



Increasing Public Awareness of Financial Planning through Life Insurance Education: An Effort to Promote a Sustainable Economy in Indonesia

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Abstract: One of the most important factors in a healthy private financial study is literacy, especially among Indonesian people who still have a low level of understanding. The purpose of this study is to increase public awareness of financial literacy through mental education which is considered capable of improving the ongoing economic conditions. The methods used are seminars and canvas campaigns to provide information about financial literacy and the value of insurance for children. The results of the program show that there is an increase in student awareness, especially among college students, about the importance of risk assessment and risk mitigation through insurance. In addition, many people who are just starting out believe that insurance for children serves as protection and investment. The summary of this activity shows that effective education can increase public awareness and understanding of financial literacy.

Keywords: Financial literacy; Life insurance; Financial planning; Education; Sustainable economy.

Introduction

The science of finance is constantly changing, not only in financial theory but also in many other areas. Knowledge and understanding related to personal finance is needed by individuals in order to make the right decisions in the financial world, with the right knowledge and understanding, it can avoid negative problems related to cash flow (Anastasia Sri Mendari & Suramaya Suci Kewa, 2013)

Therefore, this knowledge and understanding is required to optimally use financial instruments and products to make the right financial decisions, as everyone must have sufficient financial literacy. In the current era, there are still many people who are relatively low in understanding and awareness of financial literacy when compared to other developing countries. According to (Pusporini¹, 2020) The literacy of Indonesian people who have knowledge, ability and confidence in good financial management is only 21.8%. From this we can see that Indonesian people need

education related to awareness and understanding of financial literacy in order to create good financial planning for individuals and families.

According to (Lindiawatie & Shahreza, 2021) the underlying reason is that financial literacy programs with a knowledge approach will have no effect without changing people's financial attitudes and behaviors. With this program as evidence of awareness and financial planning skills among families can be improved regarding financial literacy (Alfiana et al., 2024).

Improving financial literacy in the wider community plays an important role in supporting financial inclusion and economic growth in Indonesia. This financial literacy includes several things, including understanding, skills, attitudes and financial behavior (Agus Suyono & Zuhri, 2022).

In financial literacy there is also risk protection, which means an unpleasant or detrimental result that can even be dangerous because of action. It can be interpreted as an objective doubt whose condition is in

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uncertainty. In this uncertainty, it becomes an aspect of financial literacy as risk protection that includes understanding and how to protect oneself and assets from various uncertainties that threaten financial stability.

In addition, the lack of access to financial information among the general public is one of the significant problem factors that impact their financial decision-making. Thus, the lack of access to information becomes a limitation of knowledge and also increases the risk of fraud. This is an impetus for us to provide good financial education with several programs.

By designing an effective financial literacy program, it is hoped that they will be able to use financial products and services wisely, which will ultimately improve the financial well-being of all, and risk protection will not only benefit individuals, but also have a significant impact on the sustainable economy in Indonesia. A key element that links financial literacy, risk protection and the economy is insurance.

According to (Badruzaman, 2019) Insurance as a risk transfer and sharing institution has positive uses both for society, companies and for state development. With life insurance, people are invited to be more aware and understand the importance of risk management. Every premium paid is a step towards better financial security (Sari et al., 2023).

According to (Mustikaa et al., 2022) financial attitudes that play a role in the emergence of good behavior in managing finances include savings plans, personal financial management and future financial capabilities. Students with better financial attitudes will certainly evaluate more accurate behavior patterns in relation to their grades. Another factor that can affect students' ability to perform financial management is academic aptitude.

In this article, the link between financial literacy, risk protection and sustainable economy is a financial challenge and enhances overall economic resilience. This is to help individuals manage their finances. So that they can contribute to the achievement of a sustainable economy in Indonesia, where economic growth must continue to be environmentally and socially sustainable. With increased literacy levels, we can produce a more skilled workforce, which can directly help reduce unemployment in Indonesia (No & April, n.d.)

Method

With some of the programs we implement, we can identify the needs of the community related to financial literacy carried out through life insurance shows that there are still many challenges that must be overcome in order to improve and make people aware of this

insurance product. Some of the things that our society really needs for financial literacy.

