Women's World Banking

Empowering the Next Generation: A Path to Financial Confidence for Indonesia's Youth

July 2025

Disponsori oleh:

Executive summary

Indonesia's young adults[1] are coming of age in a digital-first economy—yet many lack the confidence, skills, and behavioral tools to navigate this landscape safely. As digital financial services become central to everyday life, the country stands at a generational tipping point: will Indonesia's youth emerge as informed, resilient financial decision-makers—or fall into cycles of debt, misinformation, and financial vulnerability?

This report, grounded in primary research with over 1,500 university students and more than 100 cross-sector stakeholders, goes beyond traditional notions of financial literacy to explore how mindsets, habits, and social environments shape the way young people engage with money. While access to financial products is expanding, real-world capability is not keeping pace. Emergency savings are often depleted for non-essential spending, online credit is used without a full understanding of repayment risks, and gender dynamics persist—young women save more consistently but remain hesitant to borrow or invest, while young men show higher levels of speculative behavior, often without assessing consequences.

These patterns reflect a deeper capability gap that cannot be addressed by one-off seminars, product promotions, or static curriculums. What is needed is a coordinated, systemic shift toward building **Digital Financial Capability** (DFC)—defined as the ability to make informed, confident financial decisions in an increasingly digital economy. DFC is not a niche intervention; it is a foundational life skill that connects directly to Indonesia's goals for inclusive economic growth, youth empowerment, and long-term financial system resilience.

Without timely and coordinated action, Indonesia risks a surge in youth financial distress, rising non-performing loans, and deepening distrust in formal financial services. Inaction will also widen existing gaps in gender equity, access, and confidence in navigating financial tools.

This report calls on ministries, regulators, financial service providers, and academic institutions to come together around a shared agenda: **educate differently, embed deeply, and evaluate what matters**. The tools for action are already in place. Stakeholders can begin **collaborating immediately**—using the DFC checklist and design principles outlined in this report to f**ine-tune existing programs**, **strengthen partnerships**, and **pilot behavior-based interventions**. At the same time, national mandates and long-term frameworks must evolve to embed DFC into the core of policy, curriculum, and digital financial systems.

The opportunity is both urgent and actionable. Indonesia doesn't need to wait to begin building the financial resilience of its next generation. With coordinated steps today—and structural support tomorrow—we can ensure young Indonesians are not only included in the digital economy, but fully empowered to lead it.

1 Based on Indonesia's Population Projection 2020–2050 (mid-year), the total population aged 15–29 is 22.1 million, with young women comprising approximately 48.5% (10.7 million). For the 20–24 age group, the total population is 22.2 million, with young women making up around 48.6% (10.76 million).

Key findings at a glance:

What we learned about indonesia's urban young adults (18–25)

Unexpected realities

1 in 4 university graduates leaves school with significant personal debt—often informal and untracked.

Despite having formal bank accounts, many still depend on cash budgeting and informal peer advice, showing a **disconnect between access and usage**.

40% of students reported misusing emergency funds—commonly for impulsive purchases, entertainment, or social outings, eroding their financial safety nets.

20% of young adults say they've **learned** more **about money from TikTok or YouTube** than from any formal financial education—highlighting the growing role of unregulated content.

Risky financial behaviors

8 In 10 young men on several campuses **admitted to gambling or real-money gaming online**; while **2 in 10 women reported similar behavior**, often in more covert or informal settings.

Peer-to-peer borrowing is rampant—many students take loans from friends or fintech apps without assessing their ability to repay.

A **"quick win" mentality** drives investment decisions, with many favoring unverified or volatile financial products over long-term security.

Gender gaps that matter

Women save more consistently (86%) than men (78%)—yet report lower confidence in managing credit, investing, or using digital finance tools.

Young women are more likely to seek peer guidance, but also **more susceptible to financial misinformation** from social media influencers.

Men are twice as likely to engage in high-risk behaviors like crypto speculation or online sports betting.

Systemic gaps in support

Financial literacy programs are siloed—primarily offered to economics or business majors, leaving STEM, Humanities, and Arts students underserved.

National initiatives and FSP outreach tend to **focus on participation metrics, not real impact**—resulting in superficial engagement and limited behavior shift.

Universities **lack structured tools to monitor behavior change** or tailor financial education based on student life stages.

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Table of contents

Introduction

Indonesia's urban youth (aged 18–25) are stepping into financial independence amidst a digital revolution. They are opening bank accounts, using digital wallets, accessing credit, and investing—yet many lack the behavioral skills and confidence to manage these tools wisely. Despite decades of financial literacy campaigns, knowledge has not translated into widespread financial resilience.

This report responds to that gap. Drawing on surveys and qualitative insights from 1,512 university students and 117 stakeholders across sectors, it presents the first large-scale behavioral study of youth financial capability in Indonesia. With a strong gender lens, this research identifies systemic gaps, risky patterns, and missed opportunities. It proposes specific, cross-sector interventions to embed Digital Financial Capability (DFC) into public policy, university programs, and market design.

We focus on students in urban universities—many of whom come from semi-urban or rural areas—as they represent a diverse, critical population. Their behavior today will shape Indonesia's financial system tomorrow. With better-targeted policies, inclusive design, and behaviorally informed programs, we can empower a generation of confident financial decision-makers.

Financial capability: Turning financial literacy into action

Financial capability focuses on sustained behavior change, not just information transfer. Capability builds the confidence and behavior change needed to turn knowledge into every day action—making it essential for lasting financial well-being. For example:

- A young person may understand interest rates but still struggle to manage digital credit responsibly without supportive habits or tools.
- A woman with consistent saving routines may still avoid investing due to low confidence, even when she understands the basics.
- Many individuals are aware of insurance but may not act unless the products are clearly explained, culturally relevant, and aligned with their everyday needs.

Objectives of the study

This study examines the financial behaviors of urban young adults (ages 18–25) in Indonesia to uncover gaps between knowledge and action in their financial decision-making. Specifically, it aims to:

- Assess how financial education translates into real-world capability and resilience;
- Identify gender-based patterns in financial behavior, confidence, and usage;
- Evaluate the effectiveness of existing financial education programs across faculties;
- Provide actionable recommendations to integrate Digital Financial Capability (DFC) into policy, university curricula, and market practices.

To support these goals, the study also outlines clear stakeholder pathways:

- **For Policymakers (OJK, Bank Indonesia, Ministry of Education):** Evolve national strategies from literacy to capability by embedding behavioral insights into consumer protection frameworks and academic curricula.
- **For Financial Service Providers (FSPs):** Develop youth-focused financial solutions that promote confident, responsible use—shifting from product outreach to capability building.
- **For universities and educators:** Integrate practical and inclusive financial learning into core programs, reducing student dropout risks, and improving long-term financial preparedness, while also leveraging opportunities to engage parents and families in student onboarding and financial education moments.

Conceptual framework

The conversation around financial inclusion has evolved. Where we once focused narrowly on financial literacy—which OJK defines as the knowledge, skills, and confidence that shape attitudes and behaviors to improve financial decision-making and money management for greater well-being—our advocacy builds on this foundation by promoting financial capability—a concept that emphasizes turning knowledge into action.

Financial capability goes beyond understanding concepts—it's about applying them with confidence. We propose a practical framework that links three core building blocks—Education, Literacy, and Capability—with three measurable outcomes: Behavior, Usage, and Resilience.

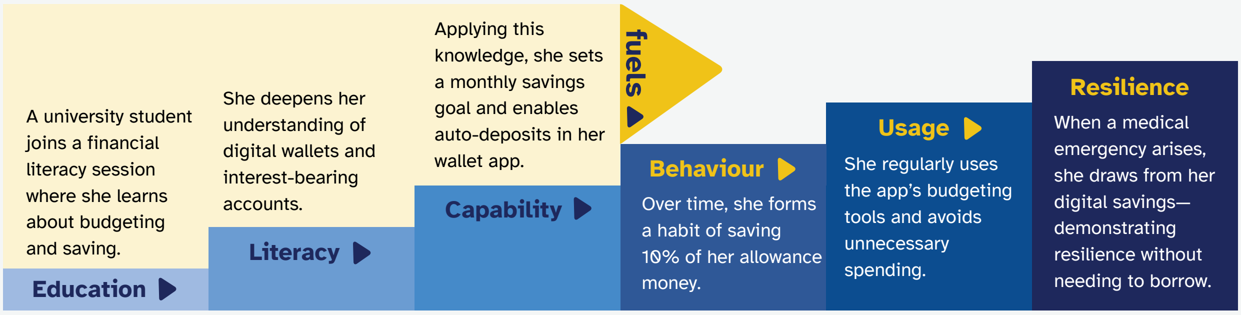
While financial education creates awareness and literacy imparts knowledge, it is capability that converts information into action. This action—whether saving regularly, borrowing responsibly, or investing strategically—forms the basis of financial resilience. In our view, the goal of national financial inclusion should be nothing less than widespread financial capability.

Building blocks towards financial capability

- **Financial education: :** The learning process that builds awareness of financial concepts through formal education, digital tools, or community programs. (*Scope: Awareness – learning and teaching*).[2]
- **Financial literacy:** The knowledge and understanding of of those concepts, such as budgeting, interest, or savings. (*Scope: Knowing*)[3]
- **Financial capability:** The ability to apply knowledge with confidence and make informed financial decisions. Financial capability focuses on sustained behavior change. It recognizes that enabling people to make informed financial decisions often requires more than classroom-based education. It calls for a broader set of interventions—such as habit-forming tools, digital nudges, and real-life practice—that build confidence and agency in everyday financial situations, especially in an increasingly digital world. (*Scope: Applying*)[4]

How they connect

- Financial education and literacy are the inputs, creating the foundation for capability.
- Capability acts as the bridge, influencing real-world behavior and encouraging usage.
- Over time, consistent and sustained behavior and usage build toward financial resilience.



2 Lusardi, A., & Mitchell, O. S. (2014). The Economic Importance of Financial Literacy. NBER Working Paper No. 20718, G20/OECD-INFE Report on Supporting Financial Resilience and Transformation through Digital Financial Literacy.

3 OECD/INFE (2020). Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an Internationally Comparable Survey.

4 Atkinson, A., & Messy, F.-A. (2012). Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study, Women's World Banking. (2021). Driving financial capability through digital financial services: What matters for women? https://www.womensworldbanking.org/wp-content/uploads/2021/03/WWB_DFC-Report_2021.pdf

Demonstrated outcomes of financial capability

Below are the observable results when individuals are financially capable. They reflect how knowledge, confidence, and skills are applied in real life:

- **Financial behavior:** Day-to-day financial habits, like saving, borrowing, and budgeting. (*Scope: Action – habits*)[5]
- **Financial usage:** The practical use of financial products and services like saving accounts, digital wallets, or loan accounts. (*Scope: Engagement – using*)[6]
- **Financial resilience:** The ability to withstand and recover from financial shocks through planning, savings, and risk management. (*Scope: Adaptive*)[7]

Defining young adults

The framework places youth at the center of this transition. University life is a critical window during which young adults experience first-time financial independence. It is during this period that financial habits, mindsets, and behaviors are formed—making it a strategic entry point for targeted intervention.

