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FINANCIAL LITERACY CHALLENGES OF INDONESIAN YOUTH IN THE DIGITAL ECONOMY

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Abstract
Indonesia's digital economy has driven rapidly and more young people are using digital financial services. However, financial literacy among Indonesian youth remains a concern. The National Survey of Financial Literacy and Inclusion (SNLIK) 2025 confirmed the financial literacy rate among people of youth (age 15-17) was 51.68%, while the financial inclusion rate of youth reached 74.00% (Otoritas Jasa Keuangan, 2025). *This difference suggests that the development of access and participation in financial services should be balanced with the knowledge and skills to use them responsibly. This study uses a preliminary qualitative literature review to examine financial literacy challenges among Indonesian youth in the digital economy. The literature was organized into three themes: (1) youth participation in the digital economy and financial services, (2) financial education opportunities, and (3) implications of digital economy for financial education. Key sources include Indonesia Student Competency Assesment (TKA) 2025, OECD/INFE Core Competencies Framework of Financial Literacy for Youth, e-Conomy SEA 2024, Outlook Ekonomi Digital 2025 and Indonesia's Financial Transaction Reports and Analysis Center (PPATK) 2024. The findings indicates the limited attention to youth financial literacy in existing research and the exposure of young people to digital financial risks highlight the need for stronger financial education. Therefore, financial education should aware early and be connected to youth's real life digital financial experiences to support safe, responsible and well decision-making.*
Keywords*: financial literacy, Indonesian youth, digital economy, financial education, digital financial services*

1. Introduction

The digital economy has transformed the way people access financial products and services, creating new opportunities for economic participation, through online commerce, digital platforms, and digital financial transactions. Digital Economy covers various economic activities that rely on digital information and connect individuals, businesses, data, devices, and operations (Javaid et al., 2024). Along with the development of technology, digitalisation has become an important factor of economic growth and has changed the financial systems worldwide. As digital financial services become more accessible, people are expected not only to participate in the digital economy but also to make responsible financial decisions in increasingly complex financial environments.

Indonesia's digital economy has grown rapidly in recent years. According to the *e-Conomy SEA 2024* report by Google, Temasek, and Bain & Company, the digital economy reached $90 billion in Gross Merchandise Value in 2024, which is the largest in Southeast Asia with digital payments growing 19% to a Gross Transaction Value of $404 billion (Google, Temasek, & Bain & Company, 2024). The report also highlights the continued expansion of digital payments and e-commerce, mirroring the increasing adoption of digital financial services across the country. Meanwhile, the *Outlook Ekonomi Digital Indonesia 2025* (Huda , Ayu, & Septyarini , 2025) describes Indonesia's ongoing digital transformation through the growth of financial technology, digital commerce, and digital payment systems. The report also notes this transformation brings challenges related to digital literacy, financial literacy, and the ability of society adaptation to the digital economy.

Young people are among the groups most affected by these developments, since they are exposed to digital financial services from an early age. According to the *OECD/INFE Core Competencies Framework*, financial literacy is an understanding and knowledge of financial concepts and risks, with the skills, confidence, and motivation to make effective decisions for a financial contexts, improve the financial well-being of individuals and society, and to enable participation in economic life (OECD/INFE Core, 2015). Youth actually are at a critical stage of building their financial foundation for the future, and the terms used to describe this can vary, such

as a knowledge of payment accounts, insurance, credits, and savings, depending on the level of financial development within a country.

The *PISA 2022 Assessment and Analytical Framework of Financial Literacy* revealed that many students 15 age and above had an experience with financial products, such as bank accounts and prepaid debit cards with the consent of parent or guardian (OECD, 2023). Financial habits, behaviours, and skills built since childhood and adolescence, often learned from parents and around them, can shape the complexity of finance. These early experiences can provide the opportunities for young people to develop practical financial knowledge, supported by appropriate regulation and financial consumer protection.

