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Financial Literacy Among Older Adults in East Jakarta: Strengthening Financial Resilience, Digital Capability, and Protection from Financial Fraud

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Abstract: This article examines financial literacy among older adults in East Jakarta and its relevance to financial resilience, digital financial capability, retirement security, and protection from financial fraud. The study uses a narrative literature review and contextual analysis of scientific publications, national financial literacy surveys, and official demographic and social statistics. The review focuses on financial knowledge, financial behavior, digital financial skills, decision-making, retirement and household financial management, and fraud vulnerability in later life. The findings indicate that older adults constitute a priority group for financial education because financial inclusion can increase faster than the capacity to understand and safely use financial products. National survey evidence shows that people aged 51–79 remain below the national financial literacy average. International and Indonesian studies further demonstrate that financial literacy is associated with better financial decisions, retirement planning, financial resilience, and the use of appropriate advice, while age-related cognitive changes and rapid digitalization can increase vulnerability to mistakes and scams. For East Jakarta, an age-friendly financial literacy model should combine simple financial management, digital transaction skills, fraud prevention, trusted assistance, and referral pathways. Community-based delivery through older-person groups, health and social-service networks, families, universities, financial institutions, and local government is recommended.

Keywords: Financial Literacy, Older Adults, Financial Resilience, Digital Financial Literacy, East Jakarta

INTRODUCTION

Population ageing changes the way households manage income, savings, health expenditure, social protection, and financial risk. In later life, financial decisions may become

more consequential because opportunities to replace lost assets are limited, income is often fixed or declining, and health-related expenditure may increase. At the same time, banking, payments, credit, investment, insurance, and government transfers are increasingly delivered through digital channels. Financial literacy therefore becomes not only a matter of understanding money, but also a capability for maintaining autonomy, security, and well-being in old age (Davis & Jones, 2024; Fong et al., 2021; Kim et al., 2021).

Indonesia has made substantial progress in financial inclusion and literacy, but important age-related gaps remain. The 2026 National Survey of Financial Literacy and Inclusion reported a national financial literacy index of 69.57% and an inclusion index of 93.61%. However, the literacy index for people aged 51–79 years was 60.01%, lower than the national figure and lower than the productive-age groups. This pattern is consistent with the 2025 survey, which also identified people aged 51–79 as one of the groups with relatively low financial literacy. The gap is important because access without sufficient knowledge, skills, confidence, attitudes, and safe behavior may expose consumers to inappropriate products, impulsive decisions, fraud, or dependence on others for financial management (Otoritas Jasa Keuangan et al., 2026; Otoritas Jasa Keuangan & Badan Pusat Statistik, 2025).

East Jakarta provides a relevant urban context for this discussion. It is a densely populated metropolitan area in which older adults live within diverse household arrangements and interact with formal financial services, digital payments, social assistance, health services, and community institutions. Official East Jakarta statistics routinely document population, welfare, technology access, consumption, and household conditions, providing an important contextual basis for designing targeted interventions for older residents (BPS Kota Jakarta Timur, 2025a, 2025b). Nevertheless, publicly available financial literacy evidence is generally reported at national or broad demographic levels rather than specifically for older adults in East Jakarta. This creates a practical knowledge gap between national financial-literacy policy and locally tailored ageing interventions.

Financial literacy in old age is multidimensional. It includes knowledge of basic concepts such as inflation, interest, risk diversification, debt, insurance, and savings; the ability to budget and plan; confidence in making decisions; and behavior that protects financial resources. In a digital environment, it also requires the ability to verify information, protect personal data and authentication credentials, recognize suspicious messages, understand transaction interfaces, and seek help when necessary. Evidence indicates that stronger financial literacy is associated with better debt management, portfolio decisions, retirement planning, financial resilience, and more appropriate use of professional financial advice (Fong et al., 2021; Harahap et al., 2022; Kim et al., 2021; Salignac et al., 2022).

Ageing adds specific challenges. Financial knowledge can decline with age, and changes in memory, numeracy, executive function, or confidence may affect complex financial decisions. Declining literacy has been associated with poorer decision-making, greater scam susceptibility, and lower psychological well-being, even among older adults without dementia (Yu et al., 2021). Studies also caution that fraud vulnerability is complex: financial knowledge alone does not guarantee protection, because exposure, risk preference, overconfidence, social influence, and the design of scams also matter (Lichtenberg et al., 2020; Yu et al., 2023). Thus, interventions should combine education with behavioral safeguards and trusted support.

