

INCREASING THE FINANCIAL LITERACY OF MIGRANT WORKERS IN JAPAN THROUGH SHARIA FINANCIAL MANAGEMENT TRAINING

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Abstract: *The necessity for financial management skills among migrant workers was underscored by the prevalence of a family member engaging in overseas employment within Indonesian households. This was evident in the imperative role finance played in encouraging migrant employees to maximize their earnings beyond what they could achieve in Indonesia. In this study, the ABCD (asset-based community development) strategy was employed to empower the Japanese IPMI community, utilizing existing community assets for sustainable development. The Indonesian Muslim Nurses Association, a supportive network, facilitated mutual growth and the establishment of ukhawah Islamiyyah, contributing to a robust community fabric. IPMI served as a pivotal venue for enhancing the community's financial literacy through various levels of community service. Before returning to Indonesia, migrant workers took proactive steps in financial planning, including saving for retirement and other financial goals. Migrant employees, upon joining IPMI, actively recorded costs, tracked income, and projected investments for pension funds through direct practice. This past-tense abstract emphasizes the crucial role of financial empowerment and community support in the journey of migrant workers. The result shows after this community service, many migrant workers aware about financial management and gained a deeper understanding of financial management principles, enabling them to make informed decisions regarding budgeting, saving, and investing.*

Keyword: *Empowerment; Community Service; Financial Literacy; IPMI; Migrant Worker.*

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INTRODUCTION

Migrant workers are recognized as the backbone of most developing countries, as suggested by Suresh ¹ for the evidence of India. This phenomenon also occurs in Indonesia, where few of the migrant workers earn income to send to their families in Indonesia. Although most migrant

¹ Rajani Suresh, Justine James, and Balraju R. S.j, "Migrant Workers at Crossroads—The Covid-19 Pandemic and the Migrant Experience in India," *Social Work in Public Health* 35, no. 7 (2020): 633–643, <https://doi.org/10.1080/19371918.2020.1808552>.

workers face discrimination and racism while looking for a job,² the economic pressure of migrant workers motivates them to work abroad. By becoming migrant workers, they will get more income than those in the country of origin of migrant workers. The higher wages generated will affect the way migrant workers invest.³ Another consideration is the availability of jobs in the country to which they migrate.

Indonesian migrant workers are typically the sandwich generation, helping to support their parents and family in Indonesia. A lack of financial literacy among migrant workers would result in economic instability for migrant workers and their families in Indonesia. Furthermore, migrant workers in Indonesia do not establish pension plans or plan for their families' economic survival. As a result, migrant workers require financial management training in order to create retirement savings without interfering with the distribution of other financial positions.

The Financial Services Authority (OJK) conducted a National Financial Literacy Survey (SNLK) to determine the financial literacy index in all regions of Indonesia, the results showed that in 2019, the Financial Literacy index of Indonesian society was 38.03% and in 2022, the National Financial Literacy Survey showed that the Financial Literacy Index of Indonesian society rose to 49.68%. Though there has been an increase in numbers, the percentage of Indonesian people's financial literacy is still low compared to ASEAN countries such as Malaysia, Thailand, and Singapore. The survey shows that only a few Indonesian people have the knowledge to maximize and optimize income in a more productive direction⁴.

Evidently, financial management is considered essential,⁵ including for migrant workers, as shown by most family members consisting of at least one migrant worker. Migrant workers who can manage finances well will be able to improve the economic standard of living of their families in their home countries.⁶ Furthermore, migrant workers must start preparing pension funds for their old age.⁷ Hence, migrant workers can still support their families when they retire. Likewise, migrant workers who do not yet have financial goals for pension funds can immediately plan for

² Niels van Doorn, Fabian Ferrari, and Mark Graham, "Migration and Migrant Labour in the Gig Economy: An Intervention," *Work, Employment and Society* 37, no. 4 (2023): 1099–1111.

³ Nguyen Quynh Phuong and Sundar Venkatesh, "Does Migration Make Financial Sense? The Case of Domestic Workers from Vietnam to Taiwan," *The Electronic Library* 34, no. 1 (2008): 1–5.

⁴ OJK, "Siaran Pers Survei Nasional Literasi Dan Inklusi Keuangan Tahun 2022," *Otoritas Jasa Keuangan*, no. November (2022): 10–12.