There's no single definition of a "young adult"—the term typically refers to individuals aged **18 to 30**, though the exact range varies by context, shaped by factors like education, employment, legal status, and cultural norms.[8]

This research zooms in on **university students aged 18 to 25**, a pivotal stage in the journey toward financial independence. At this age, young adults begin making key financial decisions—often with limited resources and little formal guidance. They juggle new responsibilities like budgeting, saving, and managing credit, all while navigating unfamiliar financial systems for the first time.[9]

Early adolescence	Late adolescence	Young adulthood
Approx. 12-14	Approx. 15-17	Approx. 18-24

Why gender lens matters

Young women and men engage with financial services differently—shaped by social expectations, confidence gaps, and unequal access to information and tools. By applying a gender lens, this study ensures that Digital Financial Capability (DFC) programs are inclusive, responsive, and effective for all young adults—helping close persistent gaps in financial confidence, access, and resilience.

5 Xiao, J. J., & Porto, N. (2017). Financial Education and Financial Satisfaction: Financial Literacy, Behavior, and Capability as Mediators, OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion (2022).

6 Kempson, E. (2018). Financial Capability Framework

7 Lusardi, A., Hasler, A., & Oggero, N. (2020). Financial Fragility and Financial Resilience: Evidence from the US. NBER Working Paper No. 26606

8 Alliance for Financial Inclusion. (2021). Youth financial inclusion policy framework. https://www.afi-global.org/publications/youth-financial-inclusion-policy-framework/

9 This cohort is also a strategic target in Indonesia's National Financial Literacy Strategy (SNLKI), which includes both university students (mahasiswa) and out-of-school youth (pemuda/i) aged 16–30. Furthermore, our approach is consistent with the OECD financial literacy framework, which identifies age 18 as the starting point for adult financial capability development. Together, these factors make the 18–25 age range a relevant and practical focus for advancing youth financial capability.

Research methodology

This study applied a mixed-method approach across six provinces[10] , selected based on OJK's Financial Literacy Index[11] to reflect regional variation. The quantitative survey reached 1,512 university students (1,007 women, 505 men) using stratified sampling by gender, enrollment year, and G2P status—half being KIP-Kuliah recipients.[12] Data was collected via phone interviews with semi-closed-ended questionnaires. The qualitative component engaged 117 participants—including students, educators, FSPs, and policymakers—through interviews, focus group discussions, and co-creation workshops. Using a human design lens, the study examined financial behaviors, literacy, and product use across savings, payments, loans, investments, and insurance. See Annex 1 for details.

10 Participating provinces and represent various financial literacy levels scored by OJK: East Java and Yogyakarta Special Region (high literacy), Bengkulu and West Java (medium and low literacy), and Maluku and Southeast Sulawesi (low literacy and geographic representation).

11 Otoritas Jasa Keuangan (OJK) conducts the National Survey on Financial Literacy and Inclusion (SNLIK) to measure how well Indonesians understand and use financial products. The survey breaks down financial literacy and inclusion by gender, age, education and urban/rural status. The Financial Literacy Index reflects the percentage of people with the knowledge, skills and confidence to manage their finances effectively. In 2024, the index reached 65.43%, while financial inclusion stood at 75.02%.

12 The Kartu Indonesia Pintar Kuliah (KIP Kuliah) is a government subsidy program that provides financial assistance through direct bank transfers, helping high school graduates with strong academic potential but limited financial means continue their higher education. It covers tuition fees, paid directly to universities, and provides a living allowance sent straight to students to support their daily expenses.

Abbreviations

BEM	Badan Eksekutif Mahasiswa (Students' Executive Council)
BEI	Bursa Efek Indonesia (Indonesia Stock Exchange)
CoC	Clash of Champions
DNKI	Dewan Nasional Keuangan Inklusif (National Council for Financial Inclusion)
FEB/FPEB	Fakultas Ekonomi dan Bisnis / Fakultas Pendidikan Ekonomi dan Bisnis (Faculty of Economics and Business)
FOMO	Fear of Missing Out
FSP/FI	Financial Service Provider / Financial Institution
GI	Galeri Investasi (Investment Gallery)
ID	Identification
KKN	Kuliah Kerja Nyata (Community service program as a part of curricula in university)
KIP	Kartu Indonesia Pintar (Smart Card Program)
KSPM	Kelompok Studi Pasar Modal (Stock Market Study Group)
LMS	Learning Management System
LPPM	Lembaga Penelitian dan Pengabdian Masyarakat (Institute for Research and Community Services)
MoU	Memorandum of Understanding
NPWP	Nomor Pokok Wajib Pajak (Tax Identification Number)
OJK	Otoritas Jasa Keuangan (Financial Services Authority)
PPT	Microsoft Powerpoint
SES	Socioeconomic Status
SiPEDULI	Sistem Informasi Pelaporan Edukasi dan Perlindungan Konsumen (Information System for Reporting Education and Consumer Protection)
SNLIK	Survei Nasional Literasi dan Inklusi Keuangan (The National Survey on Financial Literacy and Inclusion)
SPM	Sekolah Pasar Modal (Stock Market School)
ToT	Training of Trainers
UKM	Unit Kegiatan Mahasiswa (Students' Activity Unit)
UPI	Universitas Pendidikan Indonesia

Ground truth:

What shapes financial behavior among indonesia's youth

Socio-demographic and economic profiling

A nuanced understanding of young adults' financial behaviors begins with their demographic and socioeconomic profiles. This section reveals key gendered patterns in education, income, spending, and exposure to financial education—factors that shape both opportunity and vulnerability.

Table 1
Key socio-demographic and economic insights from Indonesian university students

Category	Insights
Field of study by gender	Female students predominantly pursued economics-related majors, with male students more evenly spread across fields such as engineering, social sciences, and computer science.
Living preferences and mobility	Most students are non-migrants, indicating that proximity to family and support systems influence housing choices.
Sources of financial support	85.45% rely on parental or family allowances as their main source of income, higher among women (86.79%) than men (82.77%).
Work-study balance	27.25% of students work while studying, men (34.26%) more than women (23.73%), with the highest rate among young men non-KIP recipients (37.2%), compared to 23.12% of female KIP recipients. These differences suggest a gendered pattern influenced by financial aid status and potential barriers to women.
Spending priorities	Students primarily spend the bulk of their monthly budget on essentials[13], with 32% allocating non-essential spending (IDR200k–280k/month, or ~$12–$17) differs by gender: self-care and grooming for women, entertainment and hobbies for men.
Participation in formal financial education	Only 39% of young adults have received formal financial education[14], with men (43%) more likely than women (37%) to participate. Investment is the most covered topic (44%), followed by savings (32%), insurance (18%), and loans (11%). The largest gender gap appears in investment education (49% men vs. 42% women). Half of respondents rate their financial literacy as low, women (53%) less confident than men (44%).

These foundational insights help explain how structural and gender-based differences shape financial behaviors. But they are only part of the picture. To understand how young adults actually use financial services—how they save, borrow, invest, and think about risk—we must go beyond demographics and look at their day-to-day financial realities.

13 Essential needs include food, housing rent, transportation, education-related expenses, phone credit and internet data packages.

14 We defined formal financial education as a broad range of structured programs—including secondary school curricula, undergraduate or diploma-level courses, university or online training, professional certifications, and government or NGO-led programs—based on inputs from stakeholders during interviews and focus group discussions.

The following section provides this deeper view, combining quantitative and behavioral evidence to reveal the financial patterns that matter most for intervention.

Summary table

Key financial behaviors and what this reveals

Domain	Observed behavior	What this reveals
Savings & budgeting	**97% have savings** accounts **47%** still **save informally** **Women save more** but with lower confidence	Students know how to save but **lack structure and confidence**—especially women **Behavioral tools are missing**
Borrowing behavior	**53% access** digital **credit** easily **93%** of **loans are consumptive** **Few understand terms**	**Borrowing is normalized** but unsafe **Education hasn't kept up with access**, especially among vulnerable youth
Investment	**42%** of **women invest** vs. **49%** of **men** **Women prefer gold** **72%** of all investors **lose money**	**Low trust**, **high loss**, and **risk-avoidance are limiting** youth investment **potential**—confidence gaps persist
Insurance	**Only 9%** have **insurance beyond BPJS** Most see it as a parental task	Youth are aware of **insurance** but disconnected from ownership—it's **seen as distant or irrelevant**

This table synthesizes the behavioral evidence into a clear framework for intervention. As the narrative shows, each domain reflects systemic gaps where behavior change must be the next frontier in financial inclusion.

Financial inclusion across the university lifecycle

University years mark a pivotal stage in shaping lifelong financial habits. These years are marked by first salaries, peer influence, exposure to digital finance, and growing responsibilities. Students begin navigating budgeting, borrowing, saving, and spending with little structured guidance—yet the outcomes will shape their economic futures.

To better understand this moment of transition, our study offers a deep dive into four key domains of youth financial behavior: savings, borrowing, investment, and insurance. In each area, we examined not only access and usage, but also the confidence and behaviors that drive decisions. The following section presents these insights, showing how gaps in capability—rather than knowledge alone—shape real-world outcomes.

1 Savings & budgeting: Strong intentions, weak follow-through and confidence

Young adults show strong intentions to save, but struggle with follow-through due to limited confidence, tools, and financial discipline.

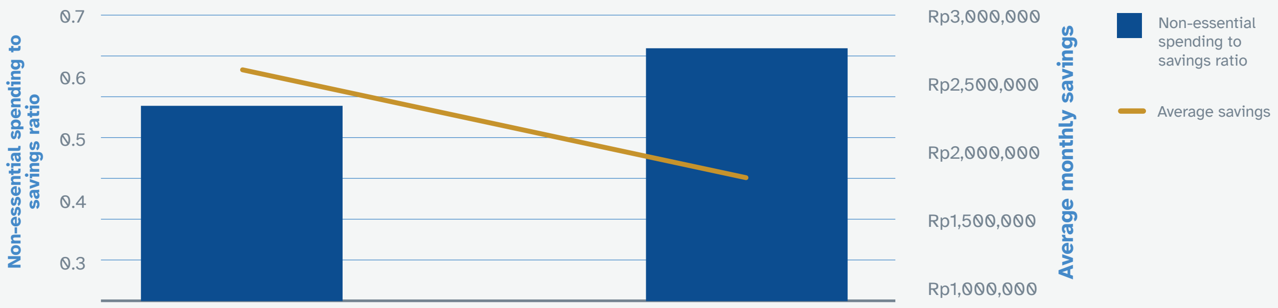
High access, dual practices

While 97% have formal savings accounts, 47% still rely on informal methods like piggy banks or cash (50% of women; 42% of men).

Young women save more, but are less confident

Young women save more regularly and deliberately than men (86% vs. 77%) but only 18% feel very confident in managing their finances, compared to 24% of men. Reflecting on this, 53% of young women (vs. 45% of men) want to improve their savings and budgeting skills.

