

Leveraging Digital Finance Literacy to Enhance Financial Inclusion for Migrant Communities in Malaysia

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ABSTRACT

This Community Service Activity is intended to improve the financial inclusion of Indonesian migrant workers in Malaysia, focusing on those residing on Penang Island. As an integral part of the Indonesian diaspora, migrant workers often face challenges in accessing financial services, which in turn can affect their overall welfare. Enhancing financial inclusion is considered a strategic approach to supporting their economic well-being and long-term sustainability. The activity was carried out through educational interventions designed to strengthen digital finance literacy. The method involved a combination of lectures and practical training. The materials delivered included an overview of digital finance, types of digital finance services, their benefits, and step-by-step guidance on using digital financial applications – such as e-wallets and digital gold platforms. Practical components covered processes such as account registration, fund deposits and withdrawals, as well as transactions (purchasing and selling) within digital marketplaces in collaboration with financial technology providers. To evaluate the effectiveness of the program, a questionnaire was administered to participants. The results indicated that 73.3% of participants expressed a high level of satisfaction, while 57.3% perceived the program as important and beneficial. Tangible outputs from this activity include educational videos published on YouTube, articles featured in mass media, peer-reviewed journal publications, and registered Intellectual Property Rights (IPR).

Keywords: Digital Finance, Digital Gold, E-wallet, Financial Inclusion, Migrant Communities

INTRODUCTION

Public welfare can be pursued through various approaches, ranging from traditional to contemporary methods, one of which is financial inclusion. Financial inclusion is widely recognized as having a positive impact on economic growth and public welfare (Durai & Stella, 2019; Pazarbasioglu et al., 2020; Risman et al., 2021; Huda & Risman, 2024). According to Risman et al. (2021), “Financial inclusion is a condition in which every member of society has access to effective, efficient, and high-quality financial services. Expanding public access to financial products and services can help reduce economic and social inequality, promote economic growth, and ultimately improve overall public welfare”.

Indonesian migrant workers are part of Indonesian society that plays a major role in the national economy, especially through remittances or money transfers to their homeland. However, despite their significant contribution, their welfare is often neglected, both in terms of legal protection, decent working conditions, and access to financial services. Many migrant workers do not have adequate financial literacy, so they face difficulties in managing their income effectively. Therefore, attention to their welfare must include economic, social aspects, as well as access to a more inclusive financial system. Migrant workers' access to banking, insurance, and investment services is very important so that they can better manage and utilize their income.

Digital finance contributes significantly to financial inclusion, particularly for Indonesian migrant workers. It refers to financial services delivered through digital channels such as smartphones, personal computers, the internet, mobile banking, e-wallets, credit cards, and other digital platforms, including financial technology (fintech) applications (Risman & Saputra, 2024; Risman, 2024; Risman & Saputra, 2023; Risman et al., 2021). The rapid development of financial technology has enabled migrant workers to access various financial products, such as savings, loans, and remittances, more easily and efficiently. The use of mobile banking applications, digital wallets, digital gold platforms, and

international money transfer services allows them to carry out transactions securely, without having to depend on traditional financial institutions that may be inaccessible in their places of employment.

According to data on the placement of Indonesian migrant workers as of August 2024, Hong Kong is the primary destination, with a total of 70,435 workers. Taiwan ranks second with 59,654 workers, followed by Malaysia in third place with 36,500 workers (Antara News, 2024). Meanwhile, according to the Indonesian Migrant Workers Protection Agency (BP2MI, 2024), the majority of Indonesian migrant workers (69.99%) are employed in occupations such as domestic helpers, caregivers, laborers, manufacturing workers, and other domestic-related jobs.

Table 1. Occupation of Indonesian Migrant Workers July-Aug 2024

No.	Occupation	Jul '24	Aug '24	% Change	Proportion
1	House Maid	8,831	8,042	▼8.93% (789)	34.67%
2	Caregiver	4,499	4,514	▲0.33% (15)	19.46%
3	Worker	2,090	1,891	▼9.52% (199)	8.15%
4	Manufacturing Worker	435	950	▲118.39% (515)	4.10%
5	Domestic Worker	875	837	▼4.34% (38)	3.61%
6	Other Occupations	6,665	6,963	▲4.47% (298)	30.01%

Source:: BP2MI, 2024

Indonesian migrant workers in Malaysia often form informal associations, which are typically supported by formal institutions such as non-governmental organizations (NGOs). One such NGO is Pertubuhan Masyarakat Indonesia (PERMAI) (Nengzih & Tarmidi, 2024). In collaboration with PERMAI, Universitas Mercu Buana conducted a community service program aimed at Indonesian migrant workers on Penang Island. This initiative focused on providing education in digital finance literacy to enhance the workers' understanding of digital finance services and improve their access to Financial inclusion systems. By strengthening their financial literacy, it is expected that migrant workers will be better equipped to manage their income effectively and sustainably.

Furthermore, financial inclusion is expected to not only facilitate access to financial services but also open up opportunities to improve the long-term welfare of migrant workers. Through the proper use of digital finance products, they can plan for their financial future, utilize their savings efficiently, and reduce the financial risks they face, both while working abroad and upon returning to Indonesia.

