

STRENGTHENING FINANCIAL LITERACY FOR INDONESIAN MIGRANT WORKERS IN MALAYSIA: "A STRATEGY TOWARDS FINANCIAL INDEPENDENCE"

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ABSTRACT

Malaysia was the most frequently chosen country by Indonesian Migrant Workers (IMW) in 2024. Education on the importance of financial management for IMW is crucial. This is because the majority of IMW lack adequate knowledge of financial management. Observations through various media sources concluded that many IMW still lack adequate knowledge and understanding of financial literacy. This education is delivered through training aimed at teaching IMW the importance of financial planning. The materials provided include budgeting, saving, using digital financial applications and online banking services to facilitate transactions and money transfers, and investing, which are essential for effective personal financial management. Management Science University (MSU) Malaysia is a popular destination for Indonesians seeking further education and employment in the formal sector. According to MSU, approximately 200 Indonesian students are currently studying at MSU, with approximately 25 formal migrant workers employed on campus as lecturers and staff and informal workers around Shah Alam. This community service activity is an international collaboration between the Management Science University (MSU) Malaysia Lecturers and the Universitas Muhammadiyah Metro Lecturers. The community service activity takes the form of financial planning training, which is expected to equip Indonesian migrant workers (IMW) working around the MSU campus in Shah Alam with the knowledge necessary for proper financial management. Providing training and reinforcement regarding financial management and digital banking services will be effective in improving the financial literacy of formal and informal IMW working at MSU Malaysia campus and its surroundings. The implementation method for this training consists of four stages: planning, preparation, implementation, and evaluation. The short-term goal of this program is to successfully implement this community service activity, which is expected to serve as an alternative activity to strengthen the literacy of Indonesian migrant workers still working in Malaysia

Keywords: Training, Financial Literacy, Investment, Indonesian Migrant Workers

INTRODUCTION

Indonesian Migrant Workers (IMW) represents a government effort or program aimed at utilizing available international employment opportunities to reduce unemployment and poverty in Indonesia (Fikriansyah & Julia, 2023). The placement of Indonesian workers abroad is an effort to realize equal rights and opportunities for workers to obtain decent work and income, conducted with constant regard for dignity, human rights, legal protection, and equal distribution of employment opportunities in accordance with national law. Such conditions encourage communities to engage in International Migration (Sulistyo et al., 2023). This

international migration is driven by economic disparities between countries, low wage levels, difficulty in obtaining adequate employment in developing nations, and the presence of job opportunities with high wages in destination countries. Other factors influencing overseas migration include individual characteristics such as age, education level, and type of work. Data shows that the number of Indonesian Migrant Workers (IMW) in Malaysia is significant. According to the Malaysian Department of Labour, in 2021, more than 300,000 IMW were recorded working in various sectors in Malaysia. They are a vital part of the workforce in that country and play a significant role in economic contributions. Furthermore, data regarding IMW in Malaysia indicates the presence of a large and significant community in the labor sector. According to official reports from the Indonesian Ministry of Foreign Affairs, nearly 2 million IMWs were in Malaysia in 2021 (Ministry of Foreign Affairs, 2021). They are involved in various sectors such as construction, agriculture, domestic service, manufacturing, and trade. This provides a significant contribution to Malaysia's economic growth and strengthens bilateral relations between Indonesia and Malaysia.

IMWs in Malaysia face harsh and complex working conditions. Many of them work far from their families and lack adequate social support. They often experience psychological pressure and social isolation, which affects their overall well-being. Additionally, they face risks of exploitation, job insecurity, and limited access to healthcare and legal protection. The education level of IMW in Malaysia varies. While some have secondary education, others have only primary education or even no formal education at all. This low level of education can hinder them from obtaining better jobs and increasing social mobility. Furthermore, limited access to training programs and financial education also affects their financial literacy. IMW also face challenges related to finance and remittances. Many send a large portion of their income to families in Indonesia as remittances, contributing to the family economy and national development. However, obstacles such as high transfer costs, exchange rate fluctuations, and a lack of knowledge on how to manage remittances effectively can limit the optimal economic benefits of those remittances. Moreover, the level of financial literacy among IMW remains a concern. A study conducted by the Demographic and Health Survey Institute (LSDK) shows that approximately 60% of IMW in Malaysia have low financial literacy. This can lead to difficulties in managing personal finances, understanding financial products, and making smart financial planning decisions. This lack of understanding can negatively impact their financial

stability, leading to difficulties in saving, managing expenses, and protecting themselves from unexpected financial risks.

