

# The Effect of Financial Literacy on the Financial Management of Indigenous Papuan Traders in the Traditional Market of Sorong City

Original Article

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**Received : 30 September - 2025**

**Accepted : 18 November - 2025**

**Published online : 21 November - 2025**

## Abstract

Indigenous Papuan merchant mothers, the backbone of the family economy, often face limitations in financial knowledge and skills. This is reflected in simple financial management patterns, such as not separating personal and business finances, minimal budget planning, and low saving or investment awareness. Many are trapped in financial stagnation or losses due to poor understanding of income management, expense control, and economic risk strategies, hindering business continuity and daily needs fulfillment. This research examines the influence of financial literacy on the financial management of native Papuan women traders in Sorong City's Traditional Market. A mixed-method approach was used, combining quantitative surveys with qualitative techniques. Data collection involved observation, interviews, and questionnaires from a sample of 157 traders. The findings show that having knowledge in finance positively impacts how one manages their finances. This is supported by a t-value of 15.873, indicating a strong correlation. Additionally, with a significance level of 0.000 and an R Square of 0.619, it can be concluded that financial literacy accounts for 61.9% of the variability in financial management, while the remaining 38.1% is attributed to other factors. The study revealed that most traders do not keep financial records despite a moderate-to-high understanding of saving. Management relies on memory due to uncertain income, and the lack of separation between business and household finances remains a major obstacle. Thus, financial literacy is vital for better financial management. However, training remains essential, focusing on simple financial recording and separating business from household finances.

**Keywords:** Financial Literacy, Financial Management, Papuan Women Traders, Traditional Market.

## 1. Introduction

Financial literacy is a variety of basic concepts in the economic field that are needed to make decisions about saving and investing wisely (Lahallo et al., 2022). Understanding financial literacy involves more than just managing money and being able to make sound decisions based on concepts and risks. It also involves having the necessary knowledge and skills (Lahallo & Rupilele, 2023b, 2023a). In Indonesia, especially in the Southwest Papua region such as Sorong City, financial literacy is still a challenge, especially for community groups operating in the informal sector, such as traders in traditional markets. The traditional market in Sorong City is a center of economic activity dominated by Papua female traders. Their trading activities not only support daily needs, but also reflect the resilience of the local economy. Indigenous Papuan women, who often operate micro-enterprises selling agricultural goods or handicrafts, are a vital source of family income (Schmidt et al., 2020).



These female traders, forming the backbone of the household economy, frequently encounter constraints in their knowledge and financial management capabilities.

This can be seen from financial management patterns that tend to be simple, such as not separating personal finances from business, minimal budget planning, and low awareness of saving or investing (Darwis, 2023; Rahmat et al., 2023). Many female traders are trapped in a stagnant financial cycle or even experience losses due to a lack of understanding about income management, controlling expenses and strategies for dealing with economic risks (Mishra et al., 2024). Based on initial observations, it shows that the financial literacy level of Indigenous Papua traders in Sorong City is still relatively low, as it is difficult to set aside savings for business capital or emergency needs. In everyday reality, many of them still rely on traditional financial management patterns, such as storing money physically without long-term planning or structured recording.

This condition not only has an impact on the welfare of individuals and families, but also on the competitiveness of their businesses amidst competition from immigrant traders or increasingly developing modern markets (Boimau, 2023; Santiara & Sinarwati, 2023). Past studies have indicated that having a good understanding of financial concepts greatly impacts how small business owners in Jayapura City manage their finances (Havitz & Murwaniputri, 2022). Other research also shows that the financial literacy level of MSME players is very good so that it influences the financial management of MSMEs in Sorong City to also increase (Lestari et al., 2023). However, there is research indicating that financial literacy has a minimal impact on financial management, as demonstrated by a financial literacy test showing a 32.4% influence on financial management, with the remaining 67.6% influenced by unspecified factors (Rumbianingrum & Wijayangka, 2018).

These previous studies still focus on the general context of MSMEs or small entrepreneurs in urban areas and have not focused in depth on specific groups such as indigenous Papua female traders in interior areas or traditional markets. This group has social, cultural and economic characteristics that are different from MSME actors in general, especially in terms of money management patterns, forms of community solidarity, and gender roles in the household economy. Thus, the research gap lies in the lack of in-depth studies that highlight financial literacy and financial management among indigenous Papua female traders. In fact, studies that focus on this group have the potential to provide unique insights into how Papua female's cultural values, local wisdom and social roles influence the way they manage their income and build family economic resilience.