⁵ Zibei Chen and Catherine M. Lemieux, "Financial Knowledge and Behaviors of Chinese Migrant Workers: An International Perspective on a Financially Vulnerable Population," *Journal of Community Practice* 24, no. 4 (2016): 462–486, <http://dx.doi.org/10.1080/10705422.2016.1233475>.

⁶ Ganesh Seshan and Dean Yang, "Motivating Migrants: A Field Experiment on Financial Decision-Making in Transnational Households," *Journal of Development Economics* 108 (2014): 119–127, <http://dx.doi.org/10.1016/j.jdeveco.2014.01.005>.

⁷ Dian Ferriswara and Arie Ambarwati, "Digital Financial Management for Former Migrant Workers in Probolinggo City," *Journal of Coastal Community Service* (2022): 83–90.

them.

Migrant workers who want to retire early can also start a business if they return to Indonesia. However, this plan certainly requires a lot of funds. There is a need for financial management when starting micro, small, and medium enterprises (MSMEs). In addition, migrant workers also need skills in managing MSMEs.

In addition, migrant worker families tend to have low levels of financial literacy and digital literacy, and they are migrant worker families with elementary and junior high school graduates.

Table 1. Indonesian Migrant Workers Education Level 2023

Migrant Workers Education	Total
SD (Elementary Level)	89.657
SMP (Junior High Level)	70.933
SMA/SMK (Senior High Level)	106.476
DIPLOMA (Diploma)	4.536
SARJANA (Graduates)	3.302
PASCA SARJANA (Post Graduates)	60
Grand Total	27.4964

Source: Indonesian Migrant Worker Protection Agency (BP2MI), 2024

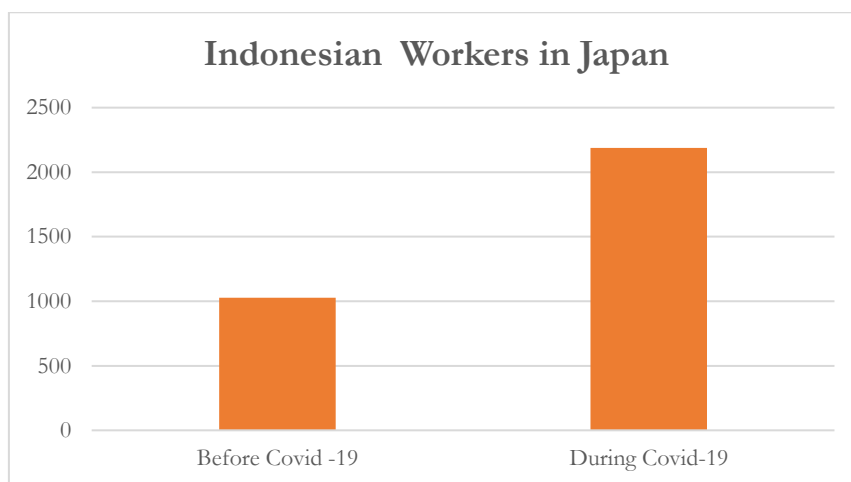
This further confirms that educational background influences a person's ability level.⁸ Thus, it is necessary to increase migrant workers' financial literacy so that they can convey it to their families. Islamic financial management training is one method for increasing financial literacy. Islamic financial management training is important for migrant workers to be able to manage their finances. Furthermore, Islamic financial management is slightly different from financial management in general. It can be seen from the allocation of Zakat, Infak, Shadaqah, and Waqf (ZISWAF) in expenditure. ZISWAF became a common thing done by Muslims and was associated with the cleansing of property received. Many migrant workers' in Indonesia come from predominantly Muslim where adherence to Islamic principles is important. Islamic financial management training ensures that their financial practices align with Islamic teachings, which prohibit interest (riba), gambling (Maysir), and unethical investments.

According to the Financial Planning Standards Board Indonesia, financial planning is a process of achieving one's life goals through integrated and planned financial management. Some of the goals of life in preparing optimal finances are to prepare education funds for children,

⁸ Bayu Adi Laksono, Supriyono Supriyono, and Sri Wahyuni, "Financial and Digital Literacy of Migrant Worker Families in terms of Educational Background," *Journal of Education and Culture* 4, no. 2 (2019): 139–151.

prepare old age funds for themselves and their spouses, prepare funds to have a house, prepare inheritance for beloved families, prepare funds for Hajj and others.

