

GENERATION ALPHA AND SHARIA BANKS: INNOVATION IN INCREASING SAVINGS LITERACY IN THE MODERN ERA

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Abstract

Literacy is a person's ability to read, write, understand, interpret, and use information well. Islamic financial literacy is the foundation for a person to manage finances in accordance with the rules in Islam. Most children in this era of the alpha generation, still do not know the importance of understanding how to manage finances well, then, they still do not know about the place where money is stored, namely banks. Therefore, this innovation conducts counseling related to saving literacy in alpha generation children, so that their understanding of Islamic finance and banking is broader. Indonesia's Islamic finance industry holds enormous potential and is ranked third in the world as the best Islamic finance (Islamic Corporation for the Development of the Rivate Sector (ICD), 2023). However, the results of the 2022 national survey were recorded at 9.14% for the literacy index and 12.12% for the Islamic financial inclusion index. For this reason, innovation is needed in increasing saving literacy in the modern era among the alpha generation. The purpose of this study is to improve Islamic financial literacy among the alpha generation in the modern era. The method used in this literacy is through interviews and filling out questionnaires with a population of 41 people. The results of the innovation in improving saving literacy will be obtained through graphs and filing out questionnaires where the results of this innovation will prove how well the alpha generation understands how much they understand managing finances and saving Islamic banks in the modern era.

Keywords: Alpha generation, Islamic banks, Innovation, Saving literacy, Modern era

Introduction

Financial literacy and education are essential life that children need to have from an early age. Having a good understanding of finance from a young age will shape financial behaviors and habits when children grow up. The ultimate goal of financial literacy is financial well-being (OECD, 2020). Islamic financial literacy is very important for the Indonesian people, especially for those who want to run their finances in accordance with Islamic events. By understanding the basic principles of Islamic finance and the products offered, people can make wiser financial decisions and support the growth of the Islamic economy in Indonesia.

The alpha generation is the generation born in 2010-2025. According to Atika (2019), the alpha generation is considered to have the potential to develop and rise wiser than before. The psychologist, who specializes in child and family problems, says that the alpha generation, which covers 72% of all humans, is still doing activities such as handicrafts, art, and spending time with their families. With this, technology is not too addictive for them, unlike millennials and generation Z who tend to be alone, indoors, and tied to their respective gadgets. (Rosa and Rachwati, 2019). The alpha generation, a generation that thrives in the digital age, has unique characteristics that make it necessary to take a specific approach to financial learning, including saving. Islamic banks, with their clear and relevant principles, have a strategic role in instilling the habit of saving from an early age in this generation.

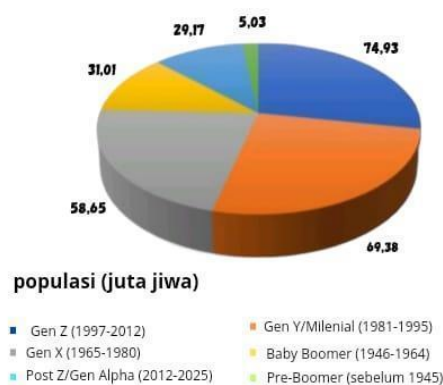


Figure 1
Population Census Data(in Million Inhabitants), BPS 2020

Figure 1 shows Post Gen Z (Alpha Generation) is a generation born after 2012, growing up in an era of ever-evolving technology. The alpha generation spends more time in front of screens, and focuses on learning skills. This generation is the most proficient in the digital world, more collaborative, and puts interpersonal skills as a priority (BPS, 2020).

Financial literacy is defined as the ability to assess based on existing information and make effective decisions about the source of funds owned (Greenspan, 2006). There are several materials taken related to financial literacy, namely the culture of saving. The family's future hopes can be increased by saving. In addition, to prepare for a better life, saving is one way to overcome risks arising from disasters that require resources on a large scale (Yasid, 2019:90).

Islamic financial literacy is an obligation for every Muslim. A Muslim must study science and seek knowledge related to economics, finance and Islamic banking to achieve prosperity or *falah* in this world and the hereafter. If every Muslim individual has good insight and knowledge about Islamic economic and finance, then the development of the sharia economy in Indonesia can increase expectations and have an impact on the proress of economic and growth (Sugiarti, D, 2023)

The Head of the OJK Financial Literacy and Inclusion Department said that people still do not understand about saving and investing, especially those who have consumptive habits. This causes them not to know how to save and invest (Rostanti, 2016). To increase *agregar* savings by starting to collect savings funds from the household or family level, saving is a skill that must be learned and used by children, not only those who are adults (Igamo, 2021).

