

## **Household Financial Literacy Among Oil Palm Farming Families: A Qualitative Descriptive Analysis**

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**Abstract:** This study examines household financial literacy among women in oil palm farming families, a sector known for its economic volatility due to fluctuating commodity prices and limited access to financial information. Using a qualitative descriptive approach, data were collected through in-depth interviews and direct observations with women responsible for managing household finances in oil palm smallholder environments. The data were analyzed through stages of reduction, presentation, and conclusion drawing. The findings reveal that household financial literacy among these women is generally adequate, particularly in understanding income sources, essential expenditures, and the importance of prioritizing needs over wants. Respondents demonstrated the ability to manage income through budgeting decisions and to handle debt responsibly by ensuring timely repayment. However, financial challenges remain, especially due to the absence of systematic financial recordkeeping and limited long-term budgeting practices. These limitations often lead to difficulties in managing household finances during periods of price fluctuation or reduced harvest yields. The study emphasizes the need for strengthened financial education programs to support better planning, recording, and resilience in agricultural household economies.

**Keywords:** *financial literacy, oil palm farming households, household finance*

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### **INTRODUCTION**

Literacy finance still becomes problems in various countries, including Indonesia. The low-level literacy finance can cause problem finance. Literacy level finance is very important for every individual. Because, if somebody have level literacy good finances (with good education), then he can manage his finances with good (Pohan) et al., 2021). In addition literacy finance also holds role important in influence management finance someone, the more lots knowledge finances owned someone, then the more effective management his finances (Novitasari, 2022).

Literacy finance is very important for understood by everyone individual especially mother house stairs that have vital role in family. Because mother house ladder as manager finance family. Ability somebody about literacy finance is very important because can help in

apply management finance in operate life every day. This is in line with opinion, (Trivaika & Senubekti, 2022) which states that manage finance personal is the reality that must be faced everyone in life every day, where somebody can succeed manage finance personal and budget house the stairs as well as balancing income and expenses For get what is needed in alive and not experience difficulty finance.

Five types of indicators used for measure literacy finance: knowledge base finance (basic personal finance), management finance (money management), mmanagement credit and debt management, savings and investment, and management risk management Nababan and Sadalia, (2013). Literacy finance closes the relation with individual ability or family for manage his finances with good and wise. Where is the understanding this involving understanding about draft base finance, management debt, compilation budget, management savings, investments, and management risk finance Yushita (2017). Problem finance no only caused by low income, but it can also be arise consequence error in management finances, such as choosing the wrong one credit, as well as lack of planning finance in life daily (Selvi, 2018). In other words, literacy finance is very important for someone to be able to avoid from various problem financial and wise in use credit, as well as planning and managing good finance for reach welfare.

Agricultural sector coconut palm oil is one of the main pillars the Indonesian economy, but farmer coconut palm oil often experience difficulties and challenges economy like change price coconut palm oil and limitations access information to product appropriate finances. This is potential cause the occurrence problem in management finance house ladder farmer palm oil. In the context of this, literacy finance becomes very important for help farmer coconut palm oil in plan finance and managing income they with good. Statement the in accordance with opinion (Sari et al ., 2023) who said that Literacy finance own very significant role in help farmer manage finance they. Farmers who have good understanding about literacy finance will be more capable in arrange finance, more realize importance save, and more wise in choose type profitable credit for business agriculture they.

Difficulty in manage finance also becomes issue serious for farmers. Many of they experience problem in arrange expenses and often get stuck in credit or debt due to no existence planning good finances. Uncertainty market price, yield harvest and costs life goes on increase add burden financial they. Farmers coconut palm oil in the area this face various challenges that affect welfare they, including lack of knowledge about literacy financial, difficulties in manage income and expenses, as well as the existence of debt that is not managed with good.

Rofiqoh et al., (2024) say that own ability manage finance (literacy finance) becomes key important for all individuals and families in life daily as well for planning for the future in the middle uncertainty economy. Literacy finance no just skill special but is need the main thing is important for somebody for arrange finance they. In other words, knowledge literacy finances greatly affect mother house ladder in manage finance, ability manage finance with good is also important for individual and also family in the plan his finances in the future front. Research the important done for to study more continue and focus on mother House stairs that have vital role in organize and manage finance family, especially mother house ladder farmer coconut palm oil that is still often experience difficulty in manage his finances when price coconut palm oil currently down or when moment harvest fruit coconut palm oil a little, though should income they enough for overcome problem existing finances. Based on background behind that is shown, then study this aiming for knowing Household Financial Literacy Among Oil Palm Farming Families: A Qualitative Descriptive Analysis.