In addition to the reasons as mentioned earlier, the significant influx of Indonesian migrant workers, as indicated by data from BNP2TKI (National Board for the Placement and Protection of Indonesian Overseas Workers), highlights the crucial role of Islamic financial management training in enhancing Indonesia's foreign exchange income. With approximately 3 million Indonesian citizens seeking employment opportunities abroad, there is a substantial flow of remittances back to Indonesia from these migrant workers. By equipping them with Islamic financial management skills, these workers can maximize the value of their earnings while ensuring compliance with Sharia principles. The remittances sent by migrant workers contribute significantly to Indonesia's foreign exchange reserves, thereby bolstering the country's economy. Through proper financial management training, migrant workers can optimize their remittance transfers, minimize transaction costs, and make informed investment decisions that align with Islamic principles. Furthermore, the enhanced financial literacy among migrant workers can lead to greater economic empowerment and stability for their families and communities back home. As a result, the overall impact of Islamic financial management training extends beyond individual migrant workers to encompass broader socioeconomic development in Indonesia.



Source: Indonesian Migrant Worker Protection Agency (BP2MI), 2024

Figure 1. Indonesian Worker in Japan

Based on the picture above, it can be seen that Indonesian migrant workers in Japan increased during Covid 19. It shows a huge public interest in becoming migrant workers. Furthermore, the picture shows a 50% increase in migrant workers before Covid 19. As more Indonesian workers migrate to Japan, remittance inflows to Indonesia are expected to expand

significantly. As these workers make money overseas, they transfer some of it home to support their families and contribute to the local economy. The increase in remittances can boost household consumption, savings, and investment. Thus, migrant workers must be trained with adequate financial management skills in order to handle the economic possibilities and obstacles connected with migration, guaranteeing their financial well-being while also contributing positively to the economies of both their host and home nations.

Migrant workers need knowledge to be able to manage finances well and support families in Indonesia. Thus, it is important to improve financial literacy and management. By definition, several studies have addressed financial literacy as the ability to utilize knowledge to establish informed financial decisions.⁹ It is also important to look at their asset holdings to examine the relationship between financial literacy and asset ownership. Blessed treasures are treasures that are obtained lawfully and also bring benefits to others. The use of an ABCD technique in this study has the advantage of assisting researchers in understanding how to resolve problems for migrant workers who have not started saving for retirement or who intend to return to Indonesia. Based on this background, it is necessary to increase the financial literacy of migrant workers in Japan through training in Islamic financial management.

RESEARCH METHOD

This community service activity uses the ABCD (*Asset Based Community Development*) method in collaboration with the Indonesian Muslim Nurses Association in Japan. This method is very appropriate because it empowers the community by departing from the assets and strengths of the community¹⁰. It is contrary to the traditional approach that has been around so far, which focuses more on the problems and needs of the community. The increasing popularity of asset- or strength-based methods (ABCD) as a community-based development strategy is consistent with a discernible shift in the practices of international development agencies.¹¹ In contrast to traditional community development, ABCD was perceived as building on the foundation of strengths-based rather than deficits-based community work, which emphasizes a community's advantages rather than its shortcomings.¹²

⁹ Diana J. Beal and Sarath B. Delpachitra, "Financial Literacy Among Australian University Students," *Economic Papers* 22, no. 1 (2003): 65–78.

¹⁰ Cathy Ure et al., "An Asset-Based Community Development Approach to Reducing Alcohol Harm: Exploring Barriers and Facilitators to Community Mobilisation at Initial Implementation Stage," *Health and Place* 68 (2021): 102504, <https://doi.org/10.1016/j.healthplace.2020.102504>.

¹¹ Alison Mathie and Gord Cunningham, "From Clients to Citizens: Asset-Based Community Development as a Strategy for Community-Driven Development," *Development in Practice* 13, no. 5 (2003): 474–486.

¹² Rebecca Harrison et al., "Asset-Based Community Development: Narratives, Practice, and Conditions of

The objects of this community service are Japanese migrant workers who are members of the IPMI (Indonesian Muslim Nurses Association) community. This community consists of around 75 Muslim nurses spread across several regions in Japan. This method is carried out by looking at the needs of migrant workers to be able to manage finances well. This community service was carried out virtually using Zoom. Followed by discussions via WhatsApp in consulting on financial management intensely. This dedication is carried out for 30 days to provide time for migrant workers in Japan. There are several stages carried out in community service at IPMI Japan, namely:

Preparatory Stage

At the preparation stage, a meeting was held with the team and representatives from IPMI Japan to discuss the material to be presented and also the sustainability of this community service.

