

FINANCIAL LITERACY AND SUSTAINABLE CAPITAL MARKET FOR INCLUSIVE ECONOMIC EMPOWERMENT

**Debbi Chyntia Ovami¹, Toni Hidayat², Lisa Septia Dewi Br. Ginting³, Noor Marini Haji-Abdullah⁴,
Siti Aminah⁵, Muhamad Bagas Reziqo⁶**

^{1,2,3,5,6}Universitas Muslim Nusantara Al Washliyah / Indonesia

⁴Universiti Teknologi Mara Kelantan / Malaysia

E-mail: debbichyntiaovami@umnaw.ac.id¹

Received : 24 December 2025

Accepted : 23 January 2026

Revised : 01 January 2026

Published : 24 February 2026

Abstract

This service focuses on improving financial literacy and understanding of sustainable capital markets for inclusive economic empowerment. In the context of Indonesia and Malaysia, low financial literacy and lack of understanding of sustainable capital markets limit public participation in the formal economy. Therefore, this service aims to provide knowledge about personal financial management, sustainable investment, and access to capital markets that can drive inclusive economic growth. This service aims to improve financial literacy and understanding of sustainable capital markets to empower an inclusive economy in Indonesia and Malaysia, with a focus on MSMEs and the general public. Through the stages of planning, implementation of socialization, and training, participants are given knowledge about basic financial management, business management, and sustainable investment. The service method involves a classical and individual approach as well as the active participation of partners in each stage. The targeted outputs include increasing public knowledge about financial literacy and sustainable capital markets, as well as empowering MSMEs in accessing sustainable funding, scientific articles, videos and media news. Outcomes include increased financial literacy, better financial management, and MSMEs' access to sustainable capital markets, which contribute to inclusive economic growth and the achievement of the SDGs.

Keywords: *financial literacy; sustainable capital market; economic empowerment; SMEs; sustainable investment.*

INTRODUCTION

Economic empowerment is one of the key factors in improving the welfare of people in Indonesia and Malaysia. In this context, financial literacy and a better understanding of sustainable capital markets are essential. Inclusive finance and sustainable capital markets can open up wider economic opportunities for people, making it possible to participate in the formal economy and better manage personal finances (Hasan et al., 2024). However, while capital markets have the potential to provide many benefits, public access and understanding of this is still very limited, especially in areas with low levels of education and access to information (Cunha et al., 2021). Financial literacy in Indonesia and Malaysia is still relatively low, especially among people who have not received adequate formal training or education on financial management. This results in many individuals not being able to utilize financial products and services, such as savings, investments, insurance, and loans, in a wise and effective way (Agyei, 2018; Czech et al., 2024; Eniola & Entebang, 2017; Gunawan & Pulungan, 2023; Schoenmaker & Schramade, 2019). In addition, although capital markets have great potential to support the economy, an inadequate understanding of how to invest safely and sustainably is a significant obstacle to increasing public participation in these markets (Fatemi & Fooladi, 2013; Talan & Sharma, 2019).

According to the 2025 National Survey on Financial Literacy and Inclusion (SNLIK), financial literacy in Indonesia was recorded at 66.46%, which shows an increase even though there is still a gap between financial literacy and inclusion. On the other hand, Indonesia's capital market has shown positive developments through the Indonesian Capital Market Roadmap 2023–2027, with a focus on accelerating market deepening and strengthening the role of industry players, including in encouraging a sustainable capital market. This initiative is also driven by Indonesia's participation in the ASEAN Capital Market Forum (ACMF) which seeks to create a more sustainable capital market in the Southeast Asian region. Meanwhile, in Malaysia, based on the 2023 RinggitPlus Financial Literacy Survey, as many as 44% of adult respondents in Malaysia have not started financial planning for retirement, with 24% of them