Islamic banks have a very crucial role in instilling the habit of saving from an early age in the alpha generation. By combining Islamic principles and technological innovation, sharia bnk not only teaches the concept of saving, but also values such as honesty, responsibility, and independence. The main goal with the innovation offered by the Syrian bank is to make financial learning that is fun, increase access, improve saving habits, and prepare for the future. Islamic banks continue to innovate in developing financial education programs for the younger generation. By utilizing technology and creative learning methods, Islamic banks have succeeded in bringing the concept of Islamic finance closer to children and adolesem.

A safe place to save is in the bank. All aspects of banking, including organization, business operations, methods, and processes, are included in the field of the banking system. Community funds are collected by banks through current accounts and savings, which are then channeled through loans and other financing methods. (Hadiana, Syurmita, Rahman.2023).

Instilling financial literacy values in primary school students from an early age conveys a tremendous impact on their understanding and knowledge of financial literacy and the welfare they will do in the future. Teaching children about financial management from an early age is a very important task. With all forms of education, financial literacy can begin at any age. This summary of the process is what shapes the ability to make financial decisions in children. Financial decisions can affect the availability of education, namely the accumulation of wealth, property, savings for one's own benefit (Greenspan, 2006).

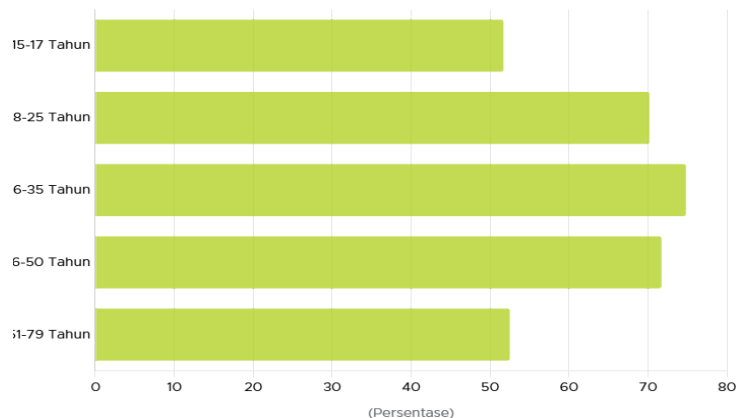


Figure 2
Indonesia financial literacy index 2024

Figure 2 shows the numerical value with the level of understanding and ability of individuals in managing finances. The value of this index usually ranges from 0 to 100, where higher values indicate a better level of financial literacy. In terms of education level, this graph compares the education level of respondents, ranging from those who have never gone to school to the end of high school.

The results of the SNLIK (National Survey of Financial Literacy and Inclusion) in 2024 show that the financial literacy index of the Indonesian population is 65.43 percent, while the financial index is 75.02 percent. SNLIK in 2024 also measures the level of Islamic financial literacy and inclusion by 12.88 percent. Based on the group with a college graduation, high school graduation/equivalent, and junior high school graduation/equivalent have the highest financial inclusion index, which is 98.54 percent, 88.29 percent, and 73.18 percent, respectively. On the other hand, the group with the education level of no/never went to school had the lowest financial inclusion index, with 51.53 percent and 62.58 percent, respectively. With this data, it can be obtained that the higher the level of education, the higher the financial literacy and inclusion.

Serang, July 26, 2024. The Financial Services Authority (OJK) continues to encourage the improvement of people's financial literacy, especially for children and students as one of the priority targets of the Indonesian National Financial Literacy Strategy so that they can get to know and understand financial products and services from an early age. According to Clay (2001), early childhood literacy is the ability to listen, understand, spoken language, and communicate through gamabar and oral language formed by children's experiences in communicating with their mother tongue as the foundation for the development of basic literacy.

Financial literacy is part of the 5 pillars of financial inclusion policy. The other four are improving people's ability to access financial services, regulate, restore, mediate, and support policy reforms, the latter of which includes customer protection, agent banking, and phonebanking. (Bernadette, 2011).

The financial literacy program was formed to provide students with an understanding of responsibility, especially in managing finances. With the ability to manage personal money, it is highly recommended by every individual now and in the future in order to be able to take advantage of financial products that affect human quality to the maximum. Generation alpha is very concerned with environmental and social issues. Islamic banks offer sustainable products, such as savings that support social or environmental projects.