Implementation Phase

At the stage of implementing the resource person, there were two people, the first speaker discussed the theory of financial management, and the second resource person implemented excel to manage finances. The presenters at this program have completed certification and earned the designation of Associate Wealth Planner. This credential aims to become a professional financial planner.

Evaluation phase

At the evaluation stage, there were questions from several migrant workers in Japan about financial management. Then, it is followed by consultations with individual migrant workers in order to find out more details about financial management. Some of these stages are carried out so that community service at IPMI Japan can be held on target.

RESULT AND DISCUSSION

The preparation made for this community service was a meeting with the team and representatives from IPMI Japan service to determine the material. Furthermore, this community service sees the need for participants who have just become workers. New migrant workers tend to spend their money on non-basic needs such as luxurious goods. Proper financial management needs to be done so that migrants' needs can be met properly. This material became the basis for

Possibility—A Qualitative Study With Community Practitioners,” *SAGE Open* 9, no. 1 (2019).

the team in the presentation. Furthermore, the community service team proposed practices in financial management so that migrant workers better understand and can implement directly. In addition, making flyers for community service and disseminated through Instagram. Thus, the preparatory stage for community service has been planned and structured for migrant workers in Japan.



Figure 2. Community service socialization flyer with the Indonesian Muslim Nurses Association (IPMI) Japan

In the implementation, a virtual meeting was held to discuss financial management. Several things become part of financial management, namely recognizing financial conditions, evaluating financial health, making financial budgets, and financial investments¹³. This financial management can be realized using excel that our team has created. In this case, the education factor is also the basis for financial management, the higher the education of migrant workers, the more structured it is in financial management¹⁴.

¹³ Yasmeeen Ansari et al., "Examining the Relationship between Financial Literacy and Demographic Factors and the Overconfidence of Saudi Investors," *Finance Research Letters* 52, no. October 2022 (2023): 103582, <https://doi.org/10.1016/j.frl.2022.103582>.

¹⁴ Kshipra Jain, "An Insight into Financial Literacy of University Faculties: A Case Study of University of Rajasthan Employees, India," *Social Sciences & Humanities Open* 5, no. 1 (2022): 100262, <https://doi.org/10.1016/j.ssaho.2022.100262>.

Personal retirement planning is significantly impacted by financial literacy. It means that personal retirement planning was significantly influenced by two financial literacy constructs, namely computation capability and financial knowledge, but not by financial education or attitudes toward financial products.¹⁵ Migrant workers must be able to prepare for their retirement regardless of their educational background. The earlier you prepare for retirement, the better. People who feel younger are substantially more likely to make financial goals. The fact that this effect is present in subsamples broken down by retirement status and age suggests that financial preparation is important for everyone, including those who are older. It supports the theory that older people who feel younger have greater perceived cognitive ability and, thus, are more motivated to organize their finances. However, such a beneficial impact is moderated by a negative assessment of social aging culture. Age identification may also have a direct or indirect influence through financial planning on the subsequent economic habits of investing and saving. Lastly, identifying as younger also makes people more open to internalizing the eldercare responsibilities. Our results suggest that while developing and putting into practice old-age policies, it is crucial to take people's age identities into account.¹⁶ Thus, Early preparation for retirement is highlighted as essential, regardless of educational background. Feeling younger is associated with a higher likelihood of achieving financial goals, reflecting the importance of cognitive ability and motivation. However, the positive impact is tempered by a negative assessment of social aging culture. The passage emphasizes the need to consider age identities in developing old-age policies, recognizing their influence on financial attitudes and eldercare responsibilities.

Table 2. Key Criteria of ABCD to Increasing Financial Literacy

	Foundations/Building Blocks	Method	Mechanism	Outcomes
Key criteria and outcomes of ABCD	Budgeting and Expense Management	Asset Mapping: Identify individual skills and talents	Community Empowerment Through Decision-Making	Improved financial literacy of migrant workers for better financial management
	Banking and Financial Inclusion	Capacity Building: Financial literacy workshops and	Community Workshops and Training	
	Financial Literacy	workshops and Peer-to-peer learning		
	Emergency Fund Insurance Coverage			

Source: Self-Processed, 2023

¹⁵ Kulondwa Safari, Charity Njoka, and Mugisho Guershom Munkwa, "Financial Literacy and Personal Retirement Planning: A Socioeconomic Approach," *Journal of Business and Socio-economic Development* 1, no. 2 (2021): 121–134.