Based on a situational analysis, the key issue identified is that financial inclusion is essential for improving the welfare of Indonesian migrant workers. Digital finance literacy can serve as a strategic tool to enhance their financial inclusion, which in turn contributes positively to their overall well-being.

METHOD

The procedures and general description of the Community Service implementation are as follows:

1. Initial Survey
Conducted by the partner organization (PERMAI) on Penang Island.
2. Data Identification
Identifying data needed for learning materials, counseling, and training on the use of digital finance applications.
Output: Relevant data to determine suitable applications for participants and to develop training modules.
3. Module Preparation
Preparation of learning modules on the use of digital finance applications, including tutorials on e-wallet registration, transactions, and online marketing strategies.
Output: Comprehensive training module on registration and usage.
4. Logistics and Participant Arrangement

Coordinated by the partner organization on Penang Island.

Output: Confirmed venue and list of training participants.

5. Presentation and Hands-on Training

Providing education and practical training in the use of digital finance applications.

Output: Participants gain the ability to use selected digital finance tools.

6. Monitoring and Evaluation

The partner monitors participants' ongoing use of digital finance applications.

Output: Evidence of continued application use by participants.

7. Reporting

Preparing and compiling a final report on the implementation of the Community Service activities.

Output: Final activity report completed.

To achieve the objectives, the techniques to be used in this community service activity can be outlined as follows:

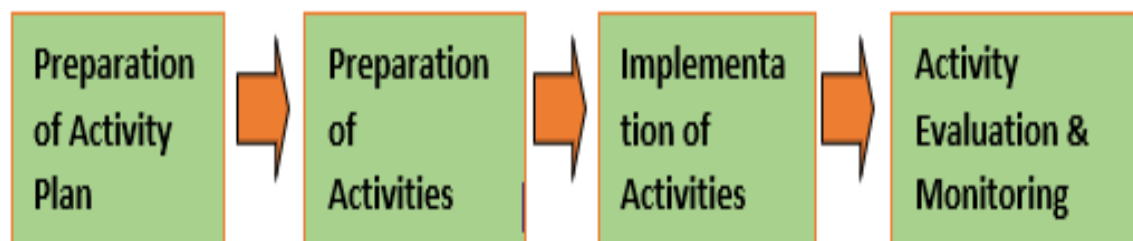


Figure 1. Steps for Implementing Activities

RESULTS AND DISCUSSION

The core activity of this Community Service program is education (literacy) in digital finance, as well as training in the use of digital finance applications to promote financial inclusion among Indonesian migrant workers. This Community Service activity was attended by 25 participants, out of the 35 expected to be present.



Figure 2. Participants, Community Partners, and Community Service Team



Figure 3. Workshop on Digital Finance Applications

The participants were quite enthusiastic, although some of them already had digital financial applications but had not yet used them to their full potential. Several participants asked questions, especially about digital gold investment apps, which led to an engaging interactive discussion. Among the questions raised were whether it is possible to transfer funds and what the benefits are of saving in digital gold. We explained that, in general, digital financial applications can be used to transfer assets, although some of them do not allow direct money transfers. We also described the benefits of saving in digital gold, for example, to prepare for Hajj expenses. With the price of gold increasing over time, historical data shows that for ten years, the value of gold has more than doubled compared to its earlier price, making it more than enough or even more than needed to cover the cost of performing Hajj.

At the end of the session, we once again emphasized and provided several suggestions so that the participants could make better use of digital finance to increase digital financial inclusion. In addition to shopping purposes such as e-commerce, digital finance can also offer the following benefits:

1. More effective and efficient transactions
2. Secure way to store money
3. Enables fund and asset transfers (e.g., digital gold)
4. Protects businesses from counterfeit money
5. Supports financial recording and recap (e.g., transaction history, account mutations)
6. Suitable for various types of payments
7. Supports business development (goods and services)

One of the success indicators of this activity was measured by distributing questionnaires to the participants. We used two key parameters to evaluate the effectiveness of the program:

1. Participant Satisfaction
This parameter aimed to assess participants' responses to the content and delivery methods, the facilities and infrastructure at the venue, team coordination, competence, engagement, enthusiasm, and overall participant involvement.
2. Usefulness
This parameter aimed to evaluate the perceived benefits of the activity, expected outcomes, and the perceived importance of the program's duration and timing from the participants' perspective.

The results of the evaluation are what we can summarize after the Community Service activities have been carried out.

Based on Figure 4, the survey results show that 73.3% of participants were very satisfied, 15.7% were satisfied, 6.7% were moderately satisfied, and only 4.3% were dissatisfied. These results indicate that, overall, participants were pleased with the materials, methods, facilities, team coordination, competence, level of engagement, and overall participation.