not knowing where to start. In addition, 48% do not have a life insurance policy, and 44% do not have a medical card . Nonetheless, Bank Negara Malaysia (BNM) reports that the financial literacy level of Malaysians has increased significantly since 2016 and is now close to the level of developed countries, according to a 2023 OECD study. In 2023, the Malaysian capital market recorded a growth of 5.6%, reaching a total market value of RM3.8 trillion. This growth was driven by an increase in equity market capitalization and the issuance of bonds and sukuk. Sustainable sukuk is one of the key instruments, with issuances reaching RM27.61 billion in 2023 . The Securities Commission of Malaysia (SC) also introduced initiatives to strengthen the sustainable investment ecosystem, including meeting the financing needs of the country's transition to a low-carbon economy. The development of financial literacy and sustainable capital markets contributes directly to the achievement of several Sustainable Development Goals (SDGs), especially SDG 1 (No Poverty), SDG 4 (Quality Education), and SDG 8 (Decent Work and Economic Growth). Better financial literacy allows people to manage their personal finances more efficiently, invest wisely, and access financial services that can improve their quality of life. Meanwhile, sustainable capital markets open up opportunities for MSMEs and other productive sectors to obtain funding, which in turn supports inclusive and sustainable economic growth. This initiative is in line with the Asta Cita of the President of Indonesia, who emphasizes the importance of innovation and technology to increase national competitiveness and create economic equity. Sustainable financial literacy and capital markets are part of efforts to create a more inclusive economic ecosystem and leverage digital technologies to expand access to financial services. The Knowledge Transfer Program (KTP) in community service aims to transfer knowledge and skills related to financial literacy and sustainable capital markets to the wider community, both in Indonesia and Malaysia. This program is designed to provide insight into how to manage personal finances effectively, as well as understand the basics of sustainable investing that is accessible to all groups, including those in areas far from formal financial access and improving MSMEs' access to financial services and capital markets to support business growth.



Figure 1. Nordin Batik and Craft Sdn, Bhd

Nordin Batik Sdn Bhd, a small-medium company located in Kelantan, Malaysia, focuses on the production and marketing of traditional batik that is rich in cultural value. Nordin Batik & Craft Sdn. Bhd has been established since the 1970s. The owner, Mr. Hj. Nordin bin Mahmood has 49 years of experience in designing and producing batik in large quantities in the market. Despite having a product that has high potential, the company faces various challenges in financial management and access to the capital market. Financial literacy among Nordin Batik managers is still limited, with a deep understanding of only basic aspects such as cash flow management and simple recordkeeping. However, the company has not fully leveraged formal financial instruments or more strategic financial planning, such as risk analysis, long-term investment planning, or the use of advanced financial tools for expansion. This leads to decision-making that tends to focus on short-term solutions, which limits its growth potential. In addition, access to sustainable capital markets is also an obstacle. Nordin Batik relies more on traditional financing such as bank loans or personal capital, which provides limitations in funding for long-term expansion. These MSMEs also lack the opportunity that exists in a sustainable capital market, even though the potential to get investments that focus on social and cultural impact is quite large. To be able to access the sustainable capital market, the company needs to improve its understanding of the concept of Environmental, Social, and Governance (ESG), as well as prepare sustainability reports that reflect the social and environmental impacts of its operations. Through this ID card, people will be equipped with practical skills and knowledge about the importance of financial literacy and capital market understanding in daily life. With this increase in

literacy, it is hoped that people can more actively participate in the formal economy, both through healthier personal financial management and by investing in sustainable capital markets. In addition, this program also aims to educate the public about the importance of sustainability in investing, by emphasizing investment principles that are not only financially profitable but also environmentally and socially friendly. Economic empowerment through the knowledge obtained from this ID card is expected to reduce economic disparities between community groups, as well as improve the welfare of the community as a whole. Therefore, this program has a very important role in creating an inclusive and sustainable economy, both in Indonesia and in Malaysia.

LITERATURE REVIEW

This community service aims to improve financial literacy and understanding of sustainable capital markets in Indonesia and Malaysia, which includes two groups of people with different needs, namely economically productive people, including new entrepreneurs, and unproductive (general) communities. For economically productive community groups, many new entrepreneurs still face challenges in managing their businesses, both in terms of production, financial management, and marketing. Limited knowledge on how to utilize the capital market as a source of business funding is a major obstacle. Therefore, the main objective of this activity is to provide training that includes effective business management, including how to manage capital, design sustainable marketing strategies, and introduce capital market investment instruments that can support business development. This activity focuses on economic empowerment through increasing entrepreneurial capacity and strengthening the sustainable capital market system, which is expected to increase business competitiveness in the market.

Meanwhile, for unproductive groups or the general public, it is often difficult to access basic services related to finance, health, education, and law. This group also generally does not have a sufficient understanding of personal financial management and how to take advantage of opportunities in the capital market. Therefore, the purpose of this activity is to improve basic financial literacy, provide an understanding of how to access better financial services, and introduce the capital market as an alternative to improve financial welfare. In addition, this activity also aims to improve the quality of services in various areas of life, such as social, cultural, economic, health, and education. By increasing public understanding of the rights to access these services, it is hoped that it can improve the overall quality of life. This program aims to improve the social welfare of the community by reducing the gap in access to basic services, as well as providing solutions in improving public peace and better social services. Thus, this service will make a significant contribution to economic empowerment and comprehensive improvement of the quality of life of the community. This KTP supports the achievement of the main performance indicators of universities points 2, 3 and 5, namely lecturers and provides opportunities for students to carry out activities outside the campus/learning so that they gain experience and the results of their work are used by the community in real life.

