

# Enhancing Student Financial Literacy Through Collaborative Value Creation in West Java

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## Abstract

Financial literacy education is essential for students as it provides a strong foundation for managing their finances in the future. This study aims to evaluate the effectiveness of creating a value process in increasing students' financial literacy and determine what components need to be optimized in OJK of West Java Province's collaboration program and their partners based on the Collaborative Value Creation (CVC) Framework. The research method used is descriptive qualitative with data collection techniques through semi-structured interviews and documentation. The collaboration by OJK of West Java Province has been effective but can be optimized to achieve transformational collaboration, which has the most significant impact on partners and the wider community. Among the five components that need to be improved are collaborative value-creation processes and the need to measure the impact of collaborative programs or activities on participants who receive financial education.

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## 1. Introduction

Communities with a high level of financial literacy, good financial inclusion, and high public awareness of financial literacy tend to have a better quality of life (Kiaei et al., 2022; Sabri et al., 2022). People can make intelligent financial decisions, manage risks better, and utilize financial services to achieve their goals. These actions can reduce financial stress, increase individual and family financial stability, and open up opportunities for sustainable economic growth. High financial literacy and inclusion strengthen financial security and provide a solid foundation for economic progress and prosperity (Istan, 2023; Khan et al., 2022).

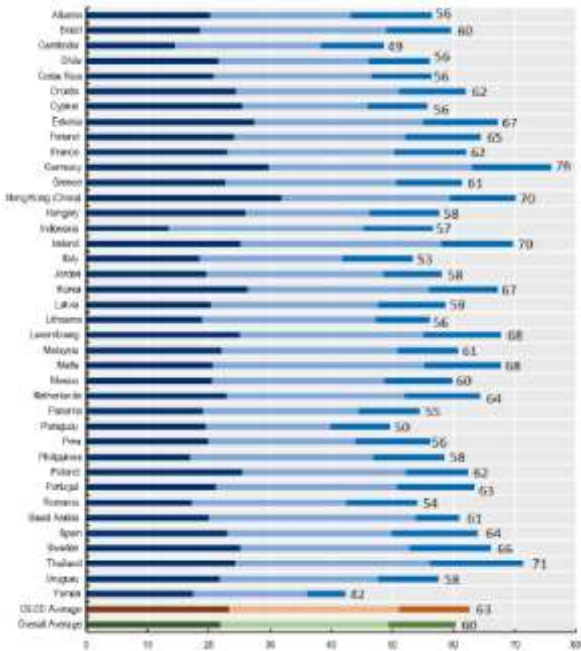
Value co-creation is essential in increasing public financial literacy by strengthening individuals' active involvement in designing, developing, and delivering relevant and effective financial education programs (Pham et al., 2022). Co-creation plays a central role as a process in which the community is actively involved in creating value together with service providers, so interaction is necessary (Bao et al., 2023). Through community interaction, it will be easy to understand social dynamics, influence norms, values, and cultural processes that shape collective identity and influence individual behavior in a community.

High financial literacy positively correlates with increased financial inclusion in society (Abrari, 2023). While others recognized that individuals who understand financial concepts better tend to be more confident using financial services (Baeckström et al., 2021; Respati et al., 2023; Yeh & Ling, 2022). Understanding financial concepts drives the growth of financial inclusion by expanding individuals' access to relevant financial products and services. Conversely, low financial literacy can hinder financial inclusion because individuals are less able or motivated to use available financial services. Therefore, increasing financial literacy through education and

training can be an effective strategy for improving financial inclusion and strengthening the financial stability of society as a whole.

The Financial Services Authority (OJK) has the task of increasing the financial literacy of the Indonesian people through various programs and policies. OJK actively increases public understanding of financial concepts, investment, and risk management through education and outreach initiatives. Apart from that, OJK also supervises the financial industry to ensure transparency and integrity, protect consumers, and encourage innovation in inclusive financial products. OJK also collaborates with many parties, such as financial institutions, government, educational institutions, and civil society organizations, to strengthen public financial literacy.

Compared with other countries, based on data from the OECD/INFE 2023 International Survey of Adult Financial Literacy, Indonesia is not yet in the top 10 countries with high levels of financial literacy (OECD, 2023). Indonesia has a financial literacy index of 57, as shown in figure 1.