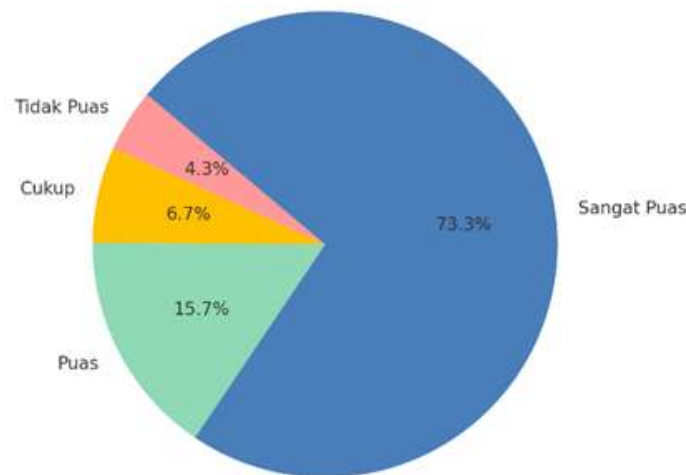


Figure 4. Evaluation of Participant Satisfaction

Based on Figure 5, the survey results show that 57.3% of participants considered the activity very important, 25.7% important, 11.0% fairly important, and only 6.3% not important. These results indicate that the participants considered the benefits, expected outcomes, and the duration of the program to be fairly important overall.

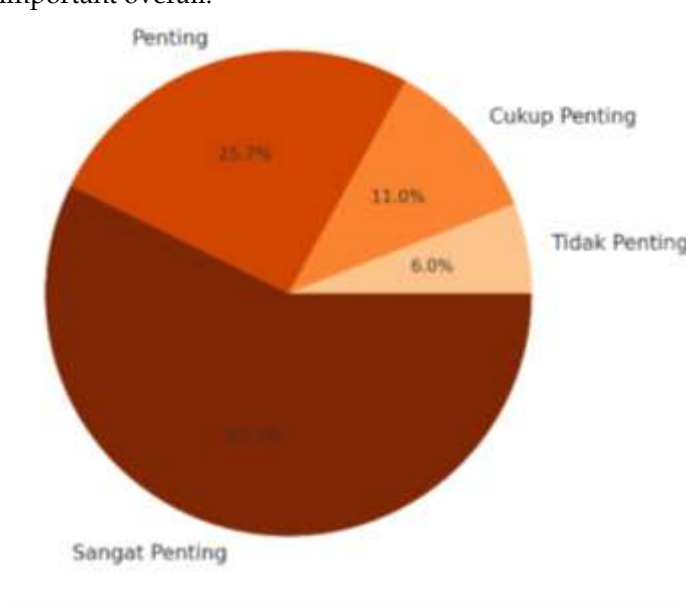


Figure 5. Evaluation of the Usefulness of the Community Service

The practical evaluation can be summarized as shown in the following table:

Table 2. Evaluation of the Community Service Program Implementation Results

Before the Community Service Activity	After the Community Service Activity
There are still Indonesian migrant workers who do not understand financial inclusion: its benefits and its relation to digital finance	Most Indonesian migrant workers now understand financial inclusion – its benefits and its connection to digital finance
Some Indonesian migrant workers still do not understand what digital finance means.	A large number of Indonesian migrant workers are now familiar with digital finance: its definition, types, registration, transactions, and more.
Many Indonesian migrant workers still do not understand how digital finance can be used to improve financial inclusion.	All Indonesian Migrant Workers already understand the use of digital finance to improve financial inclusion.
Only some Indonesian migrant workers can apply digital financial tools	Most Indonesian Migrant Workers are already able to apply digital finance

Additionally, we projected the long-term impact of this community service activity. To measure whether knowledge about digital finance is applied in the financial behavior of migrant participants over time, we will observe whether they start using digital tools to save, invest, or transfer money through digital financial services. We will also assess whether they shift from consumption-based spending to more productive financial practices. Through our partners, we will conduct long-term monitoring of participants' financial behavior six to twelve months after the training. This is not only to measure the success of the activities that have been carried out, but also to improve the community service model in the future.

CONCLUSION AND SUGGESTION

Based on the implementation of the community service activity, it was found that many Indonesian migrant workers in Penang, Malaysia, are still unaware that financial inclusion plays a significant role in improving the welfare of the community, including migrant workers themselves. Furthermore, awareness that financial inclusion can be strengthened through understanding and utilizing digital financial services remains limited. Although some workers have begun using digital financial applications, their usage is predominantly focused on consumption-related transactions, such as online shopping. The potential of these applications for broader financial purposes such as saving, investing, financing, or fund transfers has not yet been widely explored or adopted by the majority of the migrant worker population.

Through the implementation of the community service activity, Indonesian migrant workers in Penang, Malaysia, have gained a better understanding of the importance of financial inclusion for community welfare, as well as the role of digital financial services in enhancing financial inclusion. They have also become more familiar with various forms of digital financial platforms – not only e-wallets, but also other tools such as digital gold trading platforms for saving and investment, stock trading applications, and other financial technology services.

It is expected that this community service activity will continue to enhance digital financial literacy among Indonesian migrant workers, thereby contributing to greater financial inclusion and ultimately improving their overall welfare.

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