Despite these opportunities, unfortunately financial literacy among Indonesia youth remains a concern. The *National Survey of Financial Literacy and Inclusion* (SNLIK) performed by the Financial Services Authority (OJK) in 2025, confirmed Indonesia's national financial literacy index stands at only 66.46%, with the 15-17 age group recording an even lower rate at 51.68%. Moreover, this rate also showed a slight decrease from 51.70% in 2024 to 51.68% in 2025. At the national level, the 2025 financial literacy index of 66.46% is still below the RPJMN 2025-2029 target of 69.35%, indicating that improvements in financial literacy remain an important issue. Meanwhile, the students in 15-17 age group are already active users of digital services, with an inclusion rate of 74.00% (Otoritas Jasa Keuangan, 2025). The difference between these two indicators highlights an important issue: participation and access in financial services may be developing faster than young people's financial knowledge and skills. Therefore, growing access to financial digital services needs to be accompanied by adequate financial literacy so that young people can use financial products responsibly, understand the risks, and know their financial decisions in the future.

Demographically, youth and Generation Z form the largest group of internet users in Indonesia at 62.39 million (Huda , Ayu, & Septyarini , 2025). This means that Indonesian youth are increasingly integrated in digital financial ecosystems. However, as the OECD (2022) warns in the rapidly evolving digital financial world, young people are more exposed to financial products than ever before. A lack of financial literacy hinders the ability to make financial decisions, affecting the personal finances and even the global financial landscape. A study by Effendi et al. (2026) showed that Indonesian have good understanding of financial products, but their awareness of financial planning remains low, along with their level of financial literacy.

These findings point a critical gap: Indonesian youth are increasingly active participants in the digital economy, while their financial literacy is still not enough to help them navigate it safely. Therefore, this study aims to examine the financial challenges faced by Indonesian youth in the context of the growing digital economy through a preliminary qualitative literature review of recent national and international sources.

2. Literature Review

2.1 Financial Literacy for Youth

Financial literacy is an important competence for young people because it helps them understand financial concepts and make suitable financial decisions. The *OECD/INFE Core Competencies Framework on Financial Literacy for Youth* defines an understanding and knowledge of financial concepts and risks, with the knowledge, attitudes, skills, and behaviours that youth need to participate safely, improve the financial well-being of individuals and society, and effectively in economic life. The framework focused on youth aged 15 to 18 and explains that financial literacy should prepare youth for financial decisions during the transition to adulthood (OECD/INFE Core, 2015).

Youth have particular financial needs that are different from those of adults. At this stage, they may have limited experience with financial products and transactions, but they have a starting point to facing important decisions related to income, saving, education, and employment. Therefore, financial literacy education should bring the knowledge and skills that

are relevant to their current situation, the future needs, and the condition of country nowadays. The OECD/INFE framework also explained that financial skills can be cultivated through different learning environments, including families, schools, mates, work experiences, and every financial activities.

The priority of early financial education for youth is also supported by the research by Mancone et al. (2024), who confirmed financial literacy programs. Their review shows that financial education can help youth develop the understanding and skills needed to make informed financial decisions and improve their future financial well-being. Financial education programs can also influence the attitudes and behaviours when the learning content is connected to the experiences of youth.

Mancone et al. (2024) highlight that financial education should consider the different needs and learning conditions of children and specifically youth of secondary school. Digital tools, experience of learning, relevant examples from books, and parental advisory can be a support financial education. They also underline that financial education have the adaption and relevance due the changing financial environment. This suggests that financial literacy education for youth should not only transfer the knowledge but also help youth to apply situation they may encounter everyday life.

2.2 Financial Education in the Digital Era

The development of digital technology has changed the way people use financial service and access it. Financial transactions are increasingly nowadays through digital platforms, application on mobile, and online services. But financial products and services has become more complex these days. Kovács and Terták (2024) explain that digital transformation in the financial sector has created new opportunities but has also increased the need for financial and digital skills. Individuals now need to understand not only traditional financial concepts but also how to use digital financial services responsibly and safely.

