JLP : Jurnal Lentera Pengabdian
Volume 04 No 04 Oktober 2026
E ISSN:2985-6140

https://lenteranusa.id/

Classroom Financial Literacy Education: Distinguishing Needs from Wants for Elementary School Students

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Received : 10-10-2026 Revised : 24-10-2026 Accepted : 29-10-2026 Published : 31-10-2026

Abstract
Financial literacy is an essential skill that must be introduced to elementary school students to foster prudent financial behavior. This community service activity aimed to enhance elementary school students' understanding of the distinction between needs and wants, as well as to cultivate early habits of wise spending and saving. The program was conducted at SD Inpres Samata, Gowa Regency, targeting 30 sixth-grade students. The methodology employed interactive education, which commenced with a pre-test, followed by interactive instruction, discussions, educational games, and pocket money management simulations, concluding with a post-test. The results demonstrated an increase in the percentage of correct answers from the pre-test to the post-test across all indicators: the ability to distinguish between needs and wants rose from 30% to 70%, prioritizing spending increased from 30% to 75%, understanding the benefits of saving grew from 35% to 80%, and identifying examples of frugal behavior improved from 40% to 80%. In conclusion, this classroom-based financial literacy education effectively enhanced basic financial knowledge and the understanding of consumption priorities among elementary school students

Keywords: financial literacy, needs and wants, elementary school student, saving education, community service

Introduction

Financial literacy education at the upper elementary school level (ages 11–12) serves as a strategic step toward building a foundation for financial awareness and responsible behavior (Amadi et al., 2023). To foster sound financial habits both in early childhood and as children grow into adulthood, an understanding of how to use, manage, and save money is required to shape well-planned financial habits toward financial independence (Arga et al., 2025). In the modern era, children are confronted with a massive influx of information and consumerism through social media, digital advertising, and their immediate environment, which influences the spending behavior of sixth-grade students at SD Inpres Samata, Gowa Regency. Concurrently, children at the elementary school level begin to interact with money directly, both through pocket money provided by parents and through purchasing food, stationery, toys, and various other goods. This phenomenon can blur the boundary between true needs and mere wants, creating a challenge where children are frequently unable to distinguish between what is essential and what is purely desired (Putri et al., 2026).

Needs encompass everything essential for carrying out daily activities and sustaining life, whereas wants represent things desired for ownership or attainment, even though they are not always necessary (Allamsyah, 2023). However, the boundary between needs and wants is dynamic and can shift according to the socioeconomic conditions and family backgrounds of individual students (Lusardi, 2019). To cultivate wise consumption behavior, the ability to differentiate between needs and wants is essential (Budiman et al., 2025). Distinguishing between needs and wants assists children in establishing priority scales for money utilization (Pratiwi et al., 2025). In addition to acquiring the capability to differentiate needs from wants, children must also be introduced to the habit of saving at an early age (Putra et al., 2026). Saving teaches children not to spend all of their money and encourages them to set aside a portion for specific future needs (Nurlita et al., 2025). Through this saving habit, children can cultivate discipline, responsibility, thriftiness, and the ability to plan their financial allocations effectively (Vilantika & Santoso, 2024).

SD Inpres Samata, an elementary school located in Somba Opu District, Gowa Regency, South Sulawesi Province, represents the dynamics of a peri-urban community (an urban buffer zone). In recent years, this area has experienced rapid developmental and economic growth accompanied by an increase in local commercial economic activities (Central Bureau of Statistics of Gowa Regency, 2023). On one hand, this growth positively impacts access to information and improved facilities; on the other hand, it presents challenges regarding the consumption patterns of households and elementary students residing in the area.

Based on a situation analysis conducted at SD Inpres Samata through field observations and interviews with the sixth-grade homeroom teacher during a preliminary study on July 21–22, 2026, it was revealed that sixth-grade students are in a transitional developmental stage. At this stage, they are beginning to independently make simple decisions, including allocating their pocket money. However, current conditions indicate that students at SD Inpres Samata still lack a proper understanding of financial prioritization, leading to pocket money utilization driven by immediate desires. The partner school faces several key problems: 1) students at SD Inpres Samata are unable to distinguish between needs and wants or establish priorities for money allocation; 2) saving awareness has not yet been cultivated and is not yet a habit among students; and 3) simple, engaging, and practical learning methods for financial literacy remain severely lacking. To date, financial education at the partner school has been limited to theoretical integration within Civics (PPKn) lessons. Consequently, this Community Service (PkM) initiative was conducted to provide solutions through interactive education on needs and wants, real-life situational examples, educational classification games, pocket money management simulations, and student comprehension evaluations. This activity aims to measurably improve the basic financial literacy understanding of sixth-grade students at SD Inpres Samata, enabling them not only to grasp theoretical concepts but also to apply them in pocket money allocation and early saving habits.