Figure 1
Correlation between emergency savings, non-essential spending, and average savings



Budgeting is mental, not methodical

Most young adults' budget by memory or by occasionally checking balances, and the widespread use of digital wallets, while primarily for essentials like transport and daily purchases, can nonetheless encourage impulse spending. Digital wallet usage is nearly universal, with women slightly less likely than men to use them (86% vs. 87%) or digital savings accounts (44% vs. 46%).[15]

Emergency savings often misused

Students with emergency savings tend to have higher balances and spend less on non-essentials (see Figure 1). However, even well-intentioned savers occasionally use these funds for unplanned expenses. Among KIP recipients, 40%—of which 66% are women—report using scholarship funds for non-essentials.

Family influence is strong, yet inconsistent

Over 80% of young adults report strong family influence on saving habits, with women slightly more affected than men (47% vs. 44%). Families can raise financial awareness by sharing budgeting habits, but in families that lack a business or formal financial background this can be limited. Generational gaps may further reduce the effectiveness of this guidance.

A 2024 study on intergenerational financial literacy transmission in Indonesia using 2007–2014 **Indonesian Family Life Survey (IFLS)** shows that **mothers play a direct role in shaping children's financial habits** through everyday household financial activities, fathers indirectly via income and profession. **Findings highlight the importance of** strengthening family-based financial education, particularly by **empowering mothers, to support long-term financial resilience.**

15 Our survey defines digital savings as bank accounts opened and managed fully online, such as Blu by BCA Digital and digibank by DBS. Informal savings include Arisan (Rotating Savings and Credit Associations). Digital wallets in our study include OVO, DANA and GoPay.

2 Borrowing behavior: Strong intentions, weak follow-through and confidence

Easy to get, hard to understand

Digital credit is highly accessible, yet only 11% of young adults have received formal education on borrowing. With minimal verification and fast approval, digital loans are often taken without fully understanding terms.

> *She thought the interest rate was 6 percent thinking it was fixed, but it kept going up.*
>
> A 19-year-old woman university student in Surabaya

This gap is reinforced by low self-confidence—only **1% of young women** feel very confident understanding loans, compared to **4% of men**, and only 23% of women feel moderately confident, compared to 32% of men.

Primarily consumptive

Most loans (93%) are used for personal or lifestyle needs rather than for education or business. The average loan size is IDR1.5 million (~$89), typically repaid over long terms (30–60 months). Concerningly, digital loans are often used to fund gambling—on some campuses, **up to 80% of male young adults** are reported to engage in online gambling, increasing financial vulnerability among peers.

Caution does not equal protection

Young women and men approach borrowing differently. Women are less likely to use informal loans and more likely to choose shorter repayment terms—**16% opt for under 30 days**, compared to 7% of men, but despite this caution, women face **higher average interest rates** (6.7% vs. 5.9%).

Financial harm and hidden risks

17% of young adults have experienced hidden fees, penalty traps, or repayment stress. Working and migrant young adults are more at risk of facing financial harms (1.6× and 1.4× respectively). Some report cases of financial abuse, such as loans taken out in their name by others—exposing deeper vulnerabilities in the digital credit system.

3 Investment usage

Limited participation, speculative investment patterns

Investment participation is lower in women (42%) than in men (49%). Among those who do invest, 29% engage in both safe and speculative options, most commonly mutual funds (45%), gold (40%), and stocks (27%). Experiences are mixed—72% report losses, often due to scams or risky assets, and many prioritize high-liquidity, quick-return investments.

Gendered approaches and confidence gap

Young women's lower participation in investing (42% vs. 49% of men) proven barriers beyond education—such as confidence, trust, and risk perception. Women often prefer stable assets like gold (49% vs. 21%), while young men are more likely to invest in higher-risk assets such as stocks (41% vs. 20%) and cryptocurrency. Women show strong risk awareness, yet only 81% feel somewhat confident investing, compared to 90% of men.

4 Insurance: A missed opportunity for young adults

18% of young adults have participated in an insurance-related financial education program and 9% of them have insurance policies beyond BPJS (National Health Coverage). Many who do have insurance were enrolled through family coverage rather than personal initiative. While 72% recognize insurance as important, many see it as a parental responsibility, or something for later in life.

> *I have health insurance, but only because my father works at an insurance company and registered my name.*
>
> A 21-year-old man in Bandung

Given the limited primary data available on young adults' financial behavior and the key drivers of insurance uptake, this report focuses on the financial products they most commonly use—savings, loans, and investments.

What the ground truth tells us:

Emerging behavioral patterns

Taken together, these insights call for systemic responses that go beyond access. Ministries, financial institutions, and universities must work together to build behavioral confidence, reshape perceptions of risk, and ensure that financial inclusion leads to meaningful financial resilience.

Our research surfaced three key behavioral patterns that explain how students engage with financial tools:

1. **Impulse over planning** – The mindset that "money will always come" drives overspending, misuse of emergency funds, and reactive borrowing.
2. **Optimism bias in borrowing** – Students underestimate repayment obligations, especially when digital loans are marketed as convenient and low-risk.
3. **Short-termism in investing** – Distrust in formal products and overreliance on peer and social media influence drives speculative behavior, particularly among male students.

Each of the following sections explores one of these patterns using a consistent structure:

- **Key insights** – What the data reveals about how the behavior shows up in students’ lives.
- **Behavioral drivers** – The mindsets, social influences, and system-level factors reinforcing the behavior.
- **Real-world consequences** – How this behavior impacts students’ financial resilience and where it reveals opportunities for intervention.

These behavioral tendencies are shaped by limited financial education, peer pressure, and a digital financial ecosystem that lacks sufficient safeguards and user-centered design.

Key behaviorial insight 1:

"Money is always available" – a mindset that drives impulsive spending and budget gaps

Key insight

Mindset

Young adults often assume that money will always come—through allowances, freelance gigs, or family support—a mindset that weakens financial discipline and drives short-term, reactive decisions. Spending shifts from planned needs to instant gratification—covering hangouts, flash sales, or even online gambling, fueled by the belief that future income will cover today's indulgences.

Key behavioral drivers

Social influence normalizes spending

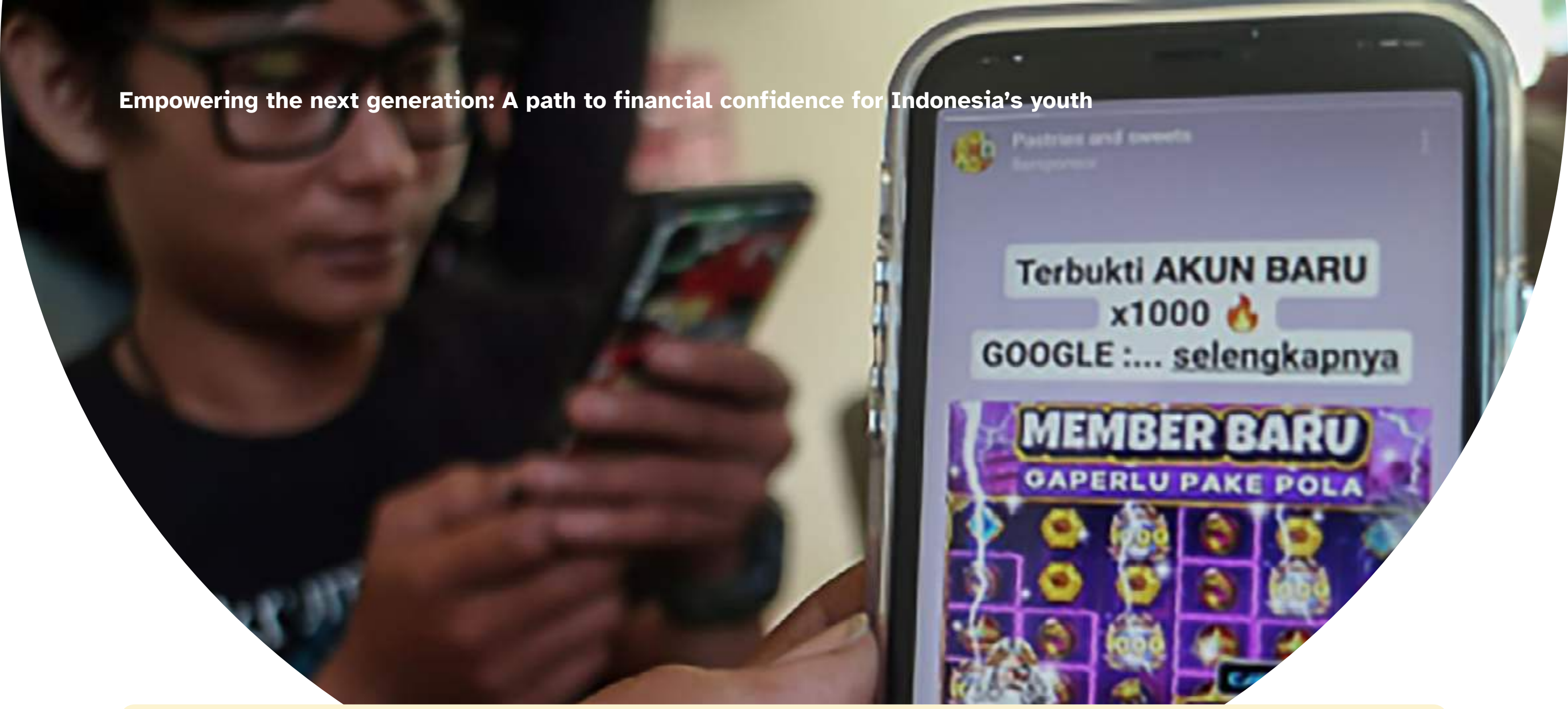
Peer expectations shape financial habits: 42% feel spending pressure, especially young women (45%). Campus life creates social obligations like covering group outings, and to maintain their social image, students may borrow informally or stretch their budgets.

> *Maybe it's about pride. As a chief organizer (in a campus organization), it's common on special occasions to pay at cafes, sometimes even covering for 10 people.*
>
> A 19-year-old woman university student in Surabaya

Digital temptations undermine intentions

Flash sales, TikTok trends, and QRIS-enabled e-wallets make impulsive spending easy. The constant product tease and limited-time offers found during idle scrolling drives young adults to spend even if those purchases cut into their budget.

> *They keep showing up on TikTok, and only after I check out do they stop appearing.*
>
> A 22-year-old woman university student in Kendari



Gambling seen as social and status-driven[16]

Online gambling is not just a form of spending—it's increasingly normalized as entertainment and status. Among young men, winning is often seen as a bragging right or social achievement, with up to 80% of male students on some campuses reportedly engaged in some form of gambling.

> *In our circle and campus, it's intense—about 80 percent. People are away from their parents, and they want to experiment and fit in. If you win big, you really get noticed.*
>
> A 21-year-old male university student in Bandung

Weak budgeting habits limit financial control

Most young adults rely on mental math, balance-checking or "gut feel," rather than structured tools. Budgeting is learned reactively—only after a crisis or a negative financial experience.

> *I once suddenly got sick and had to buy medicine while living away from home. That's when I learned how important it is to have an emergency fund of at least IDR50,000.*
>
> A 19-year-old woman university student in Surabaya

A false sense of security encourages overspending

Underlying all this is the mindset that "money will come eventually." Young people spend to stay socially relevant, keep up with peers, and escape fear of missing out on promotions and discounts. Decisions are based on hope rather than planning, often leading to overspending.