This development can also be seen in the growth of the digital economy in Southeast Asia and Indonesia. The *e-Conomy SEA 2024* (Google, Temasek, & Bain & Company, 2024) report shows the continued growth of the digital economy in Southeast Asia, supported by the increasing use of digital services and financial activities. In Indonesia, the *Outlook Ekonomi Digital 2025* report by CELIOS (Huda , Ayu, & Septyarini , 2025) also directed the continued development of the digital economy and the growing role of digital platforms in people's economic activities. These developments reveal that digital technology becoming an important part of everyday economic and financial life. Therefore, youth need to be prepared to use the digital services with understand and manage the financial risks that may come with them.

However, being familiar with digital technology does not automatically mean that youth have sufficient financial literacy, because it requires knowledge, skills, responsible behaviour, and awareness. Therefore, financial education needs the change that brought digitalization and help young people understand both the benefits and risks of the digital financial environment. The digital transformation of financial services has also changed the way financial education can be delivered. Traditional methods of transferring financial knowledge may no longer be sufficient for all groups, especially as financial practices and technologies continue to change.

A research by Mancone, et al. (2024) also recognize digital tools as one of the important developments in financial education for youth. Digital learning tools can support more accessible and interactive learning experiences, but should still be connected to relevant financial content and the learning needs of young people. Digitalization should not only be understood as the use of technology in education, but also as a change in the financial environment that requires new forms of knowledge and skills.

3. Research Methods

This study uses a preliminary qualitative literature review to examine financial literacy challenges among Indonesian youth context of the growing digital economy. The study mainly uses recent academic literature with relevant national and international reports published between 2024 and 2025, and earlier framework sources included as it is relevant to discuss.

The sources were selected based on their relevance to three main topics: youth financial literacy, digital economy, and financial education. Academic sources included studies on financial literacy, financial inclusion, and digital economy development. Key sources include Indonesia Student Competency Assesment (TKA) 2025, OECD/INFE Core Competencies Framework of Financial Literacy for Youth, e-Conomy SEA 2024, Outlook Ekonomi Digital 2025 and Indonesia's Financial Transaction Reports and Analysis Center (PPATK) 2024. Other relevant academic studies were also reviewed to support the interpretation of the findings.

The literature was reviewed by identifying information related to the level of financial literacy, youth participan in digital financial services, challenges associated with digital financial activities, and the role of financial education. The information obtained from the selected sources then organized into three main themes: (1) youth participation in the digital economy and financial services, (2) financial education opportunities, and (3) implications for financial education. The findings from these articles were compared and interpreted to determine the relationship between increased participation in digital finance and literacy needs of Indonesian youth.

4. Research Findings and Discussion

4.1 Digital Economy Increases Youth Financial Participation

The booming growth of Indonesia's digital economy has opened up more opportunities for youth to participate in various digital financial activities. The e-Conomy SEA 2024 report confirmed that Indonesia continues to lead Southeast Asia's digital economy, supported by the development of e-commerce, online services, and digital payment systems. There are consits of E-commerce, food delivery, transportation, online travel, online media, and financial services. As the growth continues, consumers continue to spend on digital products.The Outlook Ekonomi Digital 2025 report highlights how the increasing use of smartphones and internet connections has made digital platforms an essential component of everyday routine, especially for young generation or Generation Z these days. These evolution have led to youth being exposed to digital financial activities at people's exposure to digital financial activities at an early age.

The widespread use of smartphones allow youth to use various financial activities more easily than previous generations due to the support of digitalitation. Financial services available through digital wallets, QRIS, mobile banking, online shopping platforms, and social media are part of their daily experiences. Digital platforms in Indonesia such as Tiktok, Shopee, Tokopedia, Gojek, and others are also important for youth these days. As the economy becomes more digital, youth will not only be able to use these tools but also understand the consequences of all their decisions.

This trend is also evident in recent discussion across Indonesian media. News reports show that young people and children are engaging with digital transactions earlier than ever (Alfianto, 2025). While this development creates for financial inclusion, it also gives concern that financial education has not kept pace with digital financial adoption. As a result, financial literacy is increasingly recognized as an essential skill that should be introduced from an early age.