The first step of this method is education and counseling. This education and counseling program aims to provide intensive education about financial literacy through life insurance. In addition, it aims to provide an understanding to the community about financial literacy through family financial planning as an important instrument for financial management (Azmi et al., 2018).

Furthermore, the second step provides better access to information, we can see that the current needs are very increasing because it requires access to information about financial literacy through accurate life insurance, especially in remote areas. In the era of globalization and financial market complexity, a good understanding of financial literacy is crucial for individuals to make wise investment decisions (Noriska & Amanda, 2024).

The final step is to provide awareness of the importance of insurance. According to (Ramadhan, 2023) public interest in insurance is still very lacking because many people do not know insurance. Insurance is also not yet a priority in the needs of many people who think that there are still many other needs that are more important than insurance. This education is needed for better long-term financial planning or financial risk mitigation.

These things can be done if we can organize the material well. The material will be delivered through seminars and canvassing activities. In the program, the whole is carried out by means of presentations that are done visually.

Result and Discussion

Implementation

The seminar was conducted in a strategic location where our target at that time was campus students who often face challenges in managing finances. This seminar aims to help students raise awareness of the importance of financial planning and help students understand how to manage their expenses in a healthier way.



Figure 1. Seminar Activities

The material we deliver is: Definition of Life Insurance, Benefits of Life Insurance and provide some campus studies related to Life Insurance.

In addition to seminars, we also carry out canvassing or door to door which is also a program that helps people to understand financial literacy through life insurance. The implementation of this program is carried out in crowded places or those frequented by the public such as Malls, and Foodcourt.



Figure 2. Canvassing Activities

In this activity the material we convey is in the form of financial literacy knowledge, life insurance knowledge, life insurance benefits. This activity also helps the community a little to know and can reflect on healthy financial planning through life insurance. In addition to education, we also conduct market surveys as a form of public awareness of managing their finances. The market survey was about their preparation in making their financial plans, and whether they would use life insurance services to help with their financial planning.

Implementation Results

In this discussion, the level of literacy of a person before the seminar program is still many of them feel they still want to enjoy youth because they are trapped in a consumptive lifestyle that often spends money on something unnecessary. So this habit makes them wasteful and makes it difficult to save for the future. In addition, many of them feel ignorant. Saving in Life Insurance is very difficult because they cannot take their money at any time because they feel that saving money on life insurance is long-term.

As a result of this program, many students began to realize that although they are young, they must also have good knowledge and understanding of financial management. Spending money without planning will make us trapped in a cycle of debt and financial difficulties in the future, from this seminar makes an important moment for them to learn to manage finances between enjoying life now by preparing for a more financially stable future.

Over time, the increasing awareness of the importance of financial planning among teenagers and the community shows a good change towards life insurance. Many of them consider insurance as an unnecessary expense. But now, many of them are starting to realize that life insurance is not only protection, but also an investment for the future. It can be seen from the number of teenagers starting to ask questions related to the price of premiums offered by Life Insurance and starting to find out which insurance companies can be trusted and what conditions if they want to buy life insurance.

Conclusion

Improving financial literacy in Indonesia is very important to create a society that is more aware and wise in managing personal finances. With only 21.8% of the public having a good understanding of financial management, it is clear that education and counseling on financial literacy must be strengthened. Effective education programs, including an understanding of life insurance, can help individuals and families better plan their finances and protect themselves from unexpected financial risks.

Life insurance acts as an important financial protection tool, providing benefits not only in terms of security for individuals but also contributing to overall economic stability. People need to realize that insurance is not just an expense, but an investment for a safer future.

Constraints such as low public confidence in insurance products and lack of access to information must be overcome through more intensive education programs and provision of accurate information. Thus, improving financial literacy will not only improve individual welfare but also support sustainable economic growth in Indonesia.

Through collaboration with the government, educational institutions, and the insurance industry, we can create an environment that supports financial inclusion and increase public awareness of the importance of good financial planning. This joint effort will have a positive impact on Indonesia's economy in the future.

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