16 According to the Financial Transaction Reports and Analysis Center (PPATK), approximately 191,380 individuals aged 17–19 years were involved in online gambling, conducting 2.1 million transactions worth IDR282 billion (~$16 million) (Indonesia.go.id, 2024).

Real-world consequences

- **Intuitive over intentional budgeting:** Most young adults do have savings accounts, but their day-to-day budgeting is more reactive than planned, often guided by instinct rather than structured financial habits.
- **Emergency funds used for non-essentials:** Despite the intent to save, students frequently dip into emergency savings for discretionary spending—especially under peer pressure—undermining their financial safety net.
- **Borrowing driven by social norms:** To manage shortfalls, many turn to side gigs, skip essentials, or borrow informally. These choices are often less about need and more about maintaining social status.

Key behaviorial insight 2:

"I can always pay it back" – When borrowing outpaces repayment capacity

Key insight

Mindset

For many young adults, borrowing feels easy—but repaying is harder than expected. Driven by optimism, social pressure, and limited financial capability, students often take out loans for short-term needs, but spiral quickly into debt, financial stress, and even financial abuse.

Key behavioral drivers

Fast, frictionless credit feeds overconfidence

Digital lenders offer rapid access—53% of young adults say loans are easy to obtain, with many platforms requiring only a KTP and Tax Identification Number (NPWP). This appeals to young adults with limited credit history or irregular income, but can lead to hasty borrowing. Combined with optimism bias, this ease creates a false sense of security, where many fail to factor in income variability or future obligations.[17]

Low awareness of loan terms masks long-term costs

Only 11% of students have received formal borrowing education. Loan terms are often not clearly explained and can include hidden fees and penalties. Confidence gaps further limit understanding—41% of women rate their comprehension of loan products as poor, and just 1% feel very confident navigating interest rates or repayment terms, compared to 4% of men.

> *If you're late, there's a daily fine of IDR1,000 (~$-0.05), which wasn't mentioned upfront. I once missed a payment by two days, and suddenly I had to pay IDR161,000(~$9.5) because the late fee increased by IDR2,000 (~$0.12). I was out of mobile coverage and asked my friend to cover me, but she forgot.*
>
> A 21-year-old woman university student in Kendari

17 Digital credit opens opportunities, but without better financial understanding and protections, many risk falling into debt traps—borrowing not just beyond their means, but often without knowing it.

Borrowing under social pressure and digital triggers

Addictive behaviors like online gambling are driving some students into early debt. Young adults borrow not just to meet needs, but to fund gambling or maintain appearances, without fully grasping the risks of repayment.

> *Gambling ads often appear on game streams, YouTube influencers and even celebrity promotions. My friend constantly asks for money for slot gambling, despite losing repeatedly. Another works as an online driver while studying but spends his earnings on slots, and another uses PayLater all the time but can't pay it off.*
>
> A 21-year-old man university student in Bandung

Real-world consequences

Vicious debt cycles undermine financial stability

To cover lifestyle expenses young adults take out short-term, high-cost loans without fully grasping their terms, then borrow more to repay earlier loans, compounding financial stress. As debt builds, students may turn to friends, cut basic needs, or pawn their belongings.

> *My friend was out of money and tried an online loan. The interest rate was 10 or 12 percent, and in a few months they were broke. They tried borrowing from friends, but couldn't, then they pawned their belongings to pay the loan and went deeper into debt.*
>
> A 19-year-old woman university student in Surabaya

Financial abuse erodes trust and confidence in formal credit

Financial abuse, such as a loan taken without permission under another person's name, exemplifies how easily trust in digital credit systems can be undermined. Financial abuse can leave young adults—especially migrants—hesitant to engage with formal lenders and unsure where to go for help.

> *My friend's boyfriend once used PayLater in her name. When they broke up, she was left to handle the debt. She didn't want to pay, but after being constantly chased by collectors, she had to. She's not the only one that's gone through something like this.*
>
> A 22-year-old woman university student in Bandung

Key behaviorial insight 3:

How the "instant-return mindset" fuels hesitancy and distrust in investing

Key insight

Mindset

Many young adults either hesitate to invest or rush into risky platforms—driven by a desire for quick returns, low trust in financial products, and limited investment literacy. This divide reflects a deeper need for accessible, trustworthy guidance—especially for young women, who despite strong risk awareness, report lower confidence and greater reluctance to engage.

Key behavioral drivers

Misinformation, complexity, and outdated guidance erode trust

Young adults are caught between social media hype and confusing financial products, as influencers portray investing as either a get-rich-quick scheme or a trap. Nearly half (46%) say investment information feels overwhelming, and young women in particular cite lack of knowledge (40% vs. 34%) and report lower confidence (81% vs. 90%). Many associate investing with risk and scams, and some express concerns over religious or ethical fit. Family advice, while well-intentioned, often feels outdated and irrelevant.

> *Since COVID, the number of investors rose by nearly 300%, but without adequate education, many saw it as gambling. Influencers, often unlicensed, fuel this FOMO, and young people follow without realizing these influencers aren't licensed. They should be consulting licensed securities companies, not influencers.*
>
> A representative of a financial institution in Surabaya

Key behavioral drivers

Short-term thinking undermines investment discipline

Faced with irregular income and urgent needs, many young adults prefer financial products they can easily access or exit, at the expense of long-term growth. With limited financial knowledge, this increases vulnerability to scams and speculative trends. Many are drawn to beginner-friendly platforms or fast-profit schemes—like referral-based investments or AI-driven recommendations—reinforcing impulsive choices over disciplined planning.

> *Take something like Bitcoin or cryptocurrency. People don't fully understand it. Once they've suffered a loss in the capital market, there's a mental block. They start thinking all investments are the same.*
>
> A representative of a financial institution in Surabaya

Real-world consequences

Perceived complexity and fear of loss drive investment hesitation

Many young adults—especially women—hold back from investing due to lack of confidence, seeing investment as complex and high risk.

> *I'm still not brave enough to try even now. I see it promoted in apps and on Telegram, but I look through the comments, and while some are really positive, others are negative. Someone mentioned they had around 3 million, but when they wanted to withdraw, it dropped below 1 million. That's what scares me. Investment isn't for everyone—you need to understand the strategy, not just think about profit.*
>
> A 22-year-old woman university student in Kendari

Transitioning from behavior to intervention:

The role of financial education

These behavioral tendencies reflect structural gaps in how youth are supported to navigate an increasingly complex financial landscape. While financial knowledge is becoming more available, too few young people are equipped to convert that knowledge into confident, everyday decisions.

To close this gap, we must better understand how financial education is currently delivered, what outcomes it achieves, and where it fails to drive behavior change. The following section explores these dynamics and offers evidence to support a shift toward more practical, inclusive, and behavioral approaches to financial capability. This next section evaluates the current landscape of financial education—what is working, what remains insufficient, and where new approaches are required. A more practical, behavior-oriented model is needed to ensure that financial inclusion efforts translate into long-term resilience and responsible financial behavior.

What we learned:

Connecting financial education to real-life resilience

This study explores how financial education shapes the way young adults make decisions—and whether it truly helps them build long-term financial resilience. We examined three essential links:

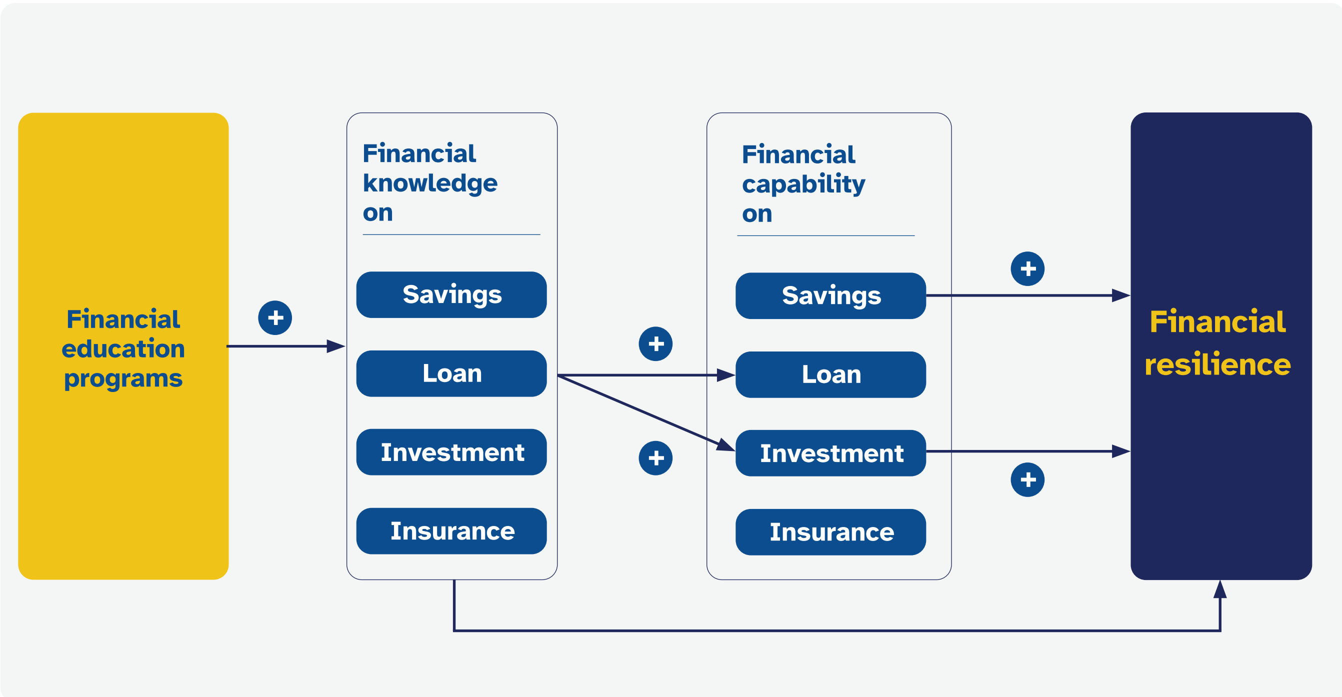
1. **From education to literacy –** Are today's financial education efforts actually making students more financially knowledgeable?
2. **From literacy to capability –** Does that knowledge translate into confident, effective use of financial tools?
3. **From capability to resilience –** Does using financial products well help young adults better navigate financial shocks and uncertainty?

By analyzing how students engage with savings, loans, investments, and insurance, we pinpoint where financial literacy and capability support stability—and where financial resilience fall short. The results show that while many programs succeed in teaching basic concepts, few go far enough to change behavior or prepare young people for real-world financial challenges.

Understanding these gaps is critical. It allows universities, policymakers, and financial service providers to build stronger, more relevant programs that help young adults not just learn about money—but use it to shape a more secure financial future. (See Annex 2 for further detail.)