**Figure 1.** Overall Financial Literacy by Country  
Source: OECD (2023)

Meanwhile, the financial inclusion index by country, data from The Global Financial Index for 2021, shows that Cambodia has the lowest financial inclusion index, namely 33.39%, and Laos 37.32%. The highest financial inclusion index is owned by Malaysia, Singapore, and Thailand, namely 88.37%, 97.55%, and 95.58%. Indonesia's financial inclusion index reached 51.76%. OJK data shows Indonesia's financial inclusion index is 85.10% (OJK, 2022), meaning a significant increase. The data above shows that the financial inclusion index is high. However, financial literacy is low, indicating that many people have access to financial services but need help understanding how to use these services effectively. This can lead to risks of inappropriate use, such as excessive debt or inappropriate investments, and a lack of ability to plan and achieve long-term financial goals. Thus, increasing financial literacy and inclusion is essential to ensure individuals have the knowledge and skills to manage their finances well.

OJK aims to achieve a financial literacy rate of 65% and financial inclusion of 93% by 2027. Increasing national financial literacy is a strategic goal aimed at ensuring people possess the knowledge and skills necessary to make informed financial decisions, thereby supporting financial inclusion. Therefore, it is imperative to identify and evaluate collaboration methods to meet national financial literacy targets and expand financial inclusion. According to the 2022 OJK national survey, higher education correlates with higher levels of financial literacy and inclusion. For instance, individuals with tertiary education exhibit a financial literacy level of 62.42% and a financial inclusion level of 96.51%. However, given the increasing complexity and technological

advancement of financial products, even university-educated individuals require ongoing financial education. Based on OJK data, the outstanding value of online loans in Indonesia is projected to exceed IDR 50 trillion by 2023. The largest demographic receiving online loans falls within the 19-34 age group, which includes students. This age group accounts for an accumulated online loan debt of IDR 27.1 trillion, equivalent to 54.06% of the total national online loan debt. (Muhamad, 2023).

Financial literacy education is essential for students because it provides a strong foundation for managing their finances in the future. College students often face financial challenges such as student loans, credit cards, and complex plans. With a good understanding of managing money, investments, and risk management, students can make smart financial decisions and avoid costly financial traps. Financial literacy is crucial given the increasing complexity of financial products and the potential for irrational behavior that can distort financial markets. For university students, financial literacy is particularly important as it enables them to manage their finances more effectively and enhances their overall financial well-being.

OJK has carried out various financial education activities, including targeting student groups. This research will evaluate the value creation process generated through OJK's collaboration with tertiary-level educational institutions. In evaluating the process of creating value through collaboration, researchers will refer to the Collaborative Value Creation (CVC) (Austin & Seitanidi, 2014). By following this framework, the aim is to evaluate the effectiveness of the process of creating value in increasing students' financial literacy and find out what components need to be optimized in the process of collaborative value creation.

Understanding the role of financial literacy in empowering individuals to make informed financial decisions is critical, especially in today's complex financial landscape. The Financial Services Authority (OJK) of West Java Province has initiated various collaborative efforts to enhance financial literacy among different segments of the population. One significant target group for these initiatives is university students and academics, who represent the future leaders and professionals in society. Given the importance of this demographic, it is essential to explore how these collaborative efforts are structured and their effectiveness in achieving the desired outcomes. Based on the background above, the important questions in this research can be formulated as follows : How does the collaborative value creation process undertaken by the OJK effectively promote financial literacy among the public, particularly university students and academics?

## 2. Methods

The research method used was descriptive qualitative, and it was carried out on one object, the Financial Services Authority (OJK) of West Java Province. Data collection techniques in this research were semi-structured interviews and documentation studies. The interviews intend to explore the stakeholders' successes, best practices, and experiences in developing and implementing collaboration. Discussion topics are based on the components of the CVC framework. The CVC framework discusses five components: the Value Creation Spectrum, Collaborative Value Mindset, Collaboration Stages, Collaborative Value Creation Process Value Creation Processes) and Collaboration Outcomes (Austin & Seitanidi, 2016).

Interviews were conducted with divisions (work units) with the primary duties and functions of providing literacy education to the public, namely the OJK Public Relations Division and the West Java Province Representative Office. In addition, seven students with criteria who had received financial literacy education from OJK and four lecturers from the students' campus were interviewed to obtain an in-depth picture of the need for financial literacy education. Documentation studies use relevant documents such as journals, books, articles, statistical data, reports, and other written sources.