## **METHOD**

This research is a descriptive study with a qualitative approach. (Syafrida Hafni Sahir, 2022) to put forward that study qualitative is methods involving research processes based on introduction a phenomenon through data-generating approach analysis descriptive in the form of verbal text from subject research. This research was conducted in Tepian Makmur Village, East Kutai Regency. The informants in this study were 10 housewives who were oil palm farmers in Tepian Makmur Village, East Kutai Regency. This study used a non-probability sampling method with a purposive sampling technique. Data collection techniques used observation and interviews. The data analysis techniques used in this study include three flows, namely: data reduction, data presentation and drawing conclusions or verification.

## **RESULTS AND DISCUSSION**

### **1. Financial Literacy of Oil Palm Farmer Households**

Housewives of oil palm farmers have an important role in managing family finances, Yurisinthae & Kurniati, (2024) said that good financial literacy helps farmers in managing their finances, understanding income and expenses is very important in managing the finances of farming families. This is in line with the findings obtained in this study, that housewives of oil palm farmers know that the source of income received each month does not include pure income because there are costs that must be incurred for household needs and agricultural businesses. Research by Lusardi and Michel (2014) also emphasized that financial literacy plays an important role in making wise decisions and has an impact on family welfare.

Housewives who are oil palm farmers have a fairly good understanding of finance. This can be seen from the income from the harvest which is not only used to meet household and garden needs, but also allocated for savings and investment. Housewives who are oil palm farmers can recognize and utilize formal financial instruments that support effective and sustainable family financial management. This knowledge is an important basis for housewives who are farmers in making rational financial decisions, such as saving at BRI Bank, Bank Kaltimara, and cooperatives, as well as investing in gold, land, vehicles, and houses. This is in line with Soetiono & Setyawan, (in Suciyantina, 2024) who stated that financial knowledge includes a person's understanding of formal financial institutions, financial products and services, and service channels such as ATMs.

Housewives of oil palm farmers in Tepian Makmur Village, East Kutai Regency have knowledge of the importance of having savings and investments for the future, where housewives of farmers realize that the savings and investments they have can be used for urgent needs or for children's education needs and their future. This is in line with the results of research by Nurlali et al., (2015) that family income is allocated for several things, such as food and non-food expenses, and using part of the income for savings.

Housewives who are oil palm farmers also have knowledge about credit, where housewives consider before taking credit, housewives who are farmers adjust their income and ability to take credit, in addition, housewives also choose to take credit loans that facilitate the payment process. This is also in line with Ernitawati et al., (2023) an individual with good financial literacy will be wise in making decisions and managing the funds they have for future welfare.

## 2. Financial Planning for Oil Palm Farmer Households

Good financial management can be done by managing family income and expenses, so that they are more organized and focused Khasanah et al., (2023). This is in line with the findings obtained in this study, that housewives carry out simple financial planning to manage their expenses to be more organized and focused, but housewives who are oil palm farmers do not carry out written financial planning. Housewives plan by fulfilling needs that are considered important such as household needs, children's needs, credit installments and garden needs such as fertilizer. Unkriswina et al., (2021) said that basic financial knowledge is the basis for families in managing their income and expenses. The income received by housewives from the oil palm harvest must be managed properly in order to meet their daily needs and garden needs, so housewives need to do financial planning to manage their finances.

Housewives who are oil palm farmers are able to save and invest, housewives who are oil palm farmers set aside some of their income from the oil palm harvest to be saved and invested. The savings and investment activities carried out by these housewives are adjusted to their financial goals. Housewives who are oil palm farmers tend to choose to save in banks and piggy banks and invest by buying land and gold because they feel safe, easier and the price tends to increase, besides that housewives who are oil palm farmers also have vehicles and houses. Indania et al., (2024) said that good financial management allows housewives to plan a better future for their families, by prioritizing activities to save funds for savings, controlling funds and investing. Housewives who are farmers set aside some of their income from the harvest to be saved with varying amounts ranging from 5% -25% of the amount of income set aside is adjusted to the income that housewives receive from the harvest and the monthly needs of housewives who are oil palm farmers, when the income from the oil palm harvest is small, the housewives adjust the amount of money set aside to be saved also a little and vice versa. Bunyamin et al., (2023) Housewives can set aside at least 25-30% for savings and investment.

Housewives who are oil palm farmers do financial planning even though it is not written down, housewives learn from experience, namely determining planning by prioritizing needs that are considered important such as basic needs, children's education needs, credit installments and garden needs so that their financial management is more focused. Housewives are able to set a priority scale between primary needs and desires. Housewives are also able to set aside part of their income to be saved and invested for the future.