¹⁶ Zihan Ye et al., "Too Old to Plan? Age Identity and Financial Planning among the Older Population of China," *China Economic Review* 73, no. November 2021 (2022): 101770, <https://doi.org/10.1016/j.chieco.2022.101770>.

The fundamental approach is contrasting the reported intended retirement age before and after the financial crisis with the actual wealth shock. It is crucial to take into account the manner in which people disclose their intended retirement age. The reported age at which people would like to retire may not change even if their subsequent retirement behavior is found to have changed if people follow a rule of thumb, such as simply reporting their SPA (State Pension Age).¹⁷ Migrant workers should be allowed to plan for retirement and other financial objectives. The ABCD approach can be used to identify money management issues among migrant workers.

From the main criteria above, it can be concluded that effective budgeting and expense management in women's retirement planning entail collaborative efforts that capitalize on the strengths and assets of migrant workers and their communities, emphasizing the significance of a collective approach to financial well-being. In this regard, this study applies several instruments incorporating to the community service. The first instrument is about the purpose of the financial planning. These instruments enable participants to understand about the purpose of the financial planning, so they can suit what their needs about each financial goals. The second instrument is about the components of Zakat, Infaq, Shadaqh, and Wakaf as a part of Islamic financial management. Although these components are present, the participants shall prepare this as well to obtain optimal purposes. Moreover, the activity also used budgeting, financial health, emergency fund, insurance, and investment as other instruments. These instruments also aim to deeply deliver knowledge to the participants about how these financial product planning might affect their financial condition. Ultimately, they can also achieve the optimal financial settlement.

These research works collectively contribute to a growing body of evidence that underscores the multifaceted nature of financial planning, shedding light on various factors such as cognitive perceptions, cultural influences, and age identities that play pivotal roles in shaping individuals' approaches towards securing their financial future. The majority of research on women's retirement financial planning points to women's poor money management and vulnerability to poverty in their post-retirement years. In developed economies, the bulk of research in this topic has been conducted. Using regression-based models for analysis, empirical research is the most often used type of study design. The important factors that have been found in the research to influence women's retirement financial planning are also highlighted in this study. These comprise psychological concepts, financial literacy, sociodemographic elements, and contextual and economic influences.¹⁸ Financial planning is favorably connected with non-impulsive and analytical

¹⁷ Rowena Crawford, "The Effect of the Financial Crisis on the Retirement Plans of Older Workers in England," *Economics Letters* 121, no. 2 (2013): 156–159, <http://dx.doi.org/10.1016/j.econlet.2013.07.024>.

¹⁸ Satish Kumar, Sweta Tomar, and Deepak Verma, "Women's Financial Planning for Retirement: Systematic

decision-making styles, whereas self and other orientation is only associated with short-term planning. Intuitive decision-making is unrelated to short- or long-term financial planning.¹⁹ Therefore, the prevailing research on women's retirement financial planning, particularly in developed economies, reveals a concerning trend of poor money management and vulnerability to post-retirement poverty.

In addition, many nations struggle to provide enough retirement incomes for their aging populations. This report uses bibliometric analysis to examine the intellectual and conceptual structure of research on financial literacy in retirement planning and identify current trends. The findings are especially significant for the financial community since institutions and society prioritize financial literacy to empower individuals to develop their retirement programs.²⁰ Furthermore, insights on financial literacy and financial planning behavior based on a financial advising program in India. Three standard questions were previously used to assess financial literacy. The three questions are Interest Compounding, Inflation Impact, and Risk Diversification. In Islam, interest compounding is not recognized, but profit and loss are sharing that can be done add in one sentence.