To address these issues, it is essential to design community service programs that are well-targeted and provide solutions tailored to the needs of IMW in Malaysia. This is done to increase financial literacy and provide access to relevant information in managing their finances better, protecting their rights, and improving overall welfare. Through this community service activity, we hope to contribute to increasing financial literacy among IMW in Malaysia. By enhancing their knowledge and understanding of financial literacy and available financial services, IMW can take wiser steps in managing their finances, increasing financial stability, and achieving better financial well-being.

In general, financial literacy is a set of information and skills that enable the public to navigate financial institutions and products within index measurement parameters. Financial literacy is an understanding of finance aimed at achieving beneficial welfare in daily life (Mulyati & Hati, 2021; Nury & Prajawati, 2022). Financial literacy is a series of processes or activities to increase the knowledge, confidence, and skills of consumers and the community to manage finances better, affecting how individuals save, borrow, invest, and manage their funds (Sekararum et al., 2020). This series of activities functions to increase insight or understanding and self-confidence, thereby enabling effective financial management (Buchdadi et al., 2022; Sudrajat & Setiyawan, 2022). Financial literacy is an understanding of basic financial concepts and managing owned funds so that they grow and improve future welfare. Financial literacy is something that every individual, both adults and millennials, needs to understand for a better life (Salim & A'yun, 2022). Financial literacy is a key factor contributing positively to retirement planning, with empirical evidence documented in many developed countries such as the Netherlands, the United States, Germany, and Canada (Napitupulu et al., 2021; Niu et al., 2020). It has been documented worldwide that financial literacy influences people's financial decisions in many aspects such as wealth management, stock ownership, and insurance demand (Sekararum et al., 2020; Shimanuki, 2021).

Findings from previous research state that individuals with financial literacy knowledge minimize financial decision-making errors caused by human error, thus providing added value for the individuals themselves (Erryandaru, 2018). Financial literacy has a positive impact on the tendency of individual households to plan for retirement (Niu et al., 2020). Financial literacy shapes quality rather than quantity, making individuals more financially literate (Kim

et al., 2021; Niu et al., 2020). Financial literacy aims to minimize errors in financial management so that the wages earned can improve the personal welfare of migrants in the future. Improving financial literacy can be achieved through economic/management training (Niu et al., 2020). The sustainability and urgency of this activity are driven by several important factors. First, financial problems and uncertainty among migrant workers are significant issues. By increasing their financial literacy, migrant workers can reduce the risk of losing income, build financial security, and prepare for a more stable financial future. Second, this activity responds to the tangible needs of Indonesian migrant workers in Malaysia. Data shows that they face challenges in managing finances and obtaining relevant information. Therefore, this activity provides practical and in-depth solutions relevant to their needs, providing an understanding of good financial principles and introducing them to financial products suited to their circumstances. Finally, this activity also supports sustainable development goals in the context of economic and social empowerment. By increasing the financial literacy of migrant workers, they can become more independent in managing their own finances, increase access to beneficial financial products, and contribute to economic growth and social development, both in Malaysia and Indonesia. The objective of this research is to analyze the increase in literacy and access to financial information for Indonesian Migrant Workers (IMW) in Malaysia. With a better understanding of savings products, investments, and other financial aspects, IMW will be able to make smarter financial decisions aligned with their long-term goals.

METHODOLOGY

The methodology applied in this service activity was implemented in several stages. These stages are outlined and explained broadly as presented in Figure 1.