It can be concluded that saving literacy in the alpha generation still needs a lot of learning and support from parents and teachers regarding saving literacy. The alpha generation still lacks understanding and applying the culture of saving and Islamic financial institutions, with this aim to hold financial and banking literacy, so that they can understand and apply it in their daily lives.

Research Methods

This study aims to evaluate the effectiveness of financial literacy programs, especially related to saving habits, in the alpha generation. The quantitative approach was chosen as the research method, with questionnaires as the main instrument for data collection. In addition, direct observation is also carried out

to enrich the research data. The research sample was taken from the alpha generation population with certain characteristics. The data obtained were then statistically analyzed to identify factors that affect the level of management literacy in certain age groups. The results of this research are expected to contribute to the development of more effective financial literacy programs for the younger generation.

Research results and discussion

1. Description Of The Research Object

Analysis of the application of innovation by Islamic banks in increasing saving literacy in the alpha generation in the digital era. Children today are known as the alpha generation which they were born in 2010 to 2025. The alpha generation is a unique generation with enormous potential. They are the first generation to really grow up surrounded by digital technology since birth, so technology has become an inseparable part of daily life. Even though they are very proficient in technology, the alpha generation still needs good financial education, by channeling the right financial education from an early age, we can help them grow into smart, independent, and financially responsible individuals. Addressing these challenges requires collaboration between parents, schools, and financial institutions to provide effective financial literacy education. Islamic financial literacy is very important for the Indonesian people, especially for those who want to run their finances in accordance with Islamic events. By understanding the basic principles of Islamic finance and the products offered, people can make wiser financial decisions and support the growth of the Islamic economy in Indonesia. The alpha generation, a generation that thrives in the digital age, has unique characteristics that make it necessary to take a specific approach to financial learning, including saving. Islamic banks, with their clear and relevant principles, have a strategic role in instilling the habit of saving from an early age in this generation.

The results of the SNLIK (National Survey of Financial Literacy and Inclusion) in 2024 show that the financial literacy index of the Indonesian population is 65.43 percent, while the financial index is 5.02 percent. SNLIK in 2024 also measures the level of Islamic financial literacy and inclusion by 12.88 percent. Based on the group with a college graduation, high school graduation/equivalent, and junior high school graduation/equivalent have the highest financial inclusion index, which is 98.54 percent, 88.29 percent, and 73.18 percent, respectively. On the other hand, the group with the education level of no/never went to school had the lowest financial inclusion index, with 51.53 percent and 62.58 percent, respectively. With this data, it can be obtained that the higher the level of education, the higher the financial literacy and inclusion. Serang, July 26, 2024. The Financial Services Authority (OJK) continues to encourage the improvement of people's financial literacy, especially for children and students as one of the priority targets of the Indonesian National Financial Literacy Strategy so that they can get to know and understand financial products and services from an early age. According to Clay (2001), early childhood literacy is the ability to listen, understand, spoken language, and communicate through gamabar and oral language formed by children's experiences in communicating with their mother tongue as the foundation for the development of basic literacy.

2. Description of Respondents

This research is generally about the literacy of alpha generation children born in 2010 2025 is the main target of the saving literacy program. To determine the interest in saving literacy, use a questionnaire that has been set.

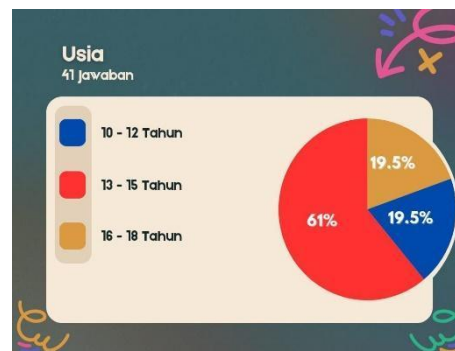


Figure 1
Questionnaire Chart

Based on the graph above, it provides an interesting initial picture of the level of sharia bank account ownership among the alpha generation. It can be concluded that there are around 73.2% who already have an account at a sharia bank and there are 26.8% who do not have an account at an Islamic bank. It can be seen that the 13-15 year old type is more dominant, with a percentage of 61%, followed by the age level of 10-12 years with a percentage of 19.5%, and for the age level of 16-18 years old with a percentage of 19.5%.