The solutions offered in community service are designed in accordance with the framework of the Knowledge Transfer Program (KTP), which aims to transfer knowledge, skills, and technology to people in need, both in the productive economic sector and the social sector. The program addresses the problems faced by two different groups of people, namely new entrepreneurs and economically unproductive communities, with the main objective of improving financial literacy and understanding of sustainable capital markets, which is in line with the principles of the SDGs (Sustainable Development Goals) and Asta Cita, President of Indonesia. In the context of PKM KTP, this program optimizes the potential of academic knowledge and practical skills possessed by proposers to transfer technology and insights to the community. In addition, this activity is also a downstream of research/research on investment in improving organizational performance. Research on financial literacy and investment has been carried out by the team by producing publications in accredited national journals. The solution stage that will be carried out is to begin by providing assistance with socialization related to this activity. Then socialization was carried out about the importance of financial literacy and sustainable investment to increase income and ensure future survival. The solution approach in Community Service (PKM) through the Knowledge Transfer Program (KTP) aims to improve financial literacy and understanding of the sustainable capital market, namely

Solution	Achievement Indicators	Completion Targets
Basic Financial Literacy Education	Increase knowledge of basic financial management	80% of participants understand basic financial management
Financial Management Assistance	Improved ability to prepare financial statements	70% of participants can prepare budgets and financial reports
Business Management Training	Improve managerial and operational skills of the business	Increase in business productivity by 10-20%
Introduction to Sustainable Capital Markets	Raising awareness of sustainable investing	30% of participants start investing in sustainable products

METHOD

The implementation methods carried out in this activity program are as follows:

Planning

At the planning stage, data collection was carried out by the PKM team. Then carry out a discussion between the PKM team and Universiti Teknologi Mara Kelantan Malaysia and directly survey the location.

Implementation

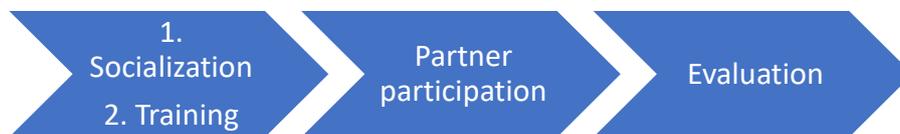


Figure 1. Implementation

1. Socialization and Training

Alternative problem-solving in partner problems is socialization and training with two approaches, namely classical and individual approaches. The classical approach is carried out at the time of delivering the material. An individualized approach is carried out during practice, namely raising knowledge about financial literacy and sustainable capital markets Socialization with the community so that they are fully involved in the training process later. Furthermore, training related to basic financial literacy education, financial management, business management and sustainable capital markets was carried out. The purpose of this training is to increase knowledge and skills regarding financial literacy and sustainable capital markets for inclusive economic empowerment.

2. Partner Participation

In this program, for matters of a principled nature, a consultative approach will be carried out to partners. Partners' participation in the PKM program includes:

1. Partners as a venue provider for the implementation of training activities are located at Universiti Teknologi Mara Kelantan Malaysia and Nordin Batik,Sdn, Bhd
2. Partners act as socialization participants and actively play a role in discussion/question and answer activities
3. Partners are involved in the PKM program as a whole, including problem formulation, program planning, activity scheduling, program implementation, and activity evaluation stage.
4. Partners will be asked for their opinions and will be informed or corrected of erroneous or distorted opinions. Furthermore, a participatory approach will be carried out, where together partners discuss problems, find alternative solutions to solve problems, and then make decisions together.

3. Evaluation

Evaluations will be carried out on all activities, the evaluation includes the performance that has been carried out during the socialization and training process. Evaluation of this activity will be carried out *upgrading* and *updating* knowledge if necessary.

Sustainability

With the implementation of the Community Partnership Empowerment (PKM), it is hoped that all participants will know and have skills regarding financial literacy, financial management, business management and sustainable capital markets so that participants can increase their income and business development. Then it is also hoped that after this program is completed, a network can be formed that supports each other between the PKM group of Universitas Muslim Nusantara Al Washliyah and Universiti Teknologi Mara Kelantan Malaysia.