Figure 2

Financial education impact pathway: literacy, capability, and resilience[18]



18 We used 3SLS regression to identify the transmission mechanism between financial education and financial resilience, aiming to understand how financial education programs influence the adoption of financial products and, in turn, contribute to financial resilience. (N=1512). The study takes a multi-channel approach, considering multiple pathways to provide a more comprehensive analysis while minimizing errors caused by missing variables.

From classroom to real life:

How financial education shapes student resilience

Our regression analysis reveals a critical insight: financial literacy alone isn't enough to build resilience—**capability** is what truly makes the difference. In other words, knowing is not the same as doing. While students may understand financial concepts, they often struggle to apply that knowledge confidently and consistently in real life.

What we found

Gaps between knowledge and action

Regression results highlight how this plays out across key financial areas:

- **Loans:** Students who understand loan mechanics still misuse credit when they lack confidence or behavioral guidance. Literacy without capability leads to poor outcomes.
- **Savings:** Most students grasp the importance of saving, but few have the tools or habits to save consistently. Behavioral nudges and digital support are needed to turn awareness into action.
- **Insurance:** Awareness is relatively high, but uptake remains low. Young adults hesitate to buy into products they find unfamiliar, irrelevant, or lacking in trust—especially when family support is seen as a safety net.

How financial literacy and capability interact

- Financial literacy enhances comprehension of complex products, making students more risk-aware when borrowing or investing.
- Savings behavior, while conceptually understood, requires structured support to become habitual.
- Insurance remains underutilized, reflecting both perceived irrelevance and limited product-market fit for youth.

From capability to resilience

- Saving and investing with confidence helps young people prepare for unexpected events and build long-term security.
- Consumption loans, on the other hand, rarely support resilience. Many students use credit to maintain lifestyles rather than achieve goals—revealing the need to shift norms around borrowing.
- Insurance is still too underused to register a measurable impact. To change this, it must be reframed as a tool for independence as students step into adulthood.

Why this matter

This analysis underscores the need to move beyond traditional knowledge-transfer models. True financial resilience comes from instilling the **confidence**, **behavioral tools**, and **enabling environments** that help young adults make smart financial choices.

To be effective, financial education programs must

- Close the gap between knowing and doing, especially for savings and insurance.
- Integrate behavioral nudges and user-friendly digital features that turn good intentions into action.
- Reposition loans as enablers of progress—tools for education, entrepreneurship, or investment—rather than short-term consumption.
- Make insurance **relatable**, **affordable**, and **accessible**, especially for youth moving beyond family financial safety nets.

Though focused on students, these findings apply broadly to first-time and inexperienced users of financial services—those just entering the workforce or managing money independently for the first time. Financial education must evolve to meet them where they are—and help them get where they're going.

More effective programs emerge when we identify specific, actionable gaps in financial education—gaps that universities, policymakers, and financial service providers can address together to close the divide between financial knowledge and real-life capability.[19]

19 Through an ideation session and a co-creation workshop, and interviews with policymakers, regulators, financial service providers (FSPs), and universities, we have identified key gaps in current financial education programs. These insights are grounded in data-driven analyses of young adults' financial behavior.

Bridging the gap:

Rethinking financial education in universities

In today's digital-first economy, young adults face growing financial complexity—from managing e-wallets and buy-now-pay-later schemes to navigating education loans and part-time incomes. Yet university-based financial education often fails to keep pace. Most programs focus on theoretical knowledge, delivered sporadically through seminars, and remain concentrated in economics faculties.

Insights from the ground reveal a deeper disconnect: Students told us they often learn more about money through TikTok or peers than in class. Despite many holding formal accounts, most still rely on cash-based budgeting and informal advice. Many misuse savings for social spending or fall into informal borrowing to maintain appearances. These real-world behaviors signal that current programs are not reaching students where they are—nor preparing them for the financial challenges they already face.

This calls for a fundamental shift in how we approach financial education at the tertiary level—from isolated, academic knowledge toward inclusive, practical, and behaviorally informed learning.

1 From exclusive to inclusive: Expanding access across campus

Our research found that financial education is largely siloed within Faculties of Economics and Business (FEB), excluding students from other academic backgrounds. Programs tended to emphasize theoretical knowledge —often through one-off seminars—than on building real capability through practical, behavior-focused learning. To close this gap, both policymakers and educators must act.[20]

What policymakers and regulators can do

1. **Redefine success in financial education**

   OJK Regulation No. 22/2023 (under the P2SK Law) mandates semester-based financial literacy programs by financial service providers. However, these efforts currently emphasize participation metrics over outcomes.

   Recommendations:

   - Expand regulatory benchmarks to include standards for quality and impact—focusing on digital financial capability (DFC), behavioral change, and long-term resilience.
   - Go beyond OECD[21] PISA-style assessments to locally grounded indicators that measure real capability and usage.

20 Behavioral risks vary across subgroups: Higher-SES students and those in life transitions are more prone to impulsive spending; KIP Kuliah recipients often need stronger money management to avoid misusing grant funds; young women show lower participation in financial education and tend to prefer lower-risk investments; and loan applicants face heightened risk of financial loss due to weak repayment capacity assessment. Stakeholder interviews reveal a lack of targeted programs addressing the unique needs of these diverse groups, and current financial education initiatives often lack the customizability to support young women, loan applicants, and scholarship beneficiaries.

21 PISA (Programme for International Student Assessment) by the OECD measures 15-year-olds' skills in reading, math and science every three years. In the latest ranking, Indonesia placed 68th, scoring 379 in math, 398 in science, and 371 in reading, well below the 2024 National Planning targets.

2. **Strengthen oversight and digital safety**

   With financial influencers and social media shaping young people's financial decisions, regulation must catch up.

   - OJK, in collaboration with AFTECH and AFSI, should mandate verified training for influencers, enforce disclosure of qualifications, and introduce platform-level verification tools.
   - Bank Indonesia can embed digital safety and ethics into broader digital literacy campaigns, including guidance on using payment platforms— especially those targeting young audiences on social platforms.

3. **Activate a national higher education mandate**

   The Ministry of Higher Education, Science, and Technology can lead by:

   - Requiring all universities to integrate digital financial capability into their curriculum—either through standalone modules or within existing subjects like entrepreneurship or civic education.

What universities can do:

1. **Integrate personal finance across disciplines:** Embed financial literacy into general education and incentivize faculty ownership across departments—not just economics.[22]
2. **Use key student touchpoints:** Deliver engaging financial content during orientation weeks, through student government (BEM), and campus clubs (UKM).
3. **Engage families early:** Include parents during onboarding and scholarship briefings to build supportive financial environments at home.
4. **Transform campus spaces:** Equip libraries and student centers with digital learning tools, self-paced modules, and peer-led learning opportunities.
5. **Go digital:** Use WhatsApp groups, student portals, and campus websites to distribute bite-sized, engaging learning content accessible anytime.

Where universities need support on:

Support area	Why it matters	What policymakers, regulators, and Financial Service Providers can do
Curriculum & standards	Most universities lack clear policy direction, incentives, and practical resources—like training and teaching materials—to embed DFC outside Economics faculties.	**Bank Indonesia, OJK, Ministry of Higher Education** can co-develop national curriculum modules grounded in life skills and behavior change. Provide adaptable syllabi, teaching materials, and integration templates for courses like Entrepreneurship across all disciplines.
Educator training	Lecturers often lack the skills and tools to teach digital financial capability effectively.	**FSPs** can deliver Training of Trainers (ToT) programs for lecturers and provide industry experts as guest lecturers under academic supervision. As part of OJK Regulation No. 22/2023, involve student leaders (e.g., BEM/UKM) as peer educators. Involve public figures to spark interest—especially among young women.

22 The Ministry of Education is developing a guideline for basic education level from elementary to senior high, see https://kurikulum.kemdikbud.go.id/file/1729244746_manage_file.pdf.

2 Format & content: From one-off seminars to continuous, learner-centered programs

Financial education can't be a one-time event. Yet most current initiatives rely on isolated seminars that offer limited follow-up, with content that is often outdated, overly promotional, or disconnected from young adults' real financial lives.

Our interviews revealed a clear sentiment: students find the materials dry, product-focused, and lacking relevance. Instead of empowering them to make smart day-to-day decisions—like managing monthly budgets, comparing digital credit offers, or building emergency savings—programs often push generic information or brand awareness.

Young adults need more than information—they need transformation

That means tiered, ongoing learning pathways that reflect real-life challenges and build skills over time. Interactive formats—like simulations, peer learning, and micro-modules—help translate knowledge into action, especially when tailored to students' life stages and social realities.

To be effective, financial education must shift from transactional to transformational: continuous, engaging, and centered on the learner.

> *It's rare to find practical knowledge for everyday use. Most content is basic, often promotional rather than educational. Investment talks focus on benefits but skip risks and strategies, leaving people unaware of potential failures. I only learned about such risks through social media.*
>
> A 19-year-old woman university student from Jakarta

What policymakers and regulators can do:

1. **Institutionalize long-term collaboration**
   OJK, Bank Indonesia, and the Ministry of Higher Education, Science, and Technology can champion the creation of structured Memorandums of Understanding (MoUs) between universities and Financial Service Providers (FSPs), aligned with the academic calendar. These agreements would move financial education from ad-hoc to embedded, ensuring consistent delivery throughout the student journey.[23]

2. **Make financial capability a foundational skill**
   The Ministry, in partnership with scholarship providers—including private companies and relevant ministries—can mandate practical financial education for all new university students and scholarship recipients. This ensures every student, regardless of faculty or funding source, receives early exposure to essential financial life skills.

23 For example, the Indonesia Stock Exchange's Galeri Investasi operates through a tripartite agreement involving a university and a securities company. These multi-year MoUs are reviewed annually to ensure effectiveness and alignment with shared objectives.

What Financial Service Providers (FSPs) can do:

1. **Co-create standardized, skills-based content**
   FSPs can work alongside universities to develop standardized, learner-centered materials grounded in real-world decision-making. Leveraging open-source platforms—such as OJK's Learning Management System (LMS), the G20/OECD INFE framework, Bank Indonesia's youth financial competencies, and IDX's Stocklab game—can reduce costs while maintaining alignment with global and national best practices.

2. **Civil societies can ensure relevance and equity through co-creation**
   Civil society organizations can play a critical bridging role by facilitating co-design workshops with students, lecturers, and FSPs. These collaborations can surface insights that make materials more relatable, pilot new tools for feedback, and help integrate gender-responsive approaches that reflect the diverse financial realities of young adults.

What universities can do:

Universities have a unique opportunity—and responsibility—to equip young adults with the practical skills needed to navigate today's financial and professional challenges. Moving beyond lectures and passive learning, universities can embed experiential, hands-on methods into the student journey.

Simulation exercises, bootcamps, peer-led sessions, and mentoring don't just teach financial concepts—they build critical thinking, decision-making, and real-world problem-solving. These approaches also strengthen leadership, collaboration, and self-efficacy—core competencies for success in both life and work.

By embracing active, student-centered learning, universities can transform financial education from theory to action—preparing students not just to manage money, but to lead confidently in an increasingly complex world.