A high level of financial literacy will also help the community, especially adolescents, in making wise financial decisions (Grohmann, 2018). Along with the development of Islamic financial institutions and the Islamic digital financial services industry, it is important to provide sharia-based digital financial education, so that teenagers can choose financial services that are in accordance with their religious beliefs and principles, in addition, Islamic financial services can be a solution for the community, especially teenagers, to take advantage of financial services without usury.

3. A List of Questions Related To The Research Variables

Table 1 shows the respondents by gender, age, frequency, and percent with the number of The overall questionnaire of 41 people is appropriate and related to the characteristics of the respondents to define the model below.

Table 1 Respondent Characteristics

Gender	Person	Percentage (%)
Man	17	41,5%
Woman	24	58,5%

Age	Person	Percent
10-12	8	19,5%
13-15	25	61%
16-18	8	19,5%

Source : research, (2024)

Based on the results of the study to 41 respondents through a questionnaire that was distributed, a picture of the characteristics of the respondents was obtained in table 1. With a total of 41 respondents based on indicators including; First, respondents based on gender, showed that respondents who were female were more dominant, namely 58.5%. Meanwhile, male respondents amounted to 41.5%.

Second, respondents based on age level, it can be seen that the age level of 13-15 years is more dominant, which is 25 people with a percentage of 61%. Followed by the age rate of 10-12 years of age of 19.5% and followed by the age rate of 16-18 years of age of 19.5%.

4. Perception of Responsiveness to Customer Trust in Islamic Banks

Table 2 shows respondents to variables in public trust and interest against Islamic banks.

Table 2 Variables of Customer Trust in Islamic Banks

Variable	Average	Percentage of Respondents	Information
Belief	4,5	92%	Strongly agree
Quality of service	4,3	88%	Agree
Transparency	4,1	85%	Agree
Convenience of transactions	4,4	90%	Strongly agree

Source : SPSS, 2022

From table 2, it can be concluded that the respondents' perception of customer trust in Islamic banks as a whole is very positive. This shows that Islamic banks have succeeded in building trust and decision among their customers, which is an important factor for the sustainability and growth of their services in the future.

The alpha generation is very familiar with technology. Islamic banks need to leverage digital technology to provide a more engaging and accessible banking experience. For example, developing a user-friendly mobile banking application, or using social media for financial education. In addition to financial literacy, Islamic banks also need to equip the alpha generation with adequate digital literacy. This is important to ensure they can use digital banking services safely and responsibly. Islamic banks need to create a fun and easy banking experience for the alpha generation. This can be done by developing interactive mobile banking applications, gamification features on savings products, or interesting financial education content. Islamic banks need to communicate with the alpha generation through the channels they use, such as social media, influencers, or other digital platforms. The message conveyed must be relevant, concise, and easy to understand.

Conclusion

The alpha generation, who was born in the digital era, shows a lack of understanding about financial management and the importance of saving. Financial literacy initiatives carried out through interactive methods such as counseling, discussions, and educational games have proven to be effective in improving their understanding of needs and desires as well as the culture of saving. The use of digital technology in banking is also an important factor in attracting their interest in financial literacy. The alpha generation, a generation that thrives in the digital age, has unique characteristics that make it necessary to take a specific approach to financial learning, including saving. Islamic banks, with their clear and relevant principles, have a strategic role in instilling the habit of saving from an early age in this generation. In this case, the alpha generation has great potential to become loyal Islamic bank customers. With the right innovations, Islamic banks can play an important role in increasing saving literacy among the alpha generation and instilling the habit of saving from an early age. Collaboration between Islamic banks, schools, and families is essential to achieve this goal.

Suggestion

1. Technology Integration: Develop an educational application that teaches the concept of saving and financial management through gamification.
2. Training for Parents and Teachers: Provide training to parents and teachers on how to effectively teach financial literacy to children.
3. Practical Activities: Holding savings activities at the bank with special programs for children so that they can immediately experience the benefits of saving.
4. Strengthening financial education: Financial education must start early and be carried out, both in schools, families, and through various Islamic bank programs.
5. Research and development: Conduct research regularly to understand changes in the behavior and preferences of the alpha generation, so that Islamic banks can continue to innovate.
6. Engaging promotions: Use easy-to-understand language, engaging visuals, and communication channels relevant to the alpha generation to promote Islamic banking products and services.
7. Build trust: Build the alpha generation's trust in Islamic banks through transparency, excellent service, and system integrity.

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