Based on this background, this article asks three questions: (1) what factors shape financial literacy and financial capability among older adults; (2) how does financial literacy relate to financial resilience, digital financial behavior, retirement security, and fraud vulnerability; and (3) what community-based financial literacy model is appropriate for older adults in East Jakarta? The objective is to synthesize current evidence and translate it into a practical framework that can inform local government, universities, financial institutions, community organizations, families, and older-person services.

METHOD

This study employed a narrative literature review with contextual analysis. The approach was selected because the available evidence on financial literacy in later life spans financial behavior, ageing, consumer protection, retirement planning, digital inclusion, cognition, and fraud prevention, while East Jakarta-specific empirical studies remain limited. The review therefore synthesizes relevant evidence without claiming to estimate the prevalence of financial literacy among older adults in East Jakarta.

Scientific literature published primarily from 2020 to 2026 was prioritized, while selected earlier studies were retained when they provided foundational evidence on financial decision-making, fraud, and ageing. Sources included peer-reviewed national and international journal articles addressing financial literacy, financial capability, financial resilience, retirement planning, digital financial literacy, financial well-being, cognitive ageing, and financial fraud among older or pre-retirement populations. Official sources from the Financial Services Authority, Statistics Indonesia, and BPS Kota Jakarta Timur were used to contextualize national financial literacy patterns and the local urban setting.

The analysis followed four stages: identification of relevant evidence; grouping of findings into major domains; comparison of findings across ageing and financial-literacy studies; and translation of the synthesis into an East Jakarta-oriented intervention framework. Five domains were used: basic financial capability, financial planning and resilience, digital financial capability, fraud protection, and trusted support or referral. Because this is a literature-based study, no primary respondents were recruited and no individual-level East Jakarta financial literacy score was generated.

RESULTS AND DISCUSSION

Financial Literacy Gap in Later Life

The most consistent contextual finding is the age gap in financial literacy. In the 2026 national survey, financial literacy among people aged 51–79 years was 60.01%, compared with 78.70% among those aged 26–35 and 73.81% among those aged 36–50. Financial inclusion among the 51–79 group was much higher at 90.51%. This difference illustrates an important policy issue: older consumers may already be connected to financial services even when their knowledge and skills remain comparatively limited. The same broad pattern was visible in the 2025 survey, in which the 51–79 age group recorded one of the lowest literacy levels among age categories (Otoritas Jasa Keuangan et al., 2026; Otoritas Jasa Keuangan & Badan Pusat Statistik, 2025).

For an urban area such as East Jakarta, this gap is particularly relevant because financial participation increasingly involves digital channels. Older adults may receive pensions, social assistance, family transfers, or business income through bank accounts and electronic payment systems. They may also encounter offers of credit, investment, insurance, online shopping, and digital lending. Inclusion therefore needs to be accompanied by comprehension, practical skills, and consumer protection. Financial literacy should be viewed as a protective capability rather than merely a score of financial knowledge.

Table 1. Financial Literacy and Inclusion by Age Group in Indonesia, 2026

Age Group	Financial Literacy (%)	Financial Inclusion (%)
15–17	56.04	89.13
18–25	73.32	95.69
26–35	78.70	96.27
36–50	73.81	94.76
51–79	60.01	90.51

Source: Otoritas Jasa Keuangan, Lembaga Penjamin Simpanan, and Badan Pusat Statistik (2026).

Financial Literacy, Decision-Making, and Financial Resilience

Financial literacy is closely connected with the quality of financial decisions in later life. Evidence from Singapore shows that financially literate older adults are more likely to repay credit-card balances on time, participate in the stock market, and hold portfolios that better reflect age-related risk considerations (Fong et al., 2021). Research on older adults also suggests that financial literacy can improve the quality of financial advice sought; more financially literate individuals are more likely to seek professional assistance when their financial situation is complex (Kim et al., 2021). These findings support a capability perspective in which literacy helps people know not only what to do, but also when to seek assistance.