By analyzing program members' investing behaviors, liability choices, risk tolerance, and insurance usage and discovering that the great majority of respondents appear to be financially literate based on their responses to questions about interest rates (numeracy), inflation, and risk or diversification. However, there is diversity across demographic and socioeconomic categories. In addition, participants' financial habits (risk tolerance, investment preferences, investment objectives, etc.) and connect such habits to financial literacy.²¹

Additionally, research suggests that significant melancholy is linked to a range of financial and health consequences indicative of narrow-minded decision-making. Depression-related variations in behavioral qualities, such as optimism/pessimism, perceived control, perceived mastery, and self-assessed survival probability, contribute to the relationship between depression and financial planning horizon. It indicates that depression has a substantial financial cost, which is exacerbated by shortsighted financial planning.²²

Managing one's finances throughout one's lifetime is the goal of personal financial planning.

Literature Review and Future Research Agenda," *International Journal of Bank Marketing* 37, no. 1 (2019): 120–141.

¹⁹ Francisco Guzman, Audhesh Paswan, and Niranjana Tripathy, "Consumer Centric Antecedents to Personal Financial Planning," *Journal of Consumer Marketing* 36, no. 6 (2019): 858–868.

²⁰ Rocío Gallego-Losada et al., "Retirement Planning and Financial Literacy, at the Crossroads. A Bibliometric Analysis," *Finance Research Letters* 44, no. November 2020 (2022).

²¹ Sumit Agarwal et al., "Financial Literacy and Financial Planning: Evidence from India," *Journal of Housing Economics* 27 (2015): 4–21, <http://dx.doi.org/10.1016/j.jhe.2015.02.003>.

²² Youngjoo Choung, Swarn Chatterjee, and Tae Young Pak, "Depression and Financial Planning Horizon," *Journal of Behavioral and Experimental Economics* 98, no. April (2022): 101877, <https://doi.org/10.1016/j.socec.2022.101877>.

In conventional personal financial planning, future cash flows for various time periods and scenarios cannot be calculated unless the planner's financial situation, objectives, and expectations for the future are known. The planner continuously modifies adjustable parameters until a workable financial arrangement is reached if the planning outcomes fall short of the planner's expectations.²³

Table 3. Financial Transaction Table

INCOME			
Date	Amount	Description	Category
01/11/2020	2,000,000	Salary	Paycheck
06/11/2023	500,000	Performance Bonus	Paycheck
EXPENSES			
Date	Amount	Description	Category
01/11/2020	51,000	Eat at <i>Warung Sederhana</i>	N-Food
08/11/2020	120,000	Treat a Friend	G-Other
09/11/2020	60,000	Drink Ice Oranges with Friends	N-Food
10/11/2020	75,000	Paying Zakat Maal	N-Other
23/11/2020	50,000	Alms Routine	N-Other

Source: Microsoft Excel, Self-Processed, 2023

In recognizing financial conditions, migrant workers are directed to check assets in the form of assets²⁴, savings, investments, and loans for those who have. Furthermore, it is placed in a table so that it is visible between the assets and debts owned. If the assets are greater than the debt, then the financial condition of migrant workers is in good condition. However, if debt is more than assets then financial condition is not good. After recognizing the financial condition, migrant workers also evaluate financial health. Some indicators to determine financial health are checking the amount of cash you currently have, the number of current installments, and the amount of savings. The amount of cash that is 4 times routine expenses can be said to be healthy, while it is not said to be healthy if you have cash less than 4 times routine expenses. Furthermore, the number of monthly installments at most only 35% of monthly income can be said to be healthy, while if it is greater than 35%, it can be said to be unhealthy. A healthy amount of savings is being able to

²³ Chieh Yow ChiangLin and Chang Chun Lin, "Personal Financial Planning Based on Fuzzy Multiple Objective Programming," *Expert Systems with Applications* 35, no. 1–2 (2008): 373–378.

²⁴ Shizuka Sekita, Vikas Kakkar, and Masao Ogaki, "Wealth, Financial Literacy and Behavioral Biases in Japan: The Effects of Various Types of Financial Literacy," *Journal of the Japanese and International Economies* 64, no. July 2021 (2022): 101190, <https://doi.org/10.1016/j.jjie.2021.101190>.

save at least 10% of monthly income, while less than 10% is said to be unhealthy.

In arranging financial budgets, migrant workers are directed to distinguish between routine and non-routine income and expenditure. By making a budget, financial management will be more organized. In accordance with Table 3 above, migrant workers are given a table of financial transactions in Excel format that has been designed in such a way that it is easier for migrant workers to fill in the table. The table contains only 2 sections, namely income and expenses in a span of a month. Income and expenditure items are a very important and basic part of recording financial transactions. However, the advantage of income and expenditure items that the resource person has shared with participants is that there is a category section that has been embedded in Excel itself that participants themselves can change. This will certainly make it easier for workers to identify the categories of transactions carried out, especially in expenditure items. Not only consumptive expenses, there are also donations in the available expenditure categories.