RESULTS AND DISCUSSION

1. Strengthening the Adoption of Products Resulting from International Research

The Knowledge Transfer Program (KTP) which is implemented through a collaboration between UMN Al-Washliyah and Universiti Teknologi Mara (UiTM) Kelantan Branch focuses on improving financial literacy and understanding of sustainable capital markets for inclusive economic empowerment. This initiative aims to transfer the findings and innovations of international PkM results, which directly influence the adoption of new financial products in local businesses, namely Nordin Batik Sdn Bhd. Nordin Batik, a small and medium enterprise (SME) in Kelantan, Malaysia, produces traditional batik products that reflect the rich cultural heritage of the area. However, the business faces challenges in terms of financial management, access to sustainable capital markets, and investment opportunities. Through KTP, the goal of this program is to equip Nordin Batik with the necessary tools and knowledge to adopt financial products informed by international SMEs regarding sustainable finance and socially sound investments. The program aims to increase understanding of Environmental, Social, and Governance (ESG) principles, which are essential for accessing sustainable investments, such as sukuk (sharia bonds) or green investments.

By transferring international SMEs on the financial system, the program strengthens the capacity of companies to:

1. Leverage sustainable finance products, such as sukuk and ESG-based investments, that can provide long-term funding for expansion.
2. Implement better financial practices derived from global PkM to improve financial reporting, cash flow management, and risk assessment.
3. Accessing international markets by adopting a sustainable investment approach that meets the global demand for socially responsible investments.

These international SMEs provide the necessary foundation to not only expand market presence but also align with global sustainability trends. By applying these insights, Nordin Batik can attract impact investors interested in supporting businesses with a focus on preserving sustainable culture and practices. This move also opens up opportunities for companies to contribute to the broader goals of economic empowerment in the region by adopting inclusive and sustainable business practices. In a nutshell, the strengthening of product adoption through this international SME-based initiative ensures that businesses like Nordin Batik not only improve their financial strategies but also increase their capacity to engage in global sustainable markets, leading to long-term growth and inclusion in the broader economic ecosystem.

2. The Strength of Indonesian Products Through Research by the UMN Al-Washliyah Team

Through the Knowledge Transfer Program (KTP) implemented by UMN Al-Washliyah with Universiti Teknologi Mara (UiTM) Kelantan Branch, PkM carried out by the UMN Al-Washliyah team provides significant strength for Indonesian products, especially those produced by small and medium enterprises (SMEs). This program aims to improve financial literacy and understanding of sustainable capital markets, which is the basis for SMEs in Indonesia to better understand how to access sustainable capital markets and use investment instruments that are socially and environmentally friendly. In the context of Indonesian products, this PkM helps connect local products with impactful investors who care about social and environmental sustainability, which is important for the competitiveness of Indonesian products in the global market. One obvious example is Nordin Batik Sdn Bhd, an SME in Kelantan that produces traditional batik. This PKM helps Nordin Batik to access sustainable funding sources, such as sukuk (sharia bonds) and green investments, which were previously difficult to reach. By understanding the principles of Environmental, Social, and Governance (ESG), Nordin Batik can direct products to a wider market by meeting sustainability standards that are increasingly sought after by global investors. Through an understanding of sustainable finance and capital markets, Indonesian products such as batik are now not only valued based on their cultural value but also their sustainability in global investment. The PkM

carried out by the UMN Al-Washliyah team provides a strong foundation for Indonesian products to not only be able to compete in the domestic market but also in the international market. By utilizing the international knowledge gained through this research, SMEs such as Nordin Batik can access sustainable capital markets and use investment instruments that can strengthen competitiveness. This program not only introduces Indonesian products to the global market but also provides long-term growth opportunities through sustainable funding, which ultimately improves economic well-being and social impact for businesses and society as a whole.

3. Impact of Knowledge Transfer Program Activities

The Knowledge Transfer (KTP) program implemented between UMN Al-Washliyah and Universiti Teknologi Mara (UiTM) Kelantan Branch has a very significant impact on the economic empowerment of communities in Indonesia and Malaysia. Through this program, participants, especially SMEs and productive community groups involved, gain practical skills regarding financial literacy, business management, and sustainable capital markets. The main impact of this activity is the increase in public understanding of the importance of sustainable finance as well as wider access to environmentally and socially friendly investment instruments, which were previously difficult to access, especially by SMEs. Improving Financial Literacy is one of the most visible results of this ID card, where students are better able to manage personal finances and access formal financial products, such as savings, insurance, and investments in a wiser way. In addition, through this program, SMEs such as Nordin Batik Sdn Bhd are given insights into sustainable investments that can increase capital in a more planned and sustainable way. This opens up opportunities to access capital markets that were previously unaffordable, especially through instruments such as sukuk and green bonds that are in accordance with Environmental, Social, and Governance (ESG) principles.