Method

This community service activity was conducted at SD Inpres Samata, Gowa Regency, on Monday, July 30, 2026, for approximately two hours (09:00–11:00 AM). The target population consisted of 30 sixth-grade students from SD Inpres Samata. Participant selection employed a total sampling technique (census sampling), in which all members of the sixth-grade population actively participated as educational recipients. This total sampling approach was chosen to eliminate selection bias and ensure that the intervention's impact was evenly distributed among all students at the highest grade level of the partner school. The implementation team comprised three lecturers from Universitas Patria Artha, supported by one undergraduate student.

The implementation method utilized a Community-Based Approach—encompassing educational, participatory, and interactive strategies—in direct collaboration with the partner school to ensure active participant involvement throughout the financial literacy learning process. School involvement was initiated at the preliminary stage, where school representatives (the principal and the sixth-grade homeroom teacher) actively assisted in identifying specific student needs, providing feedback on the instructional design, and aligning the schedule and performance indicators with the school's curriculum and characteristics. The educational approach involved designing and implementing simple, engaging, and easily understandable financial literacy teaching methods to address the scarcity of financial literacy media for elementary children. Through this approach, students were equipped with an in-depth cognitive understanding to wisely differentiate between needs and wants while enhancing their ability to prioritize money usage. Furthermore, the participatory approach was realized by directly involving students in daily pocket money management simulations to curb impulsive consumer habits and by integrating a mentoring program to foster early saving habits and awareness. Lastly, the interactive approach was materialized through dynamic two-way communication, educational financial games, and engaging small-group discussions, creating a participatory and stimulating learning environment. The program implementation was divided into three systematic phases:

1. Preparation Phase

To ensure seamless execution, the initiative began with a comprehensive preparation phase. This commenced with formal coordination and consultation meetings with the principal and teachers of SD Inpres Samata to finalize the schedule, determine the venue, and understand the target students' psychological characteristics. Following the mutual agreement on time and location, the team developed simplified financial literacy materials suitable for elementary school children. Additionally, the team designed and produced visual learning media, structured financial classification game instruments, prepared competitive educational quizzes, and printed valid pre-test and post-test evaluation instruments to quantitatively measure baseline student knowledge.

Instrument validation was conducted through content validity by two experts in elementary education and financial management (expert judgment) to verify readability and linguistic appropriateness for elementary students. The test instrument consisted of 10 multiple-choice items covering four main indicators: 1) the ability to distinguish between

needs and wants (3 items); 2) the ability to prioritize pocket money allocation (3 items); 3) understanding the benefits of early saving (2 items); and 4) identifying examples of frugal behavior in daily life (2 items). Scoring used a binary system, where correct responses were awarded 1 point and incorrect responses 0 points, yielding a maximum total score of 10 (subsequently converted to a 0–100 scale) to quantitatively measure knowledge levels before and after the intervention.

2. Implementation Phase

The 120-minute intervention was structured systematically as follows: 1) *Pre-test Administration (15 minutes):* All 30 students independently completed the initial evaluation sheet. 2) *Interactive Material Delivery (30 minutes):* An educational session covering money functions, priority scales, and the concept of needs vs. wants. 3) *"Needs vs. Wants" Classification Game (30 minutes):* Distribution of 20 sets of picture cards representing consumer items; students actively categorized the cards into designated boxes. 4) *Pocket Money Management and Saving Simulation (30 minutes):* Utilizing plastic piggy banks and mock savings allocation envelopes, students simulated daily pocket money distribution into consumption and savings portions (experiential learning). 5) *Post-test Administration (15 minutes):* Final evaluation to quantitatively assess knowledge gain.

3. Evaluation Phase

The final phase comprised a systematic evaluation to measure the intervention's effectiveness. Cognitive understanding was assessed comparatively by analyzing pre-test and post-test scores. To complement quantitative data, the team conducted interactive quiz sessions and random open Q&A sessions involving 10 representative students (selected via proportional random sampling based on activity level and gender balance) to evaluate direct retention. Verbal responses were descriptively recorded as qualitative supporting data to verify conceptual understanding. The measured success indicators included: improved ability to differentiate between needs and wants, accuracy in pocket money prioritization, enhanced understanding of saving benefits, and the ability to demonstrate frugal behaviors in daily life.