## 3. Household Financial Management of Oil Palm Farmers

The income received by housewives who are oil palm farmers from the harvest must be managed properly so that housewives who are oil palm farmers can meet their daily needs in their households and agricultural businesses, such as purchasing fertilizers for agricultural businesses and basic needs, children's education needs, installment payments and savings. One way that housewives who are oil palm farmers can manage their finances well by using finances according to their needs is by setting a priority scale. Mujahidin et al., (2024) said that individuals with good financial literacy can manage spending efficiently by prioritizing basic needs such as bills, education, and daily living needs, and allocating part of their income for savings and investment. This is in line with research findings that housewives determine the priority scale. Housewives who are oil palm farmers are able to determine the needs that must be prioritized first, then their desires. The main needs of housewives who are oil palm farmers are basic needs, children's education costs, credit installments, savings and garden needs.

Housewives of oil palm farmers do not separate financial management for household needs and their garden needs. Housewives feel bothered to manage existing needs because the income they receive from the harvest is also unstable so that housewives manage household finances and garden needs together by utilizing the existing monthly shopping money. This is in line with the research of Ginting et al., (2014) that farmer financial management is still simple, farmers manage household and garden finances together.

Recording family income and expenses is necessary in managing family finances because it can help housewives to know the amount of income received and expenses incurred in the household. Meidhiyana et al., (2022) said that financial management is also carried out by recording income and expenses, but in reality not all housewives record finances. This is in line with research findings in the field that housewives who are oil palm farmers do not record income and expenses just because they feel lazy and complicated. In fact, by recording finances, housewives can find out their income and expenses every month. This recording can control their expenses and find out what funds are allocated for what expenses and can be an evaluation for the future. Recording expenses will help in understanding the condition of the money you have and understanding the purpose for which money is used. Recording expenses also helps control the expenses of the Firdaus and Sunarti families (In Meidhiyana et al., 2022).

Perry and Morris (in Yushita, 2017) good financial management can be measured by a person's ability to spend money according to needs, housewives who are oil palm farmers take out credit loans from banks and brokers because they feel it is easier to pay. Devi et al., (2021) stated that someone who has good financial management will be responsible for using the money they have better, such as saving money, controlling expenses, saving, investing, making financial budgets and paying bills on time. This is in line with the findings of the study that the credit management of oil palm farmer housewives sets aside income from the oil palm harvest to pay off credit so that it is not late when the money set aside by the farmer housewives immediately pays off the credit before the due date, besides that before taking out credit, oil palm farmer housewives also consider their ability to pay off credit so that they are not late.

Housewives who are oil palm farmers are also able to manage risks, such as facing urgent needs and declining quality of harvests. Elsa & Dasilah, (2024) said that individuals who have good financial literacy can manage financial risks, including unexpected risks such as urgent needs, illness, and accidents. With good financial literacy, a person is better able to plan finances and make decisions that minimize these risks. This is in line with the findings obtained in the study that housewives who are oil palm farmers know the risks in their agricultural business. In addition, housewives who are oil palm farmers also know how to anticipate and overcome these risks, such as when the quality of the produce decreases, farmers fertilize and cut oil palm fronds. The gold owned by housewives who are oil palm farmers can avoid financial problems, especially debt. If a housewife experiences financial problems when faced with a condition of running out of money and having no savings. Housewives use the gold they have to pawn or sell it. Someone with good financial literacy is able to overcome financial problems Choerudin et al., (2023).

Financial management of housewives in Tepian Makmur Village, East Kutai Regency is quite well planned, housewives manage income from oil palm harvests to meet daily needs and the needs of their agricultural business. Financial management carried out by oil palm farmer housewives is to determine the priority scale by prioritizing needs over wants, However, household and plantation financial management is still managed together, credit management of housewives sets aside income from the harvest to pay credit so as not to be late, sets aside

income for savings and investment, farmer housewives save income from their harvests in banks and piggy banks besides that the types of investments owned by farmer housewives are also in the form of land and gold, farmer housewives can also anticipate possible risks by utilizing existing investments. Housewives also have BPJS health insurance.

## CONCLUSION

Based on the results of this study, it can be concluded that the financial literacy of oil palm farmer housewives in Tepian Makmur Village is relatively good. This is reflected in their understanding of household income and expenditure, their ability to prioritize essential needs, and their awareness of the importance of saving and investing. They also demonstrate responsible debt management by allocating part of their income to ensure timely repayment.

In addition, the housewives show the capability to manage financial risks by preparing savings and investments that can be utilized during urgent situations or when harvest income declines. Although their financial planning is not formally documented, their practical financial behavior supports sustainable household and farming financial management. Strengthening written financial planning and consistent financial recording would further enhance their financial well-being.

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