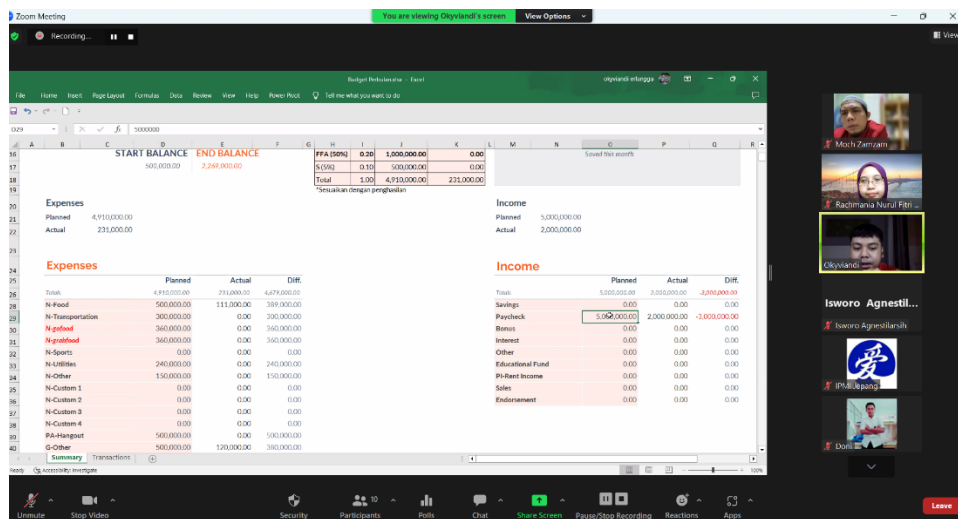


Figure 3. Documentation of community service events with the Indonesian Muslim Nurses Association (IPMI) Japan

As a religious person, donation is inseparable from the joints of a Muslim's life. Islam as a *kaffah* religion has divided donations that must be issued and donations that are complementary or sunnah. The donation that must be issued as a Muslim is *zakat*, while for *infak*, alms and waqf is sunnah. Sunnah donations such as *infak* and alms have no limit on how much a Muslim can make. Unlike *infak* and alms, *Zakat*²⁵ is a donation that must be issued by every Muslim whose wealth has reached *nisab* and has reached *haul*. The percentage that every Muslim must spend on *zakat* is 2.5%

²⁵ Shifa Mohd Nor, Mariani Abdul-Majid, and Siti Nabihah Esrati, "The Role of Blockchain Technology in Enhancing Islamic Social Finance: The Case of Zakah Management in Malaysia," *Foresight* 23, no. 5 (2021): 509–527.

of the total amount of property owned. Someone needs to record every income and expenditure they make, including migrant workers. In addition to being able to control expenses to match the income owned, recording transactions also minimizes donations that must be forgotten to be paid because if not paid, they will get severe consequences from the religious side.

Regular recording of financial transactions will result in conclusions in the form of transactions that are often carried out every month. The transaction can later be used as a basis for determining the budget for expenses every month in the following years. The ideal budget for each migrant worker is different, and it can be adjusted to the place where migrant workers live in Japan. Urban areas certainly have a higher cost of living compared to migrant workers living in rural areas. Thus, migrant workers can adjust routine and non-routine items between income and expenditure.

Table 4. Monthly Budget Table

Account	%	Planned	Actual
N (30%)	0.53	3,360,000	111,000
PA (5%)	0.08	500,000	0.00
G (5%)	0.08	500,000	120,000
E (5%)	0.08	500,000	0.00
FFA (50%)	0.16	1,000,000.00	0.00
S (5%)	0.08	500,000.00	0.00
Total	1.00	6,360,000.00	231,000

Source: Microsoft Excel, Self-Processed, 2023

After migrant workers can determine the budget every month, the workers can calculate the monthly budget plan according to their category by filling in table 3, namely the monthly budget table. This budget plan must certainly be adjusted to transactions according to categories in the following month and adjust to external conditions where the immigrant workers live. Table 3 will show the planned budget and actual expenses for the month. This will certainly be an important part for migrant workers to draw conclusions on their transactions in that month, whether they are within budget, over budget, or even more economical. Migrant workers certainly better understand what categories must be controlled and even reduced when actual expenditures exceed the established budget plan. However, if it turns out that the actual expenditure is lower than the budget plan, migrant workers can consider options for making financial investments.