Results

The community service activity commenced with an introduction to the fundamental concepts of financial literacy and the importance of managing pocket money wisely. During this session, students were engaged in interactive discussions regarding items they frequently purchase at school and at home. Through an educational classification game, students successfully categorized various item examples into "Needs" (e.g., textbooks, stationery, essential food when hungry) and "Wants" (e.g., new toys, accessories, extra snacks). These discussions and educational games were designed to train students through simulation to allocate their pocket money across three distinct priorities: primary needs as the first priority, savings as the second priority, and wants as the final priority. Furthermore, students were taught to apply the "Stop – Think – Choose" principle prior to spending money. As an authentic scenario during the simulation, when a student (Ahmad) was presented with a pocket money allocation choice of IDR 10,000 and faced with two options—purchasing a

character keychain for IDR 8,000 or replacing a broken pen for IDR 3,000—Ahmad applied the principle by stopping briefly, thinking that the pen was a learning necessity while the keychain was merely a want, and ultimately choosing to buy the pen, set aside IDR 5,000 for savings, and allocate the remaining IDR 2,000 for snacks.

Tabel 1. Evaluation Results of Financial Literacy Activities

Indikator	Pre-Activity Score (%)	Post-Activity Score (%)	Percentage Points (%)
Differentiating Needs and Wants	30.00	70.00	40.00
Determining Money Usage Priorities	30.00	75.00	45.00
Understanding the Benefits of Saving	35.00	80.00	45.00
Identifying Examples of Thrifty Behavior	40.00	80.00	40.00
Average	33.75	76.25	42.50

Sources: Data Processed 2026

The percentage for each indicator was calculated based on the proportion of the total accumulated correct scores of all participants ($N = 30$) relative to the theoretical maximum score for that indicator, using the formula according to Arikunto (2021).

$$Indicator\ Percentage\ (\%) = \frac{(\sum Total\ Correct\ Scores\ of\ Participants)}{(Number\ of\ Participants\ (N) x\ Number\ of\ Questions\ Per\ Indicator)}$$

The gain column is presented in percentage points (pp), calculated from the absolute difference between the post-test and pre-test percentages (Post-test Score − Pre-test Score). Meanwhile, the overall average value was computed by applying equal weighting (25% per indicator) across the four indicators (Sugiyono, 2020). This equal-weighting aggregation is based on the rationale that the four indicators serve as equivalent and complementary pillars of basic cognitive competency in financial literacy for evaluating student understanding. The overall average calculation was determined using a simple arithmetic mean formula:

$$Pre-test\ Average = \frac{(30.00\%+30.00\%+35.00\%+40.00\%)}{4} = 33.75\ \%$$

$$Post-test\ Average = \frac{(70.00\%+75.00\%+80.00\%+80.00\%)}{4} = 76.25\ \%$$

$$Increase\ Average = Pre-test\ Average - Post-test\ Average$$
$$= 76.25\% - 33.75\ \% = 42.50\ Percentage\ Points$$

Table 1 demonstrates that following the implementation of the community service activities for students at SD Inpres Samata, the quantitative evaluation revealed a highly significant improvement in student understanding across all financial literacy indicators based

on the pre-test and post-test instruments. For the indicator regarding students' ability to differentiate between wants and needs, the level of understanding prior to the activity was only 30%, which increased to 70% post-intervention. This represents an increase of 40 percentage points, indicating that the majority of students developed the capacity to identify urgent expenditures versus consumerist desires. Thus, delivering content using concrete everyday examples proved effective in helping students understand the distinction between needs that must be fulfilled and wants that can be deferred.

The indicators for the ability to prioritize money utilization and the understanding of saving benefits exhibited the highest improvements, both increasing by 45 percentage points. Prior to the activity, student comprehension in structuring money utilization priorities stood at 30%; however, post-intervention, this value rose sharply to 75%. This proves that through pocket money management simulations, students learned to evaluate the utility of an item before purchasing it. Similarly, the indicator for understanding saving benefits displayed an identical pattern, where student knowledge grew from 35% to 80%. These data confirm that introducing the concept of setting aside money at an early age was exceptionally well received by the participants, as students realized that saving does not require large amounts, but rather routine and consistent habits for future needs.

Furthermore, student understanding regarding examples of frugal behavior in daily life also showed positive progression. This indicator recorded a baseline value of 40% prior to the activity and increased to 80% at the end of the program, marking a 40 percentage point gain. Accumulatively, these quantitative data demonstrate that the learning methods applied by the service team successfully shifted the core financial paradigm of students at SD Inpres Samata from inherently consumerist behavior to a more planned and frugal mindset, advancing from an overall average baseline of 33.75% prior to the activity to 76.25% post-intervention, yielding an overall increase of 42.5 percentage points.