The data analytical method uses the Miles and Huberman interactive model, which consists of three main steps: data reduction, data display, and conclusions drawing (Miles et al., 2014). In the presentation of data, in terms of analysis in more detail, refer to the Collaborative Value

Creation (CVC) framework. The validity of the data used is a triangulation of methods, researchers, and perspectives.

### 3. Results and Discussion

Interviewees (lecturers) explained that the courses in the curriculum were generally focused on financial management. Lecturers also consider that some higher educational institution specifically offer courses on banking and non-bank financial institutions. In students' learning process, it is quite important to involve external practitioners to fulfill students' need about best practices and broader insights. Therefore, lecturers could invite practitioners or experts, and if possible they could organize field visits with students. As the phenomenon of financial management and problems in society continues to increase, it is becoming increasingly important for academics in higher education (not just practitioners) to take concrete actions in supporting effective and highly beneficial financial literacy for the community. However, universities often face limitations in resources. Therefore, universities need to be more proactive in seeking collaboration opportunities with various parties, including banks and other financial institutions. Meanwhile, the OJK, as the regulator of the financial services industry, plays a crucial role in facilitating this process and providing tangible support through partnerships, especially with universities.

Representatives from the OJK of West Java Province stated that providing financial literacy education does not necessarily require a Memorandum of Understanding (MoU) or a formal cooperation agreement. Partners interested in collaborating can simply send a letter. Further discussions regarding the scope of collaboration can then be arranged. Once the collaboration is implemented, the process is subsequently evaluated.

The discussion section below will explain deeper, followed by the five components. This research evaluates collaboration strategies for increasing student financial literacy carried out by OJK of West Java Province using the CVC framework.

#### 1) Value Creation Spectrum

Designing a collaboration strategy is essential to generate value. The value creation spectrum refers to how value can be created through collaboration between sectors with various models of non-contractual and non-binding partnerships and cooperation. This concept describes multiple levels of value that can be generated through cross-sector collaboration, ranging from low value to high value. This spectrum helps identify where a partnership sits on the value creation scale and how different sources can enhance that value. Based on the CVC framework, four primary sources of value need to be considered (Austin & Seitani, 2014).

##### a. Resource Directionality

From the three types of resource flows that usually occur, OJK of West Java Province and collaboration partners, namely universities (PTN/PTS), tend to use bilateral/parallel exchange. Each party gives and receives resources reciprocally, and each party contributes and benefits from the partnership. OJK of West Java Province has access to information and particular expertise in the financial sector that can complement higher education academic resources. OJK of West Java Province can provide educational material that is current and relevant to the needs of universities and experts. Meanwhile, universities can provide students with facilities, experts, LMS, and accessible network access. These two resources are combined to maximize their strengths in achieving the goal of increasing student financial literacy.

##### b. Resource Complementarity

In this collaborative endeavor, the resources are shared among all parties involved, each making a significant contribution. The specific contribution of each party in the OJK of West Java Province's collaboration with universities for financial education depends on the terms of the agreement. This partnership is built on shared interests, with OJK's focus on enhancing financial literacy and national financial system stability, as well as the universities' aim to

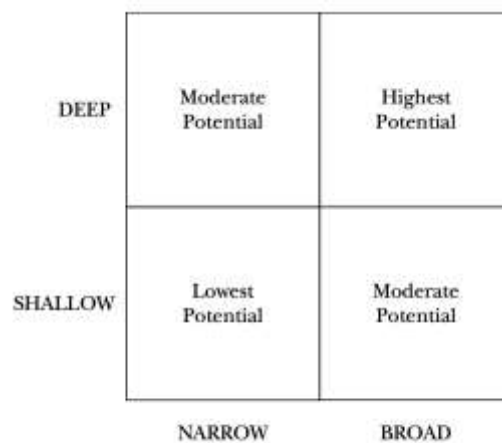
enhance the quality of education, student competitiveness, and reputation and deliver practical and relevant education.

c. Resource Nature

OJK of West Java Province and collaboration partners utilize three types of resources used in collaboration: generic resources in the form of resources that are generally owned and can be provided by OJK and collaboration partners; organization-specific resources are indicated by the status of OJK, which is a regulator and supervisor of financial services institutions so that it becomes a specific advantage, and essential success-related resources in the form of access to students who are targeted for education provided by collaboration partners and the OJK can provide knowledge about finance.

d. Linked Interests

Having similarities or connections in goals, values, or vision between collaborating organizations is essential so that all parties can create greater value. Potential value can be assessed regarding the breadth of connections/networks and the depth of partner interests. OJK West Java Province assesses that its partners, namely universities, have extensive connections with many students and universities with shallow interests when the collaboration will only be conducted for a short period. However, the importance becomes deeper when collaboration is carried out over a long period.