This insight cannot be fully explained by previous studies which focused on the MSME context in general. Therefore, the purpose of this study was to investigate how financial literacy impacts the financial practices of indigenous Papua women who are involved in trading at the traditional market in Sorong City. The goal is for the findings of this study to shed light on the potential of financial literacy to bring about improvements in financial management, leading to the development of appropriate empowerment initiatives tailored to the specific requirements of native Papua female traders.

This research has high urgency for several reasons, namely, native Papua female traders are an important pillar in the local economy in Sorong City. Increasing financial literacy can help them manage their finances better, thereby improving family welfare as an effort to empower the local economy. Indigenous Papua female traders are often marginalized in access to financial education and training. This research can be a basis for designing financial literacy programs that are inclusive and appropriate to their needs. This research can be a recommendation for local governments, financial institutions, or non-governmental

organizations to develop specific financial education programs for traditional market traders, especially Papua woman.

## 2. Literature Review

### 2.1. Financial Literacy

As outlined in Regulation 76/POJK/07/2016 by the Financial Services Authority, it is important to possess the necessary knowledge, skills, and beliefs that can shape attitudes and actions towards better decision-making and financial management with the goal of attaining prosperity. Lusardi & Mitchell (2014) provides a definition that financial literacy involves having the necessary knowledge and skills related to finances in order to effectively handle money and achieve financial success. It empowers individuals to make informed decisions about their finances and work towards a prosperous future. Financial literacy encompasses aspects such as financial knowledge, attitudes towards money, and financial habits.

### 2.2. Financial Management

Financial management plays a critical role in the success of a business by ensuring efficient operations. It encompasses activities involving the procurement, funding, and administration of resources with multiple overarching goals in mind. For MSME players, by carrying out good financial management, MSME players can know the development of their business through good, consistent and structured bookkeeping (Wardiningsih et al., 2021). With good financial management, MSMEs can consider and make decisions regarding future plans for the business activities they carry out. Financial management includes financial planning, budgeting, and debt management.

## 3. Methods

This research uses a mixed approach, namely a quantitative approach with a survey method and a qualitative approach. The researchers decided to use a quantitative method to assess the link between financial knowledge and money management skills among indigenous female traders in the customary markets of Sorong City, focusing mainly on the Remu traditional market.

### 3.1. Population and Sample

The population is all native Papuan mothers who sell at the Remu and Boswesen Rufe traditional markets in Sorong City, totaling 258 people, while the sample size uses the Slovin formula:

$$= \frac{N}{1 + N(e)^2} = \frac{258}{1 + 258 (0,05)^2} = \frac{258}{1 + 0,645} = \frac{258}{1,645} = 156,84 \approx 157 \text{ Trade}$$

The method of sampling employed was deliberate and selective, based on the specific criteria: (1) Native Papuan woman, (2) Selling at the Remu and Boswesen traditional markets in Sorong City, (3) Willing to be respondents. Thus, the sample in this study amounted to 157 people.

### 3.2. The Data Collection Technique

The data collection techniques employed were observation, interviews, and questionnaires. Observation was conducted to identify problems directly within the market environment. Semi-structured interviews were carried out with ten selected respondents to

gather in-depth qualitative data regarding their financial management challenges and personal strategies. Additionally, questionnaires were distributed to quantitatively measure the key variables; these were designed to assess financial literacy which are encompassing knowledge, attitudes, and behavior, also financial management practices, including planning, budgeting, and debt management.

### 3.3. The Data Analysis Technique

#### 3.3.1. Quantitative Approach

- 1) Description analysis which aims to describe the characteristics of respondents and research variables, namely financial literacy (X) and financial management (Y). This test will use SPSS Vs 25.00.
- 2) Research instrument test was carried out to ensure that the questionnaire used was valid and reliable. Through a validity test to check whether each item in the questionnaire really measures financial literacy and financial management, namely by using product moment correlation, after that, a reliability test to measure the internal consistency of the questionnaire items using Cronbach's Alpha. If the  $\alpha$  value  $> 0.60$  then the instrument is considered reliable. This test will use SPSS Vs 25.00.
- 3) Data normality test which aims to ensure that financial literacy (X) and financial management (Y) data are normally distributed. The data normality test used is a statistical test such as Kolmogorov-Smirnov. This test will use SPSS Vs 25.00.
- 4) Simple linear regression test is used to test the effect of financial literacy (X) on financial management (Y).

$$Y = \alpha + \beta X + \epsilon$$

Where,

Y = Management Financial

X = Financial Literacy

$\alpha$  = Constant

$\beta$  = coefficient regression

$\epsilon$  = Error term

- 5) Hypothesis test which aims to test whether there is an influence of financial literacy on financial management. Hypothesis tested:

**H<sub>0</sub>** : There is no influence of financial literacy on financial management.

**H<sub>a</sub>** : There is an influence of financial literacy on financial management.

Decision taken if the p-value  $< 0.05$ , then H<sub>0</sub> is rejected and H<sub>a</sub> is accepted, meaning that financial literacy has a significant effect on financial management and vice versa. This test will use SPSS Vs 25.00.