Discussion

Financial literacy among elementary school children plays a pivotal role in shaping money management habits. Early exposure helps children recognize the relationships between needs, wants, and financial decision-making. As emphasized by Goyal and Kumar (2021), a fundamental understanding of core financial concepts serves as the primary cornerstone for building sustainable individual financial capability. The intervention outcomes demonstrate that delivering instructional material through concrete examples significantly enhances student comprehension. Abstract concepts of needs and wants become more accessible when linked to familiar personal experiences, such as purchasing food, buying stationery, acquiring toys, or setting aside pocket money. The community service initiative at SD Inpres Samata underscores that internalizing financial literacy in early childhood is highly effective when supported by contextual instructional media. The applied educational approach assisted in refining early childhood financial management learning methods, which historically leaned toward abstract and theoretical instruction. Generally, elementary school students reside within the concrete operational stage of cognitive development, wherein tangible visualizations are necessary to comprehend logical concepts. This aligns with the systematic review by Amagir et al. (2018), which confirmed that financial literacy education for

elementary school students is most effective when connected to real-world simulation contexts, as it consistently elevates knowledge retention and cognitive understanding. Furthermore, these findings are reinforced by prior community engagement research conducted by Siregar et al. (2025), which revealed that visual and interactive learning media significantly boost children's awareness and interest in saving, as concrete visualizations bridge cognitive limitations in understanding the long-term benefits of reserving pocket money. Consequently, early introduction to financial management serves as a crucial foundation for cultivating long-term financial intelligence.

Through a participatory approach, students exhibited a marked shift in cognitive understanding transitioning from a propensity for impulsive spending toward an awareness of the importance of saving. Discussions centered on saving provided additional insight that financial management extends beyond merely curtailing expenses to encompasses planning for future utilization. The habit of setting aside a portion of funds represents a fundamental step in building disciplined financial literacy. Through experiential learning-based pocket money management simulations, students directly experienced the decision-making process of financial allocation within the classroom setting, directly improving test performance and understanding of priority scales. This interactive learning process aligns with Bandura's (1977) Social Learning Theory, which asserts that learning occurs through dynamic interactions among cognitive, environmental, and behavioral factors via three core mechanisms: 1) *Observation*, wherein students observed demonstrations of categorizing needs and wants modeled by the facilitator team; 2) *Modeling*, wherein students replicated pocket money allocation behaviors using picture cards and three mock savings piggy banks within small groups; and 3) *Reinforcement*, wherein students received positive reinforcement and immediate praise upon successfully categorizing expenditures during educational quizzes. These findings bolster empirical evidence from Kaiser and Menkhoff (2020) and Lührmann et al. (2018), demonstrating that structured financial education interventions in schools substantively improve children's financial knowledge and consumer decision-making capabilities. These results also corroborate community service reporting by Muis et al. (2025), which concluded that actively engaging children in saving simulations using physical piggy banks is far more effective at transforming daily habits than traditional unidirectional classroom lecturing.

Student enthusiasm and learning focus were successfully sustained through an interactive and dynamic approach. Classification games and team quizzes served as effective tools for rectifying prevalent financial misconceptions. This two-way dialogue dismantled formal barriers between the facilitation team and participants, creating a safe and enjoyable learning climate. This finding accords with the principles of play-based learning, which posit that instructional content is more readily comprehended when children are in a positive emotional state. This approach further reinforces research by Syamsuddin et al. (2026), which asserted that implementing gamified, interactive methods in small-group settings effectively lengthens student attention spans and increases active classroom participation, thereby creating an optimal environment for absorbing financial management concepts.

Conclusion

The Community Service (PkM) activity titled "Classroom Financial Literacy Education: Distinguishing Needs from Wants for Elementary School Students" provided foundational financial management education to sixth-grade students at SD Inpres Samata. Through instructional delivery, discussions, educational games, simulations, and evaluations, students were introduced to the fundamental distinction between needs and wants. Additionally, students were guided to understand the importance of establishing priorities prior to spending money and setting aside a portion for savings. Quantitatively, this intervention successfully increased the students' average cognitive understanding by 42.50 percentage points, rising from a baseline of 33.75% on the pre-test to 76.25% on the post-test, with the highest gains observed in the indicators for understanding saving benefits and identifying frugal behaviors (each reaching 80%). However, these findings are subject to limitations, as the study was restricted to a single partner school with a small sample size ($N = 30$) and evaluated short-term knowledge retention immediately following the intervention. As a follow-up action plan, this program requires sustained collaboration with teachers and parents. Teachers can integrate daily pocket money logging simulations within the classroom, while parents can provide practical guidance at home to regularly review and reflect on their children's spending and savings decisions, thereby facilitating the transition of acquired cognitive understanding into positive, long-term financial habits.

Acknowledgement

The organizing team extends its gratitude to all parties who supported the implementation of the PKM activity titled "Classroom Financial Literacy Education: Distinguishing Needs from Wants for Elementary School Students" Special thanks go to SD Inpres Samata in Gowa Regency for providing the opportunity and support for the team to conduct this activity with the students. We also thank the teachers who helped coordinate the participants throughout the event. Appreciation is also extended to all the students who participated with enthusiasm and active engagement. Finally, we thank all members of the organizing team and others who provided support during both the preparation and implementation phases of the activity.

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