**Figure 2.** Linked Interest  
Source: Austin and Seitanidi (2014)

Universities are included in moderate potential and highest potential for the OJK of West Java Province. This depends on the length of the collaboration and the impact of the collaboration's results. Suppose partners consider their interests also to create value for wider society. In that case, their potential will be greater to move across the Collaborative Value Creation Spectrum toward higher co-creation at the societal level (Austin & Seitanidi, 2012).

2) Collaborative Mindset

Collaborative mindsets are attitudes or thought patterns that encourage individuals or organizations to be open, inclusive, and proactive in working together with other parties to achieve common goals. There are 13 dimensions of collaborative mindsets that can help organizations understand and develop a practical collaborative attitude in the context of cross-sector collaboration.

**Table 1.** Dimension of OJK of West Java Province's Collaborative Mindsets

Dimensions	OJK of West Java Province	Weak (WM)/ Strong Manifestation (SM)
Value concept	Concept is broad	SM
Value compatibility	Compatibility promotes synergy	SM
Value relationships	Relationships are integrated	SM
Value role	Focus is on adding value	SM
Participation	Participation is inclusive	SM
Benefit Scope	Scope is limited to internal benefits	WM
Outlays	Outlays are seen as investments	SM
Time frame	Time frame is for the short term	WM
Dependency	There is interdependence	SM
Motivations	Motivations are multidimensional	SM
Attitude	Attitude is cooperative	SM
Compatibility	Multiple core organizational elements diverge	WM
Change	Change is minimal	WM

Source: Data Processed (2023)

Each collaborator's view of the value offered is broad. OJK sees universities as strategic partners with direct access to the student population, educational infrastructure, and human resources capable of effectively supporting the spread of financial literacy. On the other hand, universities view the OJK as the primary source of knowledge and expertise in the financial sector and an authority that can provide credibility and validation to the financial literacy programs being developed. The potential value propositions offered by both parties include improving the quality of education, empowering students in financial management, and contributing to broader economic stability. The two collaborators' views regarding the relationship of potential value are holistic and complementary. OJK and higher education institutions understand that successful financial literacy programs require deep integration of cutting-edge financial content and effective teaching methods.

### 3) Collaboration Stages

Collaborative stages refer to developing a collaborative relationship between two or more parties working together to achieve a common goal. These stages help us understand the evolution of collaborative relationships from initial levels to deeper and more impactful ones. According to Austin and Setandini, there are four stages: philanthropic, transactional, integrative, and transformational. At each stage, examining the value drivers influencing value creation in collaboration is necessary. These value drivers include alignment, engagement, and leverage.

**Table 2.** Value Drivers and the Stages

Nature of Relationship	Stages (Philanthropic / Transactional / Integrative / Transformational)
<b>Alignment Driver</b>	Stage 3: Integrative. OJK of West Java Province and collaboration partners (the universities) have an integrated mission and strategy to increase student financial literacy.
<b>Engagement Driver</b>	Stage 2: Transactional. OJK of West Java Province and collaboration partners (the universities) collaborate over different periods. There are only collaborations on one or two activities without a cooperation agreement, which are ongoing through a cooperation agreement. So that the activities carried out are not too emotionally connected. In addition, the interaction between OJK of West Java Province and collaboration partners is more procedural, focused on implementing predetermined tasks, and involvement in collaboration is limited to a few individuals or teams directly involved in collaboration activities/programs.
<b>Leverage Driver</b>	Stage 3: Integrative. OJK of West Java Province and collaboration partners (the universities) use their resources optimally to create significant added value and synergy.

Source: Data Processed (2023)

From the three value drivers in the collaborative stages, West Java Province OJK and collaboration partners (the universities) are still at stages 2 and 3, where collaboration has yet to reach the highest stage, namely transformation in creating shared value.