Another impact is the empowerment of SMEs, which were previously limited in access to formal funding, now have a better understanding of sustainable investment strategies and more effective risk management. With this knowledge, it can not only improve business sustainability but also potentially attract impact investors who are looking for opportunities to support businesses that have positive social and environmental goals. This KTP also provides practical assistance, which allows MSMEs to implement the knowledge gained in their daily business activities, improve financial practices, and encourage more sustainable business growth. Overall, the impact of this program is the creation of a more inclusive and sustainable economic ecosystem. With increased financial literacy and access to the capital market, people who were previously marginalized can now be more actively involved in the formal economy. It also has a positive impact on more equitable economic growth, with people who are more educated in managing finances and better able to participate in sustainable capital markets that support long-term business development. The program has also succeeded in improving people's quality of life through better financial education, which in turn will contribute to social sustainability in both countries

CONCLUSION

The Knowledge Transfer Program (KTP) collaboration between Universitas Muslim Nusantara Al-Washliyah and Universiti Teknologi Mara Kelantan Branch has proven to be effective in improving financial literacy and understanding of sustainable capital markets for inclusive economic empowerment. The program successfully strengthened the capacity of SMEs, particularly Nordin Batik & Craft Sdn. Bhd., by enhancing financial management skills, increasing awareness of sustainable investment instruments, and introducing Environmental, Social, and Governance (ESG) principles. The results show that improved financial literacy enables better financial decision-making, broader access to formal financial services, and greater readiness to adopt sustainable financing options such as sukuk and green investments. In addition, strengthening sustainable financial practices enhances SME competitiveness and opens opportunities to access global markets and impact investors. Overall, the program contributes to creating a more inclusive and sustainable economic ecosystem by empowering communities, improving SME resilience, and promoting sustainable economic growth in both Indonesia and Malaysia. Future initiatives are recommended to ensure program sustainability through continuous mentoring, expanded participant reach, and integration of digital financial tools to further enhance financial inclusion.

REFERENCES

- Agyei, S. K. (2018). Culture, financial literacy, and SME performance in Ghana. *Cogent Economics and Finance*, 6(1). <https://doi.org/10.1080/23322039.2018.1463813>
- Cunha, F. A. F. de S., Meira, E., & Orsato, R. J. (2021). Sustainable finance and investment: Review and research agenda. *Business Strategy and the Environment*, 30(8), 3821–3838. <https://doi.org/10.1002/bse.2842>
- Czech, K., Ochnio, L., Wielechowski, M., & Zabolotnyy, S. (2024). Financial Literacy: Identification of the Challenges, Needs, and Difficulties among Adults Living in Rural Areas. *Agriculture (Switzerland)*, 14(10). <https://doi.org/10.3390/agriculture14101705>
- Eniola, A. A., & Entebang, H. (2017). SME Managers and Financial Literacy. *Global Business Review*, 18(3), 559–576. <https://doi.org/10.1177/0972150917692063>
- Fatemi, A. M., & Fooladi, I. J. (2013). Sustainable finance: A new paradigm. *Global Finance Journal*, 24(2), 101–113. <https://doi.org/10.1016/j.gfj.2013.07.006>
- Gunawan, A., & Pulungan, D. R. (2023). Improving MSME performance through financial literacy, financial technology, and financial inclusion. *International Journal of Applied Economics, Finance and Accounting*, 15(1), 39–52. <https://doi.org/10.33094/ijaefa.v15i1.761>
- Hasan, M., Jannah, M., Supatminingsih, T., Ahmad, M. I. S., Sangkala, M., Najib, M., & Elpisah. (2024). Understanding the role of financial literacy, entrepreneurial literacy, and digital economic literacy on entrepreneurial creativity and MSMEs success: a knowledge-based view perspective. *Cogent Business and Management*, 11(1). <https://doi.org/10.1080/23311975.2024.2433708>
- Schoenmaker, D., & Schramade, W. (2019). *Principles of Sustainable Finance*.
- Talan, G., & Sharma, G. D. (2019). Doing well by doing good: A systematic review and research agenda for sustainable investment. In *Sustainability (Switzerland)* (Vol. 11, Issue 2). MDPI. <https://doi.org/10.3390/su11020353>