> *The process should start with a curriculum workshop, to identify targets for revision and integration. Together with our partners we decide which courses might best incorporate financial literacy, and ensure the change is reflected in the teaching materials. Our biggest challenge is that lecturers will need a solid understanding of the content, as they're the main drivers. We need support, including financial support, from our institution and our partners alike.*
>
> A Vice Dean of a non-economics faculty in Kendari

3 Measuring behavioral outcomes: From participation counts to behavior change

Current financial education programs are often evaluated using surface-level metrics—such as the number of participants reached or accounts opened. While useful for tracking reach, these indicators fall short of capturing whether young adults are truly developing the skills, confidence, and habits to make sound financial decisions.

A more meaningful measure of success lies in behavior change

By focusing on key behavioral domains, educators and policymakers can better assess whether programs are fostering real capability and resilience. Below are critical areas of behavior and the desired shifts that can serve as indicators of progress:

Behavioral area	Key behavioral changes
Impulsive spending	• Delay gratification and prioritize saving over non-essential purchases • Make informed, intentional spending decisions based on needs, not peer pressure or trends
Budgeting practices	• Create and follow a personal budget • Track spending regularly and adjust based on financial goals or shortfalls
Loan management	• Borrow only after assessing need and repayment capacity • Avoid overleveraging and manage credit within budget limits
Investment behavior	• Understand investment risks and how products work • Make investment choices aligned with personal goals, time horizon, and risk tolerance

* For detailed information, please refer to Annex 3

What policymakers and regulators can do:

To move beyond outreach metrics and assess real impact, regulators must embed **Behavioral indicators** into national monitoring frameworks—shifting the focus from participation to actual change in financial behavior.

1. **Strengthen SIPEDULI for deeper insight**
   Under SEOJK No. 13/SEOJK.08/2024, Financial Service Providers (FSPs) report their literacy activities through the SIPEDULI platform. OJK can enhance this system by requiring the inclusion of behavioral engagement metrics—such as follow-up usage, budgeting improvements, or repayment patterns—to better track long-term impact.

2. **Evolve the national survey on financial literacy and inclusion (SNLIK)**
   Together with Statistics Indonesia (BPS), OJK can expand the SNLIK beyond access and literacy indicators to include financial behavior and confidence. This evolution will provide policymakers with richer data to evaluate whether programs are truly improving young adults' financial lives.

What Financial Service Providers (FSPs) can do:

1. **Harness digital tools to promote self-awareness**
   FSPs can optimize existing features in mobile banking apps and e-wallets—like financial health summaries, budgeting dashboards, and transaction reports—to help young users track and reflect on their spending and saving patterns in real time.

2. **Promote use of open-source financial management tools**
   Several digital self-management apps—registered and supervised by ojk—offer young adults free tools to assess and improve their financial habits. These tools can serve as both educational aids and behavioral tracking mechanisms.

What Universities can do:

1. **Integrate financial capability into research and community engagement**
   Universities can activate their **Research and Community Development Institutes (LPPM)** or similar bodies to co-design and monitor student-facing financial capability programs. These centers are well-placed to lead community outreach and research that captures changes in behavior over time.

2. **Use case-based learning to assess practical knowledge**
   Embedding financial simulations and real-life case studies into course assessments can give educators better insight into students' applied knowledge and decision-making capacity.

3. **Mobilize student organizations as change agents**
   Encourage student-led initiatives—such as competitions, challenges, and workshops—that promote entrepreneurial thinking, financial planning, and peer-to-peer learning. These platforms offer not only experiential learning, but also valuable opportunities to observe and measure behavioral change in action.

To build lasting financial resilience, we must measure what truly matters—how young people think, decide, and act.

Creating a supportive social environment for financial learning and risk mitigation

Even the most well-designed financial education programs can fall short if young adults lack a safe and supportive environment to apply what they've learned. Many still rely heavily on family for financial support, while others face risks like predatory lending or lack the autonomy to make informed decisions. To truly build financial resilience, interventions must also address the social context—the family, community, and peer dynamics that shape young adults' financial behavior.

Identifying gaps in the social environment

Current efforts rarely engage the broader ecosystem around young people, especially families who often act as the first source of financial guidance—or dependency. Without this layer of support, financial learning may remain theoretical, disconnected from real-life decision-making.

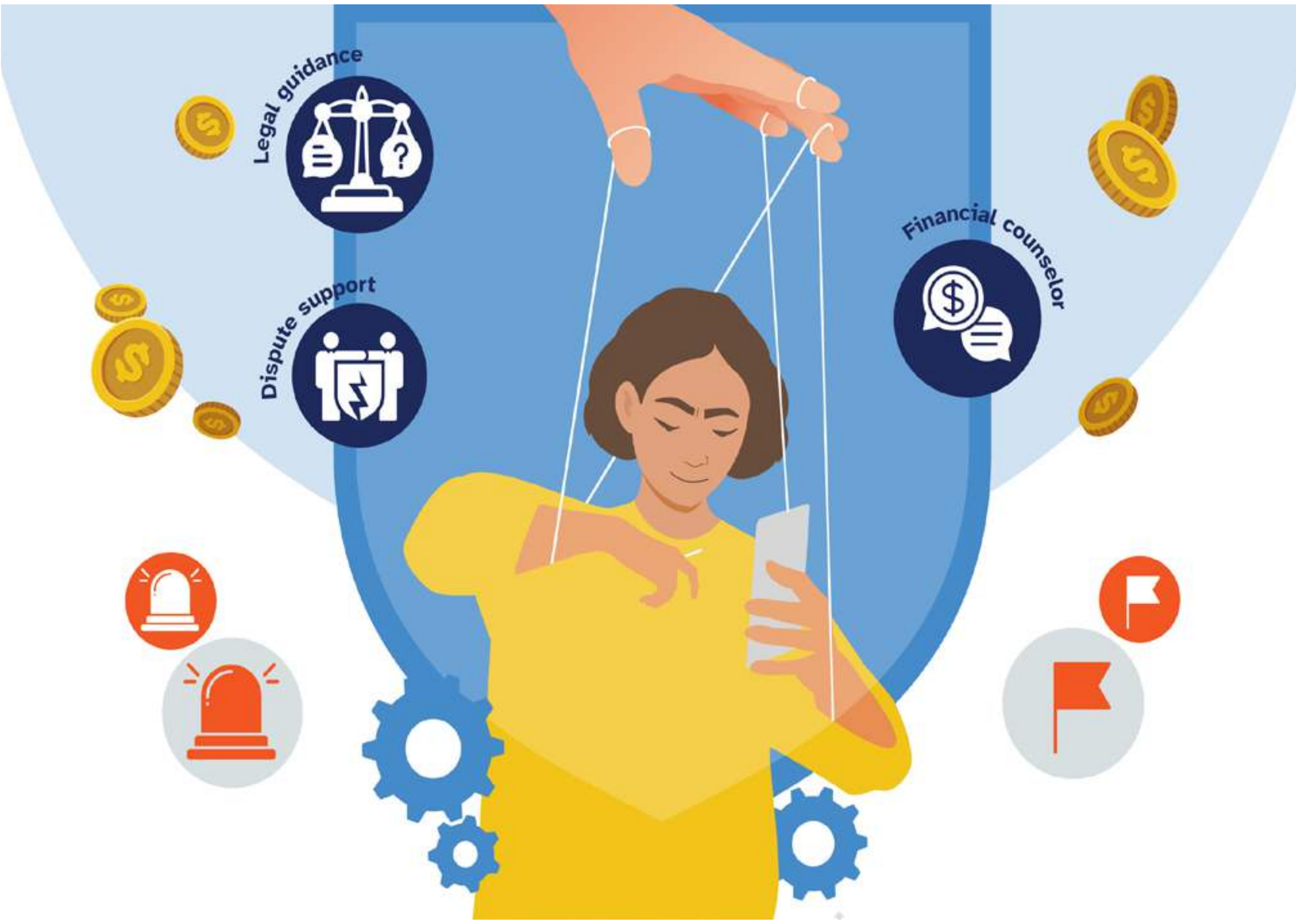
What policymakers and regulators can do:

- **Activate family as a learning ally**
  OJK and Bank Indonesia can collaborate with HR departments in both public and private sectors to engage parents—especially those nearing retirement. Financial education can be embedded in pre-retirement programs like Program Masa Persiapan Pensiun, encouraging parents to model sound financial behavior and advocate for financial learning at home.

What Financial Service Providers (FSPs) can do:

1. **Design family-inclusive borrowing processes**
   FSPs can introduce parental notification systems for high-dependency borrowers aged 18–25. Notifications—delivered through messaging apps—can prompt healthy family discussions about borrowing decisions. To respect young adults' independence, participation could be voluntary and incentivized, offering benefits like lower interest rates or enhanced loan terms.

2. **Embed financial readiness assessments in loan applications**
   Include self-assessment tools during the loan application process to help young borrowers reflect on their financial preparedness and highlight areas where additional learning or guidance may be needed.



Addressing financial abuse among young adults

In some cases, especially among young women, financial vulnerability is compounded by coercion, manipulation, or exploitation—including through online loan apps or family control over finances.

What policymakers and regulators can do:

- **Promote ethical lending and protective protocols**
  OJK can work with lenders to adopt and enforce ethical lending standards that include red flags for suspected financial abuse. Protocols should enable flexible responses—such as temporary repayment suspensions or waivers—when abuse is reported and verified.

What Financial Service Providers (FSPs) can do:

- **Establish support and reporting mechanisms**
  FSPs should offer clear, confidential reporting channels for financial abuse cases—especially for young borrowers. This includes support to dispute unauthorized loans, access legal guidance, and connect with financial counselors or protection services.

Conclusion & next steps:

A new lens for the future of youth

This study is not simply a financial inclusion report. It opens a new lens into how **mindsets**, **confidence**, **and behavior** shape the financial lives of Indonesia's young adults. By going beyond access and product ownership, it surfaces a deeper truth: that building **Digital Financial Capability (DFC)**—the ability to make informed, confident decisions in a digital economy—is now essential.

Young people are not just future borrowers, savers, or investors. They are future leaders, workers, and entrepreneurs—navigating a financial landscape that is increasingly fast-paced, tech-driven, and risk-laden. And yet, without the right support systems in place, we risk losing this generation to **financial stress, misinformation**, **and digital distrust**.

Why this matters now

Without timely, cross-sectoral action, Indonesia could face:

- **Rising youth non-performing loans (NPLs)** and chronic financial distress from uninformed borrowing;
- **Deepening distrust in formal financial systems**, especially among digitally native youth;
- **Widening gender, access, and capability gaps**, especially for young women and underserved students.

A national call to action:

From insights to implementation

This study provides not just insight—but a blueprint. It offers a checklist for policymakers, financial service providers, and educators to implement scalable, behaviorally informed DFC programs across institutions. The goal is to shift from one-off awareness to sustained capability, from outreach to **outcomes**.