- 6) Determinant coefficient test which aims to find out how much variation in financial management (Y) can be explained by financial literacy (X). This test will use SPSS Vs 25.00.

#### 3.3.2. Qualitative Approach

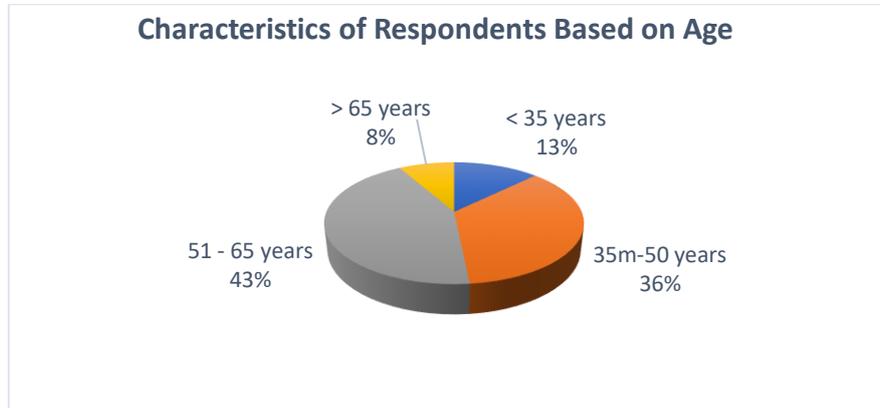
Data analysis using a qualitative approach through interview analysis with data triangulation techniques.

## 4. Results and Discussion

### 4.1. Research Results

#### 4.1.1. Respondent Characteristics

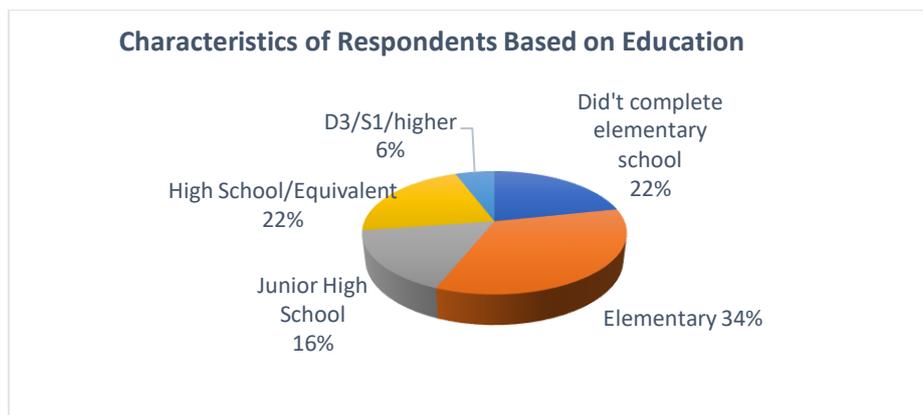
##### 1) Characteristics of Respondents Based on Age



**Figure 1. Characteristics of Respondents Based on Age**  
Source: Primary Data Processed, 2025

From Figure 1, it shows that in this research, the majority of respondents were native Papua female traders who traded at the Sorong City Traditional Market, the majority of whom were aged 51 - 65 years, as many as 68 people or 43% and the second largest were aged 35 - 50 years with 56 people or 36%. Then there were 20 native Papua female traders aged < 35 years or 13%, while those aged > 65 years were 13 people or 8%.

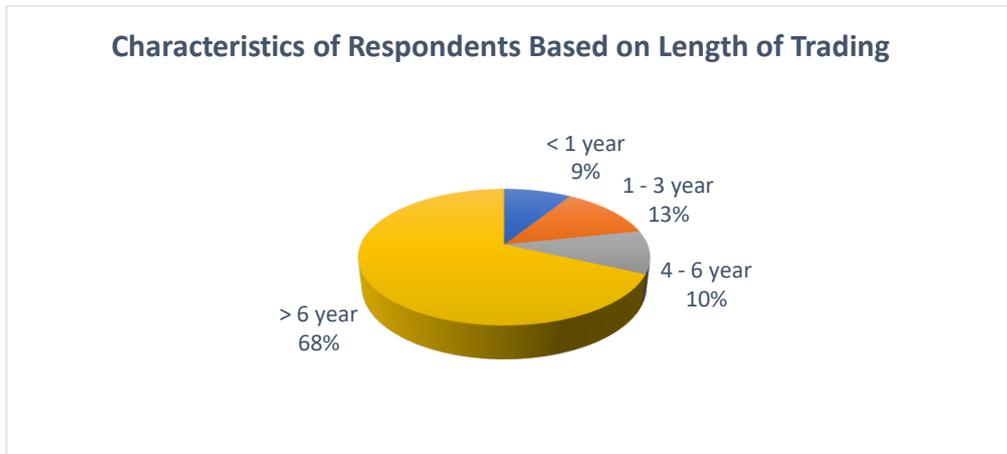
##### 2) Characteristics of Respondents Based on Education