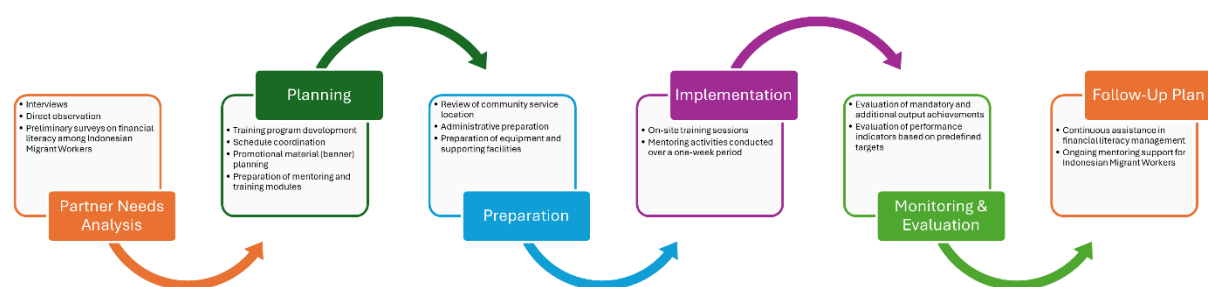


Figure 1. Activity Implementation Methodology

The International Cooperation Community Service program shown in Figure 1 was carried out on 15 December 2025. This program was implemented through stages of partner needs analysis, identification through interviews, observations, and initial surveys related to financial literacy among Indonesian Migrant Workers (IMW) in Shah Alam, Malaysia. The survey used to measure literacy levels in this study involved a pre-test and a post-test. The pre-test was used to measure the level of financial literacy knowledge of IMW in Shah Alam, Malaysia, before the financial literacy training. The post-test was used to measure financial literacy knowledge after the training. Indicators from the Australian Securities and Investments Commission were used to measure the level of financial literacy in the research (Soraya & Lutfiati, 2020; Suryanto & Rasmini, 2018). The measurement of financial literacy knowledge in the pre-test and post-test is presented in Table 1.

Table 2. Implementation of Training and Mentoring Activities

No.	Activities
1	Training on the importance of family financial planning
2	Creating monthly income lists and routine expenditure lists
3	Financial health evaluation (wallet check)
4	Success keys for family financial planning
5	Importance of savings in family financial management
6	Savings products suitable for Indonesian migrant workers in Malaysia
7	How to access savings products online
8	Introduction to gold investment, types, and how to invest in gold

Table 3. Stages and Targets of Community Service Activities

No.	Activity	Achievement
1	Training on the importance of family financial planning from an Islamic perspective	PMIs can understand the importance of financial planning from an Islamic perspective.
2	Creating monthly income lists and routine expenditure lists	PMIs can control and stabilize family finances and prepare for emergencies and retirement plans.

No.	Activity	Achievement
3	Financial health evaluation	PMIs can manage financial planning better, reducing financial risks.
4	Emphasis on financial planning success keys	IMW build a more stable and prosperous financial future.
5	Importance of savings in family financial management	IMW possess awareness of the importance of savings, strengthening saving habits.
6	Savings products suitable for Indonesian migrant workers in Malaysia	IMW can utilize savings services that meet their needs and optimize financial management.
7	How to access savings products online	IMW can utilize savings services that meet their needs and optimize financial management.
8	Introduction to gold investment, types, and how to invest in gold	IMW can gain confidence in long-term investing.

Third, monitoring and evaluation. Monitoring involves supervision and control of the IMWs' progress in the program. Evaluation covers assessment of abilities and skills in understanding financial management. It also includes evaluating the achievement of mandatory and additional outputs, as well as predetermined performance targets. A follow-up plan was also established, with the team providing mentoring during the program to monitor and evaluate implementation and future steps.

RESULTS, DISCUSSION, AND IMPACT

This International Cooperation community service activity is a financial literacy improvement training program for Indonesian Migrant Workers (IMW) in Shah Alam Malaysia. In this activity, 6 UM Metro' lecturers and 3 students collaborated on the financial literacy training. The activity was conducted on Monday, 15 December 2025. It was attended offline by 25 Indonesian migrant workers in Malaysia at MSU Campus, in collaboration with Management Science University (MSU) Lecturers and Students, from 8 AM to 5 PM. The activity used presentation, demonstration, and discussion methods. The participants came from all across Shah Alam, Malaysia. The Vice Dean of FBMP-MSU was also present to provide motivation to all IMW on managing their finances better.



