development of materials such as a financial planning checklist for a more effective and realistic implementation of plans.
- e. Finally, Government of Indonesia should coordinate and facilitate institutions like PPSW to move together in developing mature women, in general and elderly women, in particular to help them achieve financial independence by increasing their knowledge, improving their financial management practices, and enhancing their household's economic, productive and creative activities.