Financial investment is one way to prepare for finances in the future. Financial investment is the act or process of allocating a certain amount of money or funds into financial instruments or

assets with the aim of obtaining profits in the future. The main purpose of financial investment is to generate a return or profit on the funds invested, which can be income, an increase in value, or a combination of both. There are several types of financial investments that migrant workers can choose from, for example stocks, bonds, mutual funds, deposits to crypto assets. However, for migrant workers who are still unfamiliar with financial investments or can be tied up as novice investors, mutual funds and deposits are a safe choice for investing because of the small risk faced even though the *return* obtained will be small.

This study also has conducted the survey to regarding how the participants perceive after the training. According to the survey, the participants has well understood about how the financial planning made. This response concludes that the materials that have been conveyed during the training has well absorbed and been applicable to the immigrants workers in Japan. Moreover, before the training was given, participants had no idea about budgeting as well as any financial products and how they can prepare for financial planning. Accordingly, the training was well-taught to the participants. Although there are some components of financial planning materials that have not been well understood by the participants, such as how the financial health is made, further training is necessary as making financial health may require deep understanding about financial knowledge. In this regard, further series of training in this topic is required.

There are several types of investors but the commonly understood are aggressive, moderate and novice investors. Migrant workers can determine what kind of investor they will be based on their background such as needs, investment experience, education, etc. If migrant workers already have a lot of investment experience and a lot of funds, of course, being an aggressive investor can be the right choice with large individual stock investments²⁶ or crypto assets that have high volatility that promise large returns.

However, before investing, migrant workers need to know how to evaluate their financial health. Starting an investment needs to do a financial stability check. Financial stability is the financial condition of a person or household that is stable, balanced, and able to meet financial needs and achieve short-term and long-term financial goals. Financial stability covers a wide range of aspects, including income, expenses, savings, investments, debt, and insurance protection.

Checking the financial health is an important step to thoroughly assess the financial condition of migrant workers and find out whether migrant workers are on track to achieve their financial goals. Here are some steps they can take to check financial health, including: (1) Evaluating Income and Expenses, (2) Checking Emergency Funds, (3) Evaluating Debt, (4) Considering having

²⁶ Joelle H. Fong et al., "Financial Literacy and Financial Decision-Making at Older Ages," *Pacific Basin Finance Journal* 65, no. October 2020 (2021): 101481, <https://doi.org/10.1016/j.pacfin.2020.101481>.

Insurance (5) and Making sure you already have a retirement fund.

Training activities through financial literacies, managing pension fund, and investment planning can be an ideal alternative solution for the immigrants. By having well financial literacies, the immigrant can allocate their salary in a proper way as well as avoid the possibility of financial frauds that recently occurred. Moreover, managing pension fund will enable the immigrant to prepare their pension period. In this solution, immigrants will obtain knowledge about how they can post their salary for current period and earn it if they are in pension time. Meanwhile, financial planning is immensely essential for preparing salary allocation. Accordingly, this planning enables immigrants to minimize any consumptive behaviour that causes non productive outcome. These three activities are comprehensive. Immigrants need to understand financial literacy, and they should understand about how to prepare the financial planning for recent and future time, such as managing pension funds.

CONCLUSION

In conclusion, the average migrant worker demonstrates a continued engagement with financial investments, recognizing their significance as they plan for their return to Indonesia and the establishment of businesses for their future. Despite possessing a good understanding of financial management, the observation reveals a hesitancy among migrant workers to record monthly financial transactions consistently. In the context of zakat, there is a commendable understanding of its calculation and the percentage of assets to be allocated. Migrant workers must extend their financial awareness beyond immediate concerns, emphasizing the need to proactively prepare for retirement and set other long-term financial goals wisely, starting from the present. Further research in this area could delve deeper into the factors influencing migrant workers' hesitancy to consistently record financial transactions despite possessing a good understanding of financial management. Exploring the specific challenges or barriers they face in implementing regular financial tracking may provide insights for targeted interventions or educational initiatives.

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