Figure 2. In collaboration International Community Service Program between UM Metro Lecturers and Management Science University (MSU) Malaysia Lecturers & Students

The training began with an opening and remarks by the The Vice Dean of FBMP-MSU and the head of the community service team. The core activity was divided into 4 parts. The first part was filling out a pre-questionnaire regarding family financial management. The second part was the presentation of material on the importance of family financial planning, creating income and expenditure lists, evaluating financial health, and emphasizing success keys. The presentation activities can be seen in Figure 3.



Figure 3. Presentation on the Importance of Family Financial Planning

The third part was a discussion session where the speaker demonstrated how to manage family finances. The fourth part was filling out a post-questionnaire to determine the level of improvement in financial literacy. The results of the financial literacy training for family financial management among the 25 respondents regarding financial attitude are presented in Table 4.

Table 4. Financial Attitude of PMIs in Shah Alam, Malaysia

Statement Item	Financial Attitude (25 IMW Responses)
Family financial planning is very important for us migrant workers in Malaysia to achieve financial stability	89% Strongly Agree; 11% Agree; 0% Disagree & 0% Strongly Disagree
Feel a responsibility to plan expenditures and send remittances regularly to family	79% Strongly Agree; 17% Agree; 3% Disagree; 1% Strongly Disagree
Tend to use safe and trusted financial methods or services when sending money to family	84% Strongly Agree; 12% Agree; 4% Disagree; 0% Strongly Disagree
Strive to prioritize expenditures for primary family needs, such as food, education, and healthcare	93% Strongly Agree; 6% Agree; 1% Disagree; 0% Strongly Disagree
Need to have sufficient emergency funds to face emergencies or unexpected events for the family	91% Strongly Agree; 8% Agree; 1% Disagree; 0% Strongly Disagree
Feel it is important to have a long-term investment plan to achieve future financial goals for the family	90% Strongly Agree; 10% Agree; 0% Disagree; 0% Strongly Disagree

The service results indicate that the financial literacy training had a positive impact. Financial literacy helps migrant workers manage income, remittances, and wise decision-making (Hanum et al., 2023; Rochendi et al., 2022). It improves knowledge, attitude, and behavior for long-term well-being (Kamil et al., 2023; Khoirunnisa & Rochmawati, 2021). To achieve broader impact, future recommendations include increasing program accessibility and sustainability, alongside cooperation with authorities and financial institutions for migrant-specific services. Literacy influences remittance behavior, helping workers manage transfers more effectively (Julia Bersch et al., 2021). It also positively affects saving and investment behaviors (Nabila & Dewi, 2023).

Low literacy is linked to over-indebtedness (Lusardi & Tufano, 2015). Thus, training must focus on debt management. Literacy significantly influences financial behavior (Brahmana &

Brahmana, 2016) and management behavior of IMWs in Malaysia (Zuhara & Zahara, 2023). This program helps IMWs manage personal and family finances better and encourages access to investment products. It also strengthens bilateral ties through economic empowerment.

CONCLUSION

Considering the large number of migrant workers working around at MSU campus and in the informal sector around it, we, as the UM Metro Community Service team, collaborated with the MSU Malaysia Lecturers and students to conduct International Community Service for Migrant Workers at MSU campus and informal workers around the MSU campus. We encourage that these migrant workers will be able to manage the finances they obtained while working in Malaysia so that they will be useful when they return to their hometowns. This service aims to provide an understanding of financial literacy which can later become a reference for migrant workers in managing their finances.

The results show a significant increase in financial literacy among IMWs in Malaysia. Participants realized their responsibilities regarding remittances, safe services, and avoiding unnecessary debt. Recommendations for follow-up include periodic training on deeper topics like investment management and retirement planning. Collaboration with financial and educational institutions is needed to develop specific programs, including Sharia finance. Involvement of stakeholders like the Ministry of Foreign Affairs and NGOs is crucial for better access to secure products and consultation services.

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