THE IMPORTANCE OF PERSONAL FINANCIAL MANAGEMENT FOR INDONESIAN MIGRANT WORKERS

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ABSTRACT Personal finance is a branch of financial science that is all the processes for planning and organising, such as earning income, spending it, saving it, investing it and protecting it. In addition to financial management, basic financial knowledge and knowledge that can be considered as contributing to society is also needed in order to adequately prepare for future financial needs. The key to keeping personal finance management on track is to understand the principles of financial management itself, namely prioritisation, savings and control. A total of 113 migrant workers in Malaysia received capacity building to increase awareness of the importance of personal financial management. evaluation showed that only 40% of participants had comprehensive knowledge of personal financial management, the post-programme evaluation of participants showed an increase of almost 55% awareness, and there was a significant improvement.

Keywords: *Personal Finance, Financial Knowledge, Migrant Workers*

1. INTRODUCTION

Managing finances is a big challenge for migrant workers. However, the provisions of the financial framework must of course be adapted to the current situation. Making the wrong decisions can have a negative impact on your personal finances. Increasing lifestyle needs are one of the reasons why it is important to manage household finances so as not to fall into debt (Purwanto et al., 2023). Good financial management plays a very important role in achieving the goals that everyone wants.

There are several important points for good financial management. In order to manage their finances well, everyone must manage their finances, including the flow of money in and out (Margaretha, 2018). These are recording monthly income/revenue, recording expense items, spending according to needs not wants, paying bills and debts on time, and saving and investing. Under these circumstances, many people tend to eliminate their shopping desires and focus on fulfilling their basic needs. Based on this, it proves that financial management is important so that you can record all your money income and expenses.

Personal finance is a branch of financial science that is all the processes for planning and organising, such as earning income, spending it, saving it, investing it and protecting it. .In addition to financial management, basic financial knowledge and knowledge that can be considered as contributing to society is also needed in order to adequately prepare for future financial needs. Of course, the topic of financial management, especially personal financial management, cannot be separated from lifestyle management. Like the example of labourers and farmers earlier, the lifestyles of urban workers and farmers in rural areas are certainly different. Apart from the cost of living which tends to be higher in urban areas, the needs of labourers and farmers may not be the same. Indeed, farmers do not need to buy formal clothes for work, nor do they need complete equipment such as laptops or smart phones. But this is not the only reason why workers have much less wealth than farmers.

There are many cases where people have high income but have a lot of consumptive debt. With more income, employees should be able to optimise their income. For this reason, it is important for every individual to understand how to manage their finances especially migrant workers. It is necessary to also explicitly explain the form of participation and interaction with the communities in the community engagement program.

2. METHOD

The key to keeping personal finance management on track is to understand the principles of financial management itself, namely prioritisation, savings and control. Prioritisation relates to the ability to understand financial conditions, know what sources of income are, be able to distinguish between needs and wants and stay focused on financial goals and plans. The priority expenditures include alms or social funds, savings, debt instalments and household needs (Handriyani et al, 2023).

Ambitious people always have a list of ideas about other ways to achieve great success, such as having a side business or investment ideas. Managing personal finances, just like running a business, should also assess the potential costs and benefits of each new venture (Handriyani et al, 2023). For example, consider preparing for retirement early by considering the target fund achievement, the time period needed until the target fund is reached, the rate of return per year, the investment risk and even a mathematical comparison if we delay the preparation of the retirement fund (Hariyani, et al., 2022).

Self-control is the most important instrument in personal finance. Applying the principle of self-control in personal finance means using money wisely so that expenses are not greater than income. The key is to minimise consumptive spending (Hariyani, et al., 2022).

3. RESULT AND DISCUSSION

Community empowerment activities involving Indonesian migrant workers in Malaysia received great participation. A total of 113 migrant workers in Malaysia received capacity building to increase awareness of the importance of personal financial management. Although most of the beneficiaries were Indonesian migrant workers (PMI), 7 of them were foreign nationals who attended and were active until the event was over.

Through a series of pre- and post-programme evaluations, the initiative significantly increased privacy awareness. While the baseline evaluation showed that only 40% of participants had comprehensive knowledge of personal financial management, the post-programme evaluation of participants showed an increase of almost 55% awareness, and there was a significant improvement. Many migrant workers do not have a university degree, so the literacy about management that is understood so far is still a traditional pattern according to previous habits. Prioritisation of needs often prioritises wants rather than needs. Therefore, this knowledge of how to manage personal finances makes migrant workers aware of the importance of prioritising the needs of themselves and their families.

4. CONCLUSION

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