**Figure 2. Characteristics of Respondents Based on Education**  
Source: Primary Data Processed, 2025

From Figure 2 above, it shows that in this research, the majority of Indigenous Papua women who trade at the Sorong City Traditional Market have educational qualifications, namely elementary school graduates (SD), 54 people with a percentage of 34, the next largest educational qualifications are not finished elementary school and high school, where the respective percentages are 22% with the number of respondents each being 34 people and junior high school educational qualifications of 26 people or 16%.

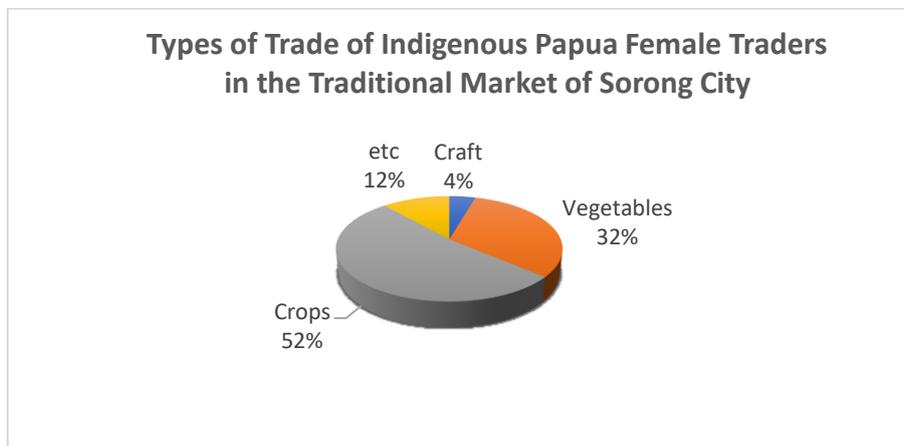
3) Characteristics of Respondents Based on Length of Trading



**Figure 3. Characteristics of Respondents Based on Length of Trading**  
 Source: Primary Data Processed, 2025

From Figure 3 above, it shows that in this research, there are 107 Papua native traders who have been trading at the Sorong City Traditional Market for > 6 years, 20 people have traded for 1 - 3 years or 13%, 16 people have traded for 1 - 3 years or 13%, and 14 people have traded at the Sorong City Traditional Market for < 1 year or 9%.

4) Types of Trade among Indigenous Papuan Female Traders in Sorong City's Traditional Market



**Figure 4. Types of Trade of Indigenous Papua Female Traders in the Traditional Market of Sorong City**  
 Source: Primary Data Processed, 2025

From Figure 4 above, it shows that on average, Indigenous Papuan mothers who trade at the Traditional Market in Sorong City market their dominant merchandise, namely tubers or agricultural products such as petatas, cassava, bananas, taro, etc. with a percentage of 52% and vegetables such as kale, fern leaves, cassava leaves, grated papaya, etc. at 32%. Other types of merchandise marketed are sago, areca nut, ketupat leaves, lemongrass leaves, galangal, etc. at 12% and noken crafts at 4%.

#### 4.1.2. Research Instrument Test Results

##### 1) Validity Test

The validity test results presented in Table 1 demonstrate the adequacy of the research instruments in measuring the intended constructs, thereby ensuring that the collected data accurately reflect the variables under study.

**Table 1. Validity Test Results**

No	Statement	Calculated r	Sig	Description
<b>Financial Literacy Variable (X)</b>				
1	Item 1	0.591	0,000	Valid
2	Item 2	0.689	0,000	Valid
3	Item 3	0.606	0,000	Valid
4	Item 4	0.734	0,000	Valid
5	Item 5	0.823	0,000	Valid
6	Item 6	0.593	0,000	Valid
7	Item 7	0.864	0,000	Valid
8	Item 8	0.586	0,000	Valid
9	Item 9	0,100	0,211	Invalid
<b>Financial Management Variable (Y)</b>				
1	Item 1	0,793	0,000	Valid
2	Item 2	0,220	