To break the cycle of surface-level engagement, stakeholders must commit to structural reform and cross-sector collaboration that:

- Embeds DFC into the core of education and financial systems
- Tracks behavior change—not just participation
- Designs inclusive, engaging, and context-relevant tools
- Activates families and peers as part of the solution
- Builds resilience in every young person—not just knowledge in a few

The road ahead:

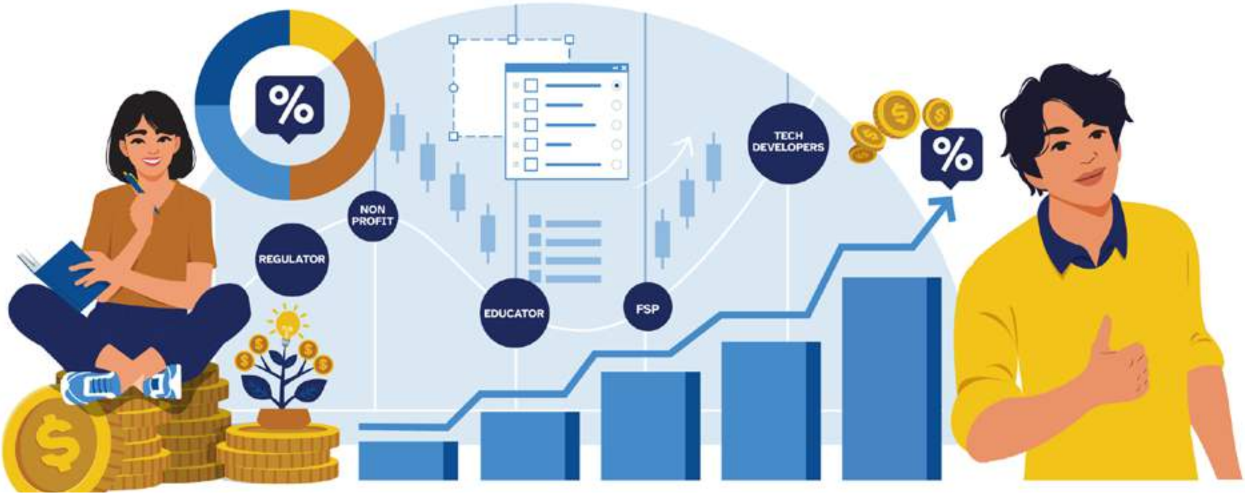
Designing for the digital generation

The future of financial education lies in how we **design for the daily lives of youth**. DFC must be embedded into the routines, platforms, and life moments where financial decisions actually happen—be it during orientation weeks, app notifications, family conversations, or student loan sign-ups.

This requires a new kind of ecosystem—one that sees young adults not as passive recipients of information, but as active participants in shaping their financial futures.

What we do now will define whether Indonesia's youth become confident financial citizens—or remain vulnerable in a digital economy that moves faster than they can adapt.

The time for change is now. Let this study be the start of a coordinated national effort—grounded in behavioral insight, driven by collaboration, and focused on unlocking the full financial potential of Indonesia's next generation.



Design principles checklist:

Embedding Digital Financial Capability (DFC) that drives real impact

Use this checklist to design, improve, or scale youth-focused financial capability programs. It supports stakeholders—regulators, FSPs, educators, nonprofits, and tech developers—in embedding behavioral insight, inclusivity, and practical relevance into their DFC initiatives.

1 Policy & system-level integration

Ensure foundational support through national alignment, institutional frameworks, and behavioral tracking.

Step	Action	Status
1	Mandate integration of DFC into university curricula across all disciplines (via MoE, OJK, BI)	
2	Align national standards to life skills & behavioral outcomes (not just PISA metrics)	
3	Enhance SIPEDULI & SNLIK to track behavioral metrics (e.g., budgeting discipline, informed decision on loan usage)	
4	Establish structured MoUs between FSPs and universities tied to academic calendars	
5	Collaborate with HR departments to encourage parents' role in financial education (e.g., via pre-retirement programs)	
6	Promote ethical lending practices and require protocols for financial abuse cases (e.g., verified waivers, reporting channels)	

2 Product & content innovation by FSPs and EdTechs

Step	Action	Status
1	Embed spend tracking & nudges into digital apps (e.g., savings prompts, budgeting tips)	
2	Develop youth-friendly credit self-assessments & optional parental alert features	
3	Run ToT for university educators and co-develop practical DFC modules	
4	Use open-source tools (e.g., OJK LMS, Stocklab) to deliver relatable, skill-building content	
5	Include self-assessment tools in online loan applications to gauge readiness and flag need for financial education	
6	Create parental notification systems for dependent youth borrowers to support family engagement	
7	Set up clear reporting channels and support for victims of financial abuse, especially in online lending contexts	

3 Educational program design by universities and educators

Anchor DFC in daily learning, student ecosystems, and measurable outcomes.

Step	Action	Status
1	Embed DFC content into general and interdisciplinary courses, not just selected faculties	
2	Utilize orientation weeks, BEM/UKM, and student portals for early DFC exposure —while also using onboarding moments like orientation weeks and scholarship briefings to equip both students and parents with practical financial education and tools to support healthy financial habits	
3	Track behavior change via LPPM or similar units (e.g., through longitudinal assessments)	
4	Promote active learning via simulations, peer mentoring, financial bootcamps	

How to use this checklist:

- **New Program?** Use this to guide your design process from day one.
- **Existing Program?** Audit your current efforts and identify gaps or missed opportunities.
- **Multi-Stakeholder Collaboration?** Use it as a shared reference to align on joint implementation plans.

The DFC design blueprint:

7 Dimensions to build strong programs from the start

To meaningfully build young people's financial capability, programs must go beyond one-time lessons or static content. This model offers a practical, research-backed framework for designing behaviorally informed, inclusive, and real-life integrated DFC programs—right from the start.

Core Principle: Effective DFC programs embed learning into the everyday experiences, life moments, and digital environments where young adults already make financial decisions. Use this blueprint to guide the structure, format, and strategy of your program design:

Design principle (simplified label)	What it means	How to apply It
1 **Design for life moments**	Tailor interventions to the actual life stages and financial realities of young people.	**Policymakers:** Align national policies with key life transitions (e.g., school-to-work, first credit use). **Universities:** Adapt content for different student profiles—e.g., working students, scholarship recipients. **FSPs:** Create segmented financial products and pathways for young gig workers, students, or first-time borrowers.
2 **Level up the learning**	Build progressively—from basic skills to complex behaviors—tied to real milestones.	**Policymakers:** Promote tiered national DFC standards from basic to advanced. **Universities:** Develop modules that grow with students (e.g., budgeting > borrowing > investing). **FSPs:** Design in-app learning tracks that reward progress (e.g., unlock tips or tools).
3 **Embed it into daily life**	Deliver DFC at moments when decisions are made—not in isolation.	**Policymakers:** Facilitate collaboration between schools, ministries, and FSPs to reach youth during major decision points. **Universities:** Use orientation, tuition periods, or extracurriculars to introduce relevant financial learning. FSPs: Send nudges at high-impact times (e.g., paydays, BNPL repayment dates).

Design principle (Simplified label)	What it means	How to apply it
4 **Make it inclusive for all**	Ensure content is gender-sensitive, accessible, and resonates with diverse learners.	**Policymakers:** Mandate universal design and equity in DFC programs. **Universities:** Use local language, visuals, and relatable examples; include differently-abled students. **FSPs:** Offer opt-in confidence-building features for young women or low-literacy users.
5 **Nudge better behavior**	Use prompts, reminders, and incentives to encourage good financial habits.	**Policymakers:** Embed behavior-focused metrics into SIPEDULI & SNLIK frameworks. **Universities:** Use WhatsApp groups, LMS, or student portals to deliver timely nudges. **FSPs:** Include in-app prompts for saving, budgeting, or avoiding risky credit decisions.
6 **Build peer power**	Leverage peer influence through mentoring, ambassadors, or student groups.	**Policymakers:** Support national peer educator campaigns with recognition. **Universities:** Train peer mentors via BEM/UKM to deliver relatable content. **FSPs:** Co-create campaigns or student-led learning challenges.
7 **Learn and improve together**	Collect feedback, track what works, and adapt.	**Policymakers:** Support funding for youth-led feedback loops and longitudinal studies. **Universities:** Run regular pulse checks via LPPM or feedback surveys. **FSPs:** Monitor usage data, run A/B tests on nudges, and iterate on features with user input.

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Annexes

Annex 1

Research methodology

Qualitative approach with purposive sampling

The selection of samples is based on the consideration of the possession of knowledge, experiences and perspective relevant to the research objectives. The sample is divided into three different groups, being:

(1) young adults who are currently enrolled as college students,
(2) academics and
(3) FSP/FI representatives.

Geographical dimensions and financial literacy index

To ensure variety in geographic and socioeconomic dimensions, we spread sampling across three regions, namely West, Central, and East regions. Each region is represented by a city that has the highest financial literacy index, good financial inclusion and a significant number of KIP scholarship beneficiaries.

- **West:** Bandung, West Java
- **Central:** Surabaya, East Java
- **East:** Kendari, Southeast Sulawesi

The universities in each region were selected based on the substantial number of financial literacy initiatives and KIP scholarship beneficiaries.

Quantitative approach with stratified sampling

The Youth Financial Inclusion Survey adopts a quantitative approach using stratified sampling to ensure proportional representation of various subgroups within the population. This method is designed to provide more accurate insights into access, knowledge and financial behaviors among students with different characteristics. Stratification is based on three main variables: gender, year of enrollment and scholarship type. These variables were selected based on the assumption that each characteristic influences financial inclusion differently across youth demographics.

The stratified sampling process follows three key stages:

1. **Identifying the population and subpopulations:** Students are categorized based on their gender (male and female) across selected universities.
2. **Sample allocation:** Students are further categorized by their year of enrollment, which is divided into three groups: the 2021, 2022 and 2023 cohorts.

3. **Sample Selection:** The students are further divided based on the type of scholarship they receive, such as KIP (Kartu Indonesia Pintar) and non-KIP scholarships.

The sample distribution follows a proportional representation of each subgroup. For example, the survey aimed to draw 40% of students from the 2021 cohort, 40% from the 2022 cohort and 20% from the 2023 cohort. Of the total 1,512 respondents, 1,500 represent the main sample, with the sample further broken down by gender: 1,000 female respondents and 500 male respondents.

Geographical dimensions and financial literacy index

To capture the geographical diversity that exists across Indonesia, the survey includes six provinces selected based on the financial literacy index of the Financial Services Authority (OJK). The provinces are grouped into three categories of financial literacy: High, Medium, and Low. Each category is represented by two provinces:

- **High literacy:** East Java (represented by Universitas Airlangga) and Special Region of Yogyakarta (represented by Universitas Gadjah Mada).
- **Medium literacy:** Central Java (represented by Universitas Diponegoro) and Bengkulu (represented by Universitas Bengkulu).
- **Low literacy:** West Java (represented by Institut Teknologi Bandung) and Maluku (represented by Universitas Pattimura).

This geographical approach ensures that the survey reflects the diverse levels of financial literacy that exist across the country. By selecting universities in each of these provinces, the survey captures data that spans different regions cultures, and educational environments, providing a more comprehensive understanding of financial inclusion in Indonesia.