Financial resilience is especially important for older households because unexpected health expenditure, household shocks, inflation, or the loss of income can rapidly reduce savings. Salignac et al. (2022) found that financial literacy contributes to financial resilience among middle-aged and older adults, while research in Indonesia has repeatedly linked financial literacy and financial behavior with financial well-being and retirement preparation (Harahap et al., 2022; Maharani & Sari, 2023; Pratama & Widoatmodjo, 2023). The implication for older adults is that financial education should emphasize day-to-day cash-flow management, emergency reserves, debt avoidance, protection of productive assets, and realistic planning for health and care costs.

Retirement planning should not be treated only as a pre-retirement activity. Older adults continue to make allocation decisions after retirement: how much to spend, save, transfer to family, invest, or reserve for health and care. Financial literacy can therefore support both accumulation before retirement and decumulation during retirement. Recent evidence among retired older adults also connects financial literacy and pension adequacy with financial well-being and life satisfaction (Huang et al., 2026).

Cognitive Ageing and the Need for Age-Friendly Financial Education

Financial decision-making can become more difficult when products are complex or when cognitive demands are high. Studies of older adults show that objective memory and other cognitive functions are related to financial outcomes, while declining financial and health literacy can predict poorer decision-making and greater scam susceptibility (Han et al., 2021; Yu et al., 2021; Weissberger et al., 2023). This does not mean that older age itself implies incapacity. Rather, financial education and financial-service design should reduce unnecessary cognitive burden and provide support without removing autonomy.

An age-friendly approach should use plain language, larger readable text, limited information per session, repetition, practical demonstrations, and scenario-based exercises. Topics should be connected to real-life decisions such as checking account balances, distinguishing needs from wants, reading transaction records, comparing fees, protecting PINs and one-time passwords, recognizing unrealistic returns, and deciding whom to contact when a transaction is suspicious. Family involvement can be useful when chosen by the older person, but safeguards are needed so that assistance does not become financial control or exploitation.

Digital Financial Literacy and Safe Participation

Digitalization expands convenience but changes the skill set required for financial inclusion. Digital financial literacy combines traditional financial knowledge with operational skills, data privacy awareness, risk recognition, and safe digital behavior. Indonesian evidence shows that digital financial literacy is related to financial well-being through spending, saving, and investment behavior (Jhonson et al., 2023). For older adults, the challenge is not simply whether they own a smartphone, but whether they can complete transactions safely, interpret prompts, recognize fraudulent interfaces, and recover from errors.

Older adults should therefore be taught a small number of high-value digital routines: never disclose passwords, PINs, or one-time passwords; verify the identity of callers and message senders; avoid clicking unsolicited links; pause before transferring funds; independently confirm urgent requests from family members; use official applications; check transaction histories; and immediately report suspected fraud. Simulation-based tools that reproduce real-world digital transactions may be particularly useful because they allow skills to be practiced without financial loss (Barnett et al., 2024).

Financial Fraud: Literacy Is Necessary but Not Sufficient

Financial scams are a major concern in later life because losses can be difficult to recover and may affect health, independence, and trust. Research has associated declining literacy with scam susceptibility, and recent evidence suggests that stronger financial literacy can reduce fraud risk in some older urban populations (Yu et al., 2021; Cai et al., 2025). However, other studies show that the relationship is not linear. Financially knowledgeable people may still be exposed to sophisticated investment fraud, while risk preference, confidence, emotional pressure, social isolation, and persuasive techniques can influence victimization (Lichtenberg et al., 2020; Yu et al., 2023).

This evidence argues against an intervention that relies only on lectures about financial concepts. Fraud prevention requires behavioral safeguards: a mandatory pause before high-value transfers, a trusted-person verification option, clear complaint channels, routine account monitoring, and community awareness of current scam patterns. Financial institutions also have a role in identifying unusual transactions and communicating with older customers in ways that are understandable and non-intimidating.

A Community-Based Model for East Jakarta

The literature synthesis supports a five-domain model for older adults in East Jakarta. The model combines financial capability with digital safety and social support, reflecting the fact that financial independence in later life depends on both individual skills and the surrounding service environment.