4.2 Financial Education Opportunities in Indonesia

Financial education, especially for young people, should already be in place, even though it does not have to look the same in every country The PISA 2022 Assessment shows that countries use different financial literacy frameworks, and some countries even have more than

one. However, some countries do not have a specific framework at all, but they still include finance explicity in their subjects, either as its own topic or as a part of the secondary school curriculum.

This is also true in Indonesia, where financial learning is already built into economics and social studies subjects, and mostly through the economics subjects. Unfortunately, the national TKA (Tes Kemampuan Akademik) score of high school economics are still low. Based on national statistics from Badan Kebijakan Pendidikan Dasar dan Menengah, an average score is only 31.68, and 50.15% of students falling into the "insufficient" category (Kemendikdasmen, 2025/2026). This does not directly reflect financial literacy, but it still shows the need to strengthen economics and financial learning in schools.

The OECD/INFE framework also found that schools tend to focus on general economic topics, such as unemployment, government economic and policy, fiscal and monetary policy, and the financial system in general. However, students of youth also need specific financial competencies, such as:

- Basic understanding of money
- The skills and behaviours needed to manage money
- Saving
- Borrowing behaviour
- Different payment methods and signing contract
- Being aware of and respecting how money and ownership work
- Planning and budgeting
- Interest and Risk
- Fraud and scams
- Transaction security
- And Responsible use of money

Indonesian youth need to learn and integrate financial education into their lives, wheter as an additional class or by adding basic financial concepts into the existing curriculum without changing it entirely. This can serve as a foundation or a contextual learning approach, where young people become more aware of financial matters can better prepare for a more secure future.

4.3 Implications for Financial Education and Digital Economy Among Indonesian Youth

In today's world, where digital financial products are everywhere, financial education is not enough if it only teaches economics as the general topics and money concepts. It is also needs to cover digital risks, fraud, online loans, transactions security, and responsible use. A bibliometric study by Effendi et al. (2026) found that youth financial literacy is still an under-research topic in the Indonesian context, making up only 5.2% of around 1.000 studies reviewed between 2014 and 2024. At the same time, Indonesia's Financial Transaction Reports and Analysis Center (PPATK) 2024 recorded online gambling transactions worth IDR 359.81 trillion in 2024, reflecting the digital financial risk exposure in the country (Azhari, 2024, from Effendi et al., 2026). Moreover, young people of age 11-19 are recorded of worth 293,4 billion.

This suggests that strengthening financial literacy should be a key factor in preparing Indonesian Youth for digital economy. Financial education should not only present financial concepts, but also encourage students to relate their own experiences into financial concepts. Learning activities that address financial topics such as understanding payment methods, managing personal finances, or financial literacy, can help young people build their competencies, rather just memorizing money.

This view is consistent with the analysis by Mancone et al. (2024), who concluded that financial literacy education programs are more effective when they include real financial

information and practical learning opportunities. The review also highlights the importance of linking financial platforms, and to engage young people with appropriate educational opportunities.

As Indonesia's digital economy continues to expand, a lifelong skill that should have for young people is financial literacy education, not just an academic subject. Families, school, policymakers, and other stakeholders all have important roles to play in helping young people become economically responsible citizens. Encouraging financial literacy from a young age will not only improve an individual's ability to make financial decisions, but also lead to greater financial well-being in digital era.

5. Conclusion

This study highlights the financial literacy issues among Indonesian youth in today's digital economy. Although smartphones and online services give young peope easy access to financial tools, high user does not automatically mean they have the financial knowledge. The financial inclusion and literacy gap among Indonesian youth with ages around 15 until 17, highlight the urgent need for better financial education. To use digital financial services safely, young people need to know how to navigate digital tools, understand the core of financial concepts, assess risks, and manage their money responsibly.

Due to many reports and researches, therefore, financial education should begin at a young age and stay relevant to everyday life. Strengthening literacy through collaboration among families, schools, and regulators will help ensure that Indonesia's digital economy grows with responsible, smarter participation, and well-informed money management.

The authors would like to recommend the future studies, since it is only a preliminary qualitative literature review. Future studies can be incorporate additional methodologies, such as qualitative or mixed methods approaches. Those suggested explorations on financial literacy among young Indonesian, and to complement the current study.

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