An effective collaboration strategy is a collective effort, beginning with determining collaboration goals by all parties. OJK, with its crucial task and function of providing financial education to the public, is at the forefront. The aim is to encourage strategic alliances and the participation of stakeholders in the context of expanding financial access. In implementing collaboration, OJK of West Java Province has activity targets designed yearly and target community groups such as low-income groups, micro and small business actors, and cross-group communities (women, disabled, migrant workers, students, and disadvantaged areas). From the determined priority targets, OJK of West Java Province will identify potential partners for collaboration. The West Java Province OJK initiated approaches to potential partners (pick up the ball) and was visited by potential partners. Then, OJK of West Java Province and collaboration partners prepared work plans and schedules and allocated resources (funds, time, workforce). In the post-implementation stage of collaborative activities, evaluation is carried out. However, the evaluation carried out by OJK of West Java Province could have been more optimal. The evaluation is in the form of testing knowledge resulting from education.

#### 4) Collaborative Value Creation Processes

Organizations create value by utilizing four sources of value, which are converted into value. The value creation process has four phases: formation, selection, implementation, and institutionalization.

- a. OJK of West Java Province is open to collaborating with any party to provide financial education. Before collaborating, OJK of West Java Province and potential partners will articulate problems and goals together.
- b. The next stage is selecting potential collaboration partners. OJK of West Java Province selects collaboration partners according to the existing work program at OJK of West Java Province. There are no specific criteria for selecting collaboration partners.
- c. The implementation stage involves designing and operating the collaboration. OJK of West Java Province and collaboration partners discussed resource allocation.
- d. At this stage, the leadership role indicates successful collaboration.

#### 5) Collaboration Outcomes

The collaboration between the OJK of West Java Province and universities generates several types of value, including associational value, transferred-asset value, interaction value, and synergistic value. The OJK of West Java Province has partnered with various educational institutions, ranging from PAUD (equivalent to Play Group and Kindergarten) to tertiary education levels. Measurement of the impact of financial education utilized pre-test and post-test methods for participants. Based on previous activities, participants achieved higher scores in the post-test compared to the pre-test, indicating their reception and understanding of the educational content. However, the clarity of whether these educational activities by OJK have measurable impacts on direct recipients remains uncertain, as affirmed by the annual financial literacy index survey conducted holistically on the public by OJK, without specifically categorizing respondents who received financial literacy education directly from OJK or its partners. Furthermore, routine measurement of participant satisfaction with activities has not been implemented consistently by the OJK of West Java Province. Despite efforts to tailor materials to participant needs, full satisfaction with educational services remains unassured.

Collaboration between OJK and universities in financial education benefits multiple parties. Students directly benefit from increased financial knowledge and skills, enhancing their ability to make informed financial decisions. The implementation of collaboration focuses on educational delivery through seminars, public lectures, workshops, and educational content like podcasts. Integrating financial literacy education into higher education curricula is still developing, potentially as a component in relevant courses. Universities can also engage OJK in broader impactful activities involving students, such as community service initiatives. However, challenges persist, including assessing the long-term effects of financial literacy

programs and addressing variations in student acceptance and understanding, which pose consistency challenges in achieving desired outcomes.

## 4. Conclusion

Findings indicate that the collaboration undertaken by the West Java Province OJK has been effective thus far but could achieve greater optimization to reach the level of transformational collaboration, which represents the deepest level with the most significant impact on both collaboration partners and the broader community. The five components requiring improvement include collaborative value-creation processes and the necessity to measure the impact of collaborative programs or activities on participants receiving financial education.

The following are suggestions from this research for optimizing collaboration strategies: 1) The OJK of West Java Province should establish a long-term collaboration program with universities to enhance the impact of collaboration outcomes. For instance, creating an "Agent of Change" competition that embodies innovation, leadership, and positive change in financial literacy among students would be beneficial. This initiative aims to empower selected agents of change among students to promote financial literacy within their communities, thereby broadening its impact. 2) Regular collaboration evaluations are essential for the OJK of West Java Province to identify shortcomings in activities and assess the impact of financial literacy on participants.

These adjustments aim to strengthen collaboration efforts and improve financial literacy outcomes effectively. By focusing on these areas, the OJK of West Java Province could enhance the effectiveness of their collaborative efforts, leading to more significant and lasting impacts on financial literacy and the overall well-being of the community.

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