Table 2. Proposed Financial Literacy Model for Older Adults in East Jakarta

Domain	Core Content	Learning Method	Expected Outcome
Basic financial capability	Budgeting, income–expense balance, savings, debt, inflation, fees	Simple worksheets and household scenarios	Better day-to-day financial control
Financial resilience	Emergency funds, health/care costs, pensions, asset protection	Personal financial checklist	Improved preparedness for shocks
Digital financial capability	Mobile banking, e-wallets, transaction verification, privacy	Guided smartphone simulation	Safer digital participation
Fraud protection	Scam red flags, social engineering, suspicious investments, reporting	Case simulation and role play	Reduced vulnerability and faster response
Trusted support and referral	Family support by consent, professional advice, complaint and referral pathways	Community referral map	Appropriate help without loss of autonomy

Source: Author synthesis based on reviewed literature.

Literacy- GMBRThe model can be delivered through existing community touchpoints rather than creating a separate institution. In East Jakarta, potential delivery channels include older-person groups, community health and social-service activities, neighborhood organizations, universities, financial institutions, and family caregiver networks. Universities can contribute needs assessment, training modules, simulations, and evaluation. Financial institutions can provide product-specific education and complaint pathways, while local government can coordinate outreach to vulnerable groups and integrate financial safety with social protection and healthy-ageing programs.

Training should be differentiated according to functional and digital ability. Older adults who are independent smartphone users may need advanced fraud and product-comparison skills, while those with limited digital experience may benefit from assisted transaction routines and printed checklists. Evaluation should measure more than knowledge. Useful indicators include confidence in checking transactions, ability to identify scam warning signs, budgeting behavior, use of trusted advice, reporting behavior, and reduction in risky practices such as sharing authentication codes.

The proposed model also recognizes the role of family. In Indonesian households, financial decisions may be intergenerational, and older adults may support children or grandchildren while also receiving assistance from them. Financial education should therefore address boundaries, consent, transparent family communication, and protection against both external scams and potential financial exploitation. The objective is supported autonomy: older adults retain decision-making authority while having access to trusted assistance when they choose it.

Policy and Management Implications

From a management perspective, financial literacy programs for older adults should be designed as a service system rather than a one-off seminar. Program management requires segmentation of participants, standardized learning materials, trained facilitators, referral protocols, partnerships with regulated financial-service providers, and outcome monitoring. This is consistent with the broader shift from financial education as information dissemination toward financial capability and consumer protection.

For policy makers, the large difference between inclusion and literacy among older age groups indicates the need to monitor whether access is accompanied by safe and informed use. Local initiatives should prioritize older adults with low education, limited digital skills, fixed or unstable income, and weak social support. Fraud-prevention messages should be continuously updated because scam techniques evolve faster than conventional printed education materials.

For financial-service providers, age-friendly design can reduce errors and strengthen trust. Important features include readable interfaces, clear confirmation screens, accessible customer service, warnings for unusual transfers, simplified explanations of fees and risks, and easy-to-find complaint mechanisms. Such measures complement financial education and acknowledge that safe financial participation is a shared responsibility between consumers, families, institutions, and regulators.

Limitations and Future Research

This article is based on literature and secondary contextual evidence and therefore does not measure the actual level of financial literacy among older adults in East Jakarta. National age-group data cannot be assumed to represent East Jakarta precisely. The proposed model should consequently be treated as an evidence-informed framework for local testing rather than a validated intervention.

Future research should conduct a primary survey of older adults across East Jakarta using measures of objective and subjective financial literacy, financial behavior, digital financial skills, fraud exposure, income security, social support, and cognitive or functional considerations. Mixed-method research could identify differences by gender, education, living arrangement, pension status, and digital use. An intervention study using pre-test, post-test, and follow-up measurement would be particularly useful to determine whether community-based financial education produces sustained behavioral change.

CONCLUSION

Financial literacy is an important component of healthy and secure ageing because it supports everyday money management, retirement security, financial resilience, digital participation, and protection from financial harm. Current Indonesian evidence shows that adults aged 51–79 remain below the national average in financial literacy even as their participation in formal financial services is high. This combination makes older adults an important priority for targeted financial capability programs.

For East Jakarta, financial literacy interventions should be age-friendly, practical, community-based, and integrated with digital safety and fraud prevention. The proposed five-domain model—basic financial capability, financial resilience, digital financial capability, fraud protection, and trusted support or referral—offers a practical foundation for program development. Effective implementation requires collaboration among local government, universities, community organizations, families, regulators, and financial-service providers. Future primary research in East Jakarta is needed to validate the model and identify which approaches most effectively improve financial behavior, confidence, safety, and financial well-being among older adults.

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