Sample selection process

The sample selection process follows a systematic and multi-step procedure to ensure the representativeness and accuracy of the data collected:

1. Initial data collection: A list of students receiving scholarships is gathered from each participating university. This is done through direct data collection based on university records.
2. Stratification of variables: The population is divided into strata based on key characteristics: gender, year of enrollment and type of scholarship. Each stratum is designed to have internal homogeneity and clear distinctions from other strata.
3. Proportional sampling: The sample size for each stratum is determined proportionally to the overall population of that stratum, ensuring that each subgroup is adequately represented.
4. Random sampling: Within each stratum, students are selected randomly using statistical software (Stata), which ensures that the sampling process is unbiased and representative of the broader student population.

Once the samples are selected, enumerators conduct interviews with the chosen respondents, ensuring that the data collected aligns with the stratified design and captures the diversity of financial inclusion experiences across different student demographics.

Annex 2

Modelling framework

The study adopts a multiple-mediation model to estimate several channels simultaneously, which helps eliminate potential biases caused by omitted variables. By including multiple channels in one model, the study provides a more comprehensive understanding of how financial education influences financial resilience through different factors. This technique offers a more accurate picture of how these channels interact with one another in the mediation process.

To model these relationships, the study constructs six key equations. Equation (i) examines the connection between financial resilience and the four main channels—savings, loan, insurance, investments. The next four equations look at the effect of financial knowledge on each specific channel while controlling for various socioeconomic factors. The final equation accounts for potential reverse causality between financial resilience, financial education, financial knowledge and the four main channels.

$$\boldsymbol{FR} = \beta_{11}\boldsymbol{FK} + \beta_{12}\boldsymbol{S} + \beta_{13}\boldsymbol{L} + \beta_{14}\boldsymbol{I} + \beta_{15}\boldsymbol{A} + \beta_{16}RS \qquad (i)$$

$$\boldsymbol{S} = \beta_{21}NET + \beta_{22}\boldsymbol{L} + \beta_{23}\boldsymbol{I} + \beta_{24}\boldsymbol{A} + \beta_{25}\boldsymbol{FK} \qquad (ii)$$

$$\boldsymbol{L} = \beta_{31}NET + \beta_{32}\boldsymbol{S} + \beta_{33}\boldsymbol{I} + \beta_{34}\boldsymbol{A} + \beta_{35}\boldsymbol{FK} \qquad (iii)$$

$$\boldsymbol{I} = \beta_{41}NET + \beta_{42}\boldsymbol{S} + \beta_{43}\boldsymbol{L} + \beta_{44}\boldsymbol{A} + \beta_{45}\boldsymbol{FK} \qquad (iv)$$

$$\boldsymbol{A} = \beta_{51}NET + \beta_{52}\boldsymbol{S} + \beta_{53}\boldsymbol{L} + \beta_{54}\boldsymbol{I} + \beta_{55}\boldsymbol{FK} \qquad (v)$$

$$\boldsymbol{FK} = \beta_{61}\boldsymbol{FR} + \beta_{62}\boldsymbol{S} + \beta_{63}\boldsymbol{L} + \beta_{64}\boldsymbol{I} + \beta_{65}\boldsymbol{A} + \beta_{65}PFL \qquad (vi)$$

The study includes a broad array of control variables, drawing on existing empirical research, to enhance the reliability of its findings. Consistent with previous work by Lorentzen et al. (2008) and Tavares and Wacziarg (2001), the research uses the three-stage least squares (3SLS) method to estimate the system of equations. This method is particularly effective in models with simultaneous equations, where exogenous variables are incorporated. However, when endogenous variables are present and may be correlated with the disturbance term, the Seemingly Unrelated Regression Estimates (SURE) method would yield inconsistent results. To address this, the study combines the SURE method with the Two-Stage Least Squares (2SLS) approach, forming the 3SLS technique. This combination allows for more accurate parameter estimation by accounting for endogeneity and the potential correlation between endogenous variables and disturbances.

As detailed in Davidson and MacKinnon (1993) and Zellner and Theil (1962), the 3SLS approach treats all dependent variables in the system as endogenous, meaning they may be correlated with the disturbance term. Exogenous variables, which are not correlated with the error term, are used as instruments for the endogenous variables. The system is estimated in three stages: first, the endogenous variables are instrumented by regressing them on all exogenous variables, similar to the first stage of 2SLS. In the second stage, the covariance matrix of the equation disturbances is estimated using the residuals from 2SLS. In the third stage, a Generalized Least Squares (GLS) estimation is performed, improving the accuracy of parameter estimates by addressing the correlation of disturbances across equations. This methodology provides more robust estimates by controlling for endogeneity and offering more precise coefficient standard errors.

Channel variables	1 Effect of financial knowledge on the channels	2 Effect of the channels on financial resilience	3 Effect of financial knowledge on financial resilience
Savings	0.063	0.996***	0.063
	(0.107)	(0.269)	(0.107)
Loans	0.362***	0.104	0.038
	(0.065)	(0.166)	(0.059)
Investment	0.412***	0.610***	0.252***
	(0.133)	(0.144)	(0.090)
Insurance	-0.076	-0.331*	0.025
	(0.132)	(0.200)	(0.045)
Total indirect effect			0.377**
			(0.155)
N	1512	1512	1512

Notes: Standard errors in parentheses, p < 0.1:* p < 0.05:** p < 0.01:***. Exogenous variables are included and not shown in the table. Financial resilience index is the composite financial resilience index covering the following indicators: i) ability to save regularly: consistently setting aside money for future needs; ii) emergency preparedness: having sufficient funds to handle unexpected expenses; iii) debt management: effectively managing and paying off debts without stress; iv) investment planning: making strategic investments to grow money/assets; v) income diversification: having multiple sources of income to reduce financial risks; vi) budgeting and expense control: creating and adhering to a budget to control expenses; vii) access to loans/financing: being able to obtain loans/financing when needed without difficulty; viii) financial knowledge and education: understanding financial concepts and making informed decisions; ix) insurance protection: having appropriate insurance to safeguard against financial losses; x) ability to adapt to financial changes: quickly adjusting to changing financial conditions; xi) planning for long-term goals: setting and striving to achieve long-term financial objectives; xii) financial independence: becoming self-reliant without relying on financial assistance.

Savings is the index that captures the following questions: how do you view savings regularly in relation to your financial stability? (1= very negative; 5= very positive); how important do you believe it is to set aside your money for savings for your financial resilience strategy? (1 = not important; 5= extremely important); how frequently do you deposit money into your savings account? (1=regular or daily; 6=never); how confident are you in your ability to save money regularly? (1= very confident; 5= very unconfident)

Loan index refers to the following indicators: how do you view taking out loans in relation to your financial stability? (1= very negative; 5= very positive); how important do you believe taking a loan is for your financial resilience strategy? (1= not important; 5= extremely important); have you ever taken out a loan (formal or informal) to meet your financial needs?, how often do you prefer to borrow from informal sources (family, friends) rather than from formal financial institutions? (1= never, 5=always); how do you view taking investments in relation to your financial stability? (1= very negative; 5 =very positive); how important do you believe having investments is for your financial growth? (1= not important; 5=extremely important); how likely are you to consider setting aside money for investments as necessary budgeting? (1= very unlikely; 5=very likely); what type of investment product have? (select all that apply); i) stocks, ii) bonds, iii) mutual funds, iv) derivatives, v) equities, vi) indices, v) other products listed on IDX, vi) cryptocurrency, vii) P2P lending, viii) gold, ix) deposits, x) others.

Insurance is the index that covers the following questions: how do you view having insurance in relation to your financial stability? (1=very disruptive to stability; 4=greatly helps stability); how important do you believe having insurance is for your financial security? (1=not important ; 4=extremely important); how often do you think about the need for insurance in your life? (1=never; 4=always); how likely are you to consider insurance as a necessary expense? (1=highly unlikely; 4=highly likely); what type of insurance do you have? (select all that apply); i) BPJS health insurance, ii) private health insurance, iii). life insurance, iv) vehicle insurance (car, motorcycle), v) property insurance, vi) travel insurance, vii) education insurance, viii) others.
Financial knowledge index captures the following questions: how confident are you (1=not confident at all; 5=very confident) in your understanding of how interest rates work for savings accounts (e.g. how they are calculated and their impact on savings growth)?; on a scale of 1 to 5, (1=very low; 5=very high) how would you rate your overall financial literacy, including your understanding of savings and budgeting concepts?; how confident are you in your understanding of how interest rates work for loan accounts (e.g. how they are calculated and their impact on your total costs, tenure and your credit history? (1=not confident; 5=extremely confident); how well do you understand what credit history entails? (1= not at all; 5= very well); how well do you understand the concept of risk and return in investments? (1=not well; 5=extremely well).

Annex 3

Behavioral changes measurement

Behavioral area	Behavioral changes	Quantifiable indicators	Gender-specific insights
Impulsive consumptive buying	Prioritize saving over non-essential spending: • Set specific savings goals • Allocate funds for irregular expenses	Reduction in frequency of non-essential purchases over a specific time frame **Progress tracking:** • Percentage of savings goal achieved • Number of participants planning for irregular expenses per semester or annually	Women may prioritize family security, education, and entrepreneurial aspirations in their saving strategies • Men may focus more on investments and risk-taking behavior • Both genders align savings with personal goals
	Make informed and thoughtful purchasing decisions: • Resist advertising and social pressure • Prioritize essential needs over non-essential spending	Percentage of participants researching products or comparing prices before purchases: • Proportion using tools (e.g., apps or lists) to track or plan purchases • Frequency of planned vs. unplanned purchases	• Women may manage peer-driven spending pressures (e.g., appearance-related expenses) • Men may navigate social spending (e.g., entertainment, gadgets) • Both genders adapt spending habits for long-term planning
Budgeting practices	• Take proactive steps to stick to the budget • Track spending to manage the budget effectively	Percentage of participants preparing a budget regularly (e.g., monthly): • Proportion using budgeting tools or engaging in budget planning discussions • Comparison of actual expenses with budget and necessary adjustments	• Women may effectively budget for multifaceted responsibilities (e.g., family needs, personal and career goals • Men may budget for individual growth and investment opportunities

Behavioral area	Behavioral changes	Quantifiable indicators	Gender-specific insights
Loan management	Take loans when necessary after evaluating consequences: • Assess total credit costs and repayment ability before borrowing • Make informed borrowing decisions	Frequency and purpose of consumptive loans taken within a specific time frame: • Percentage of loans for essential needs vs. non-essential spending • Proportion of loan applications with calculated total costs • Frequency of late payments or loan defaults	• Women may borrow for essential needs, compare loan options, and assess borrowing risks • Tracking on-time repayment rates and understanding of overborrowing or predatory lending
Investment behavior	Understand risks of uninformed investments: • Align investments with personal goals and risk tolerance • Manage emotional responses in investing	Proportion of participants identifying common investment risks: • Frequency of portfolio reviews for alignment with personal goals • Frequency of using structured decision-making processes before adjusting investments	• Women may avoid uninformed decisions by using tools or attending workshops • Tracking preferences for low-risk or high-risk investments • Measuring frequency of impulsive or emotionally driven decisions across genders and coping strategies used

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