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Analysis of Financial Literacy Levels and Their Relationship with the Characteristics of Coconut Farmers in Pangi Village, Parigi Moutong Regency

Ziad Fad Wafi[1]*, Farid[2], Henni Mande[3]
[1,2,3]Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Palu

***Corresponding Author**: Ziyadalena226@gmail.com

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ABSTRACT

This study aims to analyse the level of financial literacy and its relationship with the characteristics of coconut farmers in Pangi Village, Parigi Moutong Regency. This type of research is quantitative with a descriptive and correlational approach. According to data from the Central Bureau of Statistics, the study population comprised 192 coconut farmers from Pangi Village, distributed across three hamlets. The sample size was determined using the Slovin formula and stratified random sampling. Data analysis was conducted using descriptive and correlational analyses. Based on the descriptive analysis, the financial literacy level had an average score of 82.57%. The results of the correlation analysis showed that the relationship between age and financial literacy level was $r = -0.375$; $p = 0.002$, the relationship between education and financial literacy level was $r = 0.565$; $p = 0.000$, the relationship between income and financial literacy level was $r = 0.311$; $p = 0.011$, and the relationship between farming experience and financial literacy level was $r = 0.002$; $p = 0.985$. The results showed that the financial literacy level of coconut farmers in Pangi Village, Parigi Moutong Regency, is classified as high, and there is a significant relationship between age, education level, and income with the financial literacy level of coconut farmers in Pangi Village, Parigi Moutong Regency. Meanwhile, the farming experience variable did not show a significant relationship.

INTRODUCTION

Financial literacy is the most fundamental and very crucial thing to have for the coconut farming community. Throughout 2024 to 2025 coconut prices in Indonesia will experience a significant increase, for example in production center areas such as Riau Province, East Java, North Maluku, North Sulawesi, coconut prices will increase from around IDR 3,250 per kilogram to almost IDR 8,000 per kilogram in less than half a year (Ministry of Trade, 2025).

A good level of financial literacy is very important in supporting communities and individuals, especially coconut farmers in making the right financial decisions, but there are still challenges in achieving an adequate level of financial literacy for farmers in rural areas, such as limited access to education, financial information sources and economic opportunities. Financial literacy is essential to increase farmers' financial independence, reduce financial inequality, and enable farmers to achieve financial goals and be more vigilant in facing financial challenges.

Data released by the National Survey of Financial Literacy and Inclusion (SNLIK) in 2024 states that Indonesia's financial literacy index is 65.43%, in the division of areas between urban and rural, the financial literacy index in urban areas is 69.71% and in rural areas the community financial literacy index is 59.25%, for the financial literacy index by type of work, farmers are the lowest with a financial literacy index of 59.25%, for the financial literacy index by type of work, farmers are the lowest with a financial literacy index of 42.18%, far below 83.22% employees and 78.32% entrepreneurs.

This figure shows that most farmers do not have an adequate understanding of the basic principles of financial management, such as budgeting, saving, and understanding investment risks. This low financial literacy has the potential to increase the risk of being trapped in harmful informal financial practices and hindering access to formal financial institutions. Financial practices that are very risky include online loans and fraudulent investments, the Central Sulawesi Financial Services Authority (OJK, 2025) recorded 89 complaints from customers who were victims of fraud with a total loss of around IDR 5.2 billion for investing in the Omnicom Group entity, which has an illegal status and operates without a license (Regional Office of the Ministry of Law of Central Sulawesi, 2025). As explained by (Lusardi and Mitchell, 2014), individuals with low levels of financial literacy tend to be more susceptible to errors in financial decision-making, especially in the context of risk and debt management, and this becomes increasingly complex when associated with the condition of coconut farmers facing seasonal income uncertainty as well as fluctuations in coconut prices. On the other hand, limited access to information, low levels of formal education, and lack of experience in using financial services also exacerbate these conditions (OECD, 2020).

The important mission of financial literacy is to educate the public in the field of finance so that they can manage finances intelligently, so that low knowledge about finance can be overcome and the community, especially farmers, is not deceived by investment products that offer high returns in the short term without considering the risks. (Ainurrahma et al. 2020) in their research on farmers in Tasikmalaya and Garut found that financial literacy has a close relationship with saving behavior, access to credit, and the level of welfare of farmers. Financially literate farmers have a greater tendency to access formal financial products and manage farm results more productively. Similar results are also shown by a study (Nadia et al.2024) in Bireuen Regency, where the level of financial literacy of rice farmers is in the medium category, influenced by age factors and education level.

Farmers with a good level of financial literacy are able to allocate income more effectively for productive needs such as fertilizer purchases, garden care, and children's education savings. This is strengthened by (Akmal and Saputra, 2016) in their research stating that financial literacy plays an important role in farmers' financial management, which allows for more rational and productive financial decision-making. Conversely, farmers who do not understand the concept of financial management often spend their entire harvest income for momentary consumption without long-term planning, making them vulnerable to cyclical poverty, which is reinforced by (Syafrina and Pardede, 2020), which assert that low financial literacy contributes to farmers' consumptive habits, harms family economic sustainability and increases the risk of cyclical poverty.

Factors such as formal education, access to information, experience interacting with financial institutions, and support from the local government are the main determinants in improving the financial literacy of rural communities. Therefore, it is important to conduct research that is able to identify the extent of financial knowledge and skills possessed by coconut farmers in Pangi Village, as well as the factors related to them.

METHODS

This type of research is quantitative research, using a descriptive and correlative approach, which is a research method that emphasizes the process of communication and in-depth interaction between researchers and respondents. The goal is to understand, describe, and analyze a phenomenon in a natural social context (Sugiyono, 2013). The types of data used were primary and secondary data, primary data was obtained directly from respondents, namely coconut farmers in Pangi Village, while secondary data was obtained from the Literature study.

The population in this study is coconut farmers in Pangi Village, which according to data from the Central Statistics Agency (2024), totals 192 people spread across three hamlets. The sampling technique uses the stratified random sampling method, which is applied based on the area of the hamlet where they live.

The determination of the number of samples in this study used the slovin formula and the stratified random sampling method was used in distributing respondents into several strata of the hamlet area. The number of samples found using the slovin formula amounted to 65 which was rounded up to 65 respondents. The feasibility test of the instrument is carried out by conducting validity tests and reliability tests.

The data analysis method was carried out quantitatively, descriptively, and correlative using SPSS version 27.

RESULTS

Test Results of Research Instruments

Validity Test

The validity test in this study was carried out through Pearson product moment correlation analysis, which is used to measure the strength of the linear relationship between the item score and the total score. The results of the validity test of all statements on the instrument consisting of five statements for each variable with a total of 30 test respondents were declared valid which can be seen in table 1 below:

Table 1. Validity Test Results

Variabel	Aspects	Statement	Calculation	rtable	Conclusion
Financial Literacy Level	Financial Knowledge	PK 1	0,545	0,361	Valid
		Horsepower 2	0,639	0,361	Valid
		Horsepower 3	0,804	0,361	Valid
		Horsepower 4	0,706	0,361	Valid
		HP 5	0,780	0,361	Valid
	Financial Attitude	EN 6	0,784	0,361	Valid
		EN 7	0,632	0,361	Valid
		EN 8	0,760	0,361	Valid
		EN 9	0,559	0,361	Valid
		SK10	0,740	0,361	Valid
	Financial Behavior	PRK 11	0,762	0,361	Valid
		PRK 12	0,664	0,361	Valid
		PRK 13	0,798	0,361	Valid
		PRK 14	0,778	0,361	Valid
		PRK 15	0,595	0,361	Valid

The results of the validity test in table one show that all statements are declared valid because the value of the correlation coefficient *(r calculated)* exceeds the critical value set by *(r table)* at a certain level of significance.

Reliability Test

Reliability tests are used to assess the extent to which the results of a measurement are reliable. This test was performed using *Cronbach Alpha statistics.* A variable is considered reliable if the alpha value obtained is greater than the value r of the table. The results of the reliability test can be seen in the following table 2:

Variabel	Cronbach's Alpha	Number of Items	Remarks
Financial Literacy Level	0,926	15	Reliabel

The results of the reliability test in table 2 were obtained with a value of 0.926 for the financial literacy level variable consisting of 15 statement items with a total of 30 trial respondents

DISCUSSION

Description Of The Level Of Financial Literacy Of Coconut Farmers

Based on the analysis of the level of financial literacy in the coconut farming community in Pangi Village, it shows that the level of financial literacy of the coconut farming community in Pangi Village is relatively high with an average score of 82.57%, based on the calculation of the results of the questionnaire filling out by the respondents according to the classification of Chen and Volpe (1998). This shows that there are 48 coconut farmers (72.7%), with a high level of financial literacy, and only 18 coconut farmers (27.3%) are in the medium category. There are no coconut farmer respondents in the category of low financial literacy level.

In the aspect of financial literacy, coconut farmers showed an average score of 81.4%, which is in the high category. In terms of financial attitudes, the results are even higher, with an average score of 88.8%.

However, an interesting difference actually appears in the aspect of financial behavior, which only reaches an average of 73.8%, in the medium category.

Yet there is a gap between what is known and believed and what is actually done, for example only about 57.0% of farmers consistently record their income and expenditure.

These findings are in line with several previous studies. Hendrarini (2022), for example, in his research on farmers in Madura found that although farmers' financial knowledge is quite good, fund management practices are still inconsistent because they are not internalized in daily habits. The same thing is also affirmed by Ainurrahma et.al., (2020), who shows that farmers' financial literacy is correlated with financial behavior, but its implementation is greatly influenced by the social environment and life experiences.

The Relationship Between The Characteristics Of Kelap Farmers And The Level Of Financial Literacy

The Relationship Between Age And Financial Literacy Level

The results showed that age had a negative and significant relationship with the financial literacy of coconut farmers ($r = -0.375$; $p = 0.002$). This means that the older you get, the lower the level of financial literacy.

Lusardi and Mitchell (2014), emphasized that financial literacy skills often decline in the elderly group due to cognitive limitations and low involvement in modern financial products. Rahman and Dewi (2021), found that young people are more open to digital financial services and have better literacy than older age groups.

The Relationship Between Education And Financial Literacy Level

The last level of education showed a positive and significant relationship with financial literacy ($r = 0.565$; $p = 0.000$). This shows that the higher the education that farmers have, the better their ability to understand financial concepts and practices.

This is in line with the research of Huston (2010) who states that formal education is an important foundation in improving financial understanding because it strengthens analytical skills, numerical abilities, and decision-making. This finding is also supported by research by Pradana and Sari (2022) which confirms that education plays a key determinant in shaping the financial literacy of coconut farmers.

The Relationship Between Income And Financial Literacy Levels

The results of the analysis showed a positive and significant relationship between income and financial literacy ($r = 0.311$; $p = 0.011$), the higher the income of farmers, the more likely they are to have good financial literacy.

These findings are in line with the research of Atkinson and Messy (2012) that higher incomes provide space for individuals to access formal financial products and services, thereby encouraging increased financial literacy. Research by Nurhayati and Hidayat (2021) also found that people with higher income levels tend to have better financial management skills.

The Relationship Between Experience And Financial Literacy Level

In contrast to other variables, Bertani experience did not have a significant relationship with financial literacy ($r = 0.002$; $p = 0.985$). This shows that the length of experience in farming does not necessarily improve the financial literacy skills of coconut farmers.

A similar thing was also found by Cole, Sampson, et.al., (2011) explaining that work or business experience is not enough to improve financial literacy if it is not accompanied by access to adequate education and financial information. This result is in line with the research of Putra (2023) which found that although farmers have long experience in managing farming, they still use traditional financial management patterns so that the level of financial literacy is low.

CONCLUSION

Based on the results of the research conducted on 66 coconut farmer respondents in Pangi Village, Parigi Moutong Regency, the researcher can conclude the following:

The level of financial literacy of coconut farmers is in the high category.

There is a significant relationship between age, education level, and income with the level of financial literacy of coconut farmers in Pangi Village. Meanwhile, the farming experience variable did not show a significant relationship.

RESEARCH IMPLICATIONS

For the Pangi Village government and related agencies, it is important to design a financial literacy program that is contextual and tailored to the needs of the coconut farming community in Pangi Village. With a participatory approach, and based on farmers' life experience, it will be more effective in improving financial literacy. For financial institutions (banks and non-banks) operating in rural areas, it is necessary to build more inclusive relationships with coconut farmers through regular counseling, business assistance, and the provision of financial products that are easily accessible and understood. For future researchers, it is recommended to explore other factors beyond demographic characteristics that may be related to financial literacy, such as the use of information media, involvement in cooperatives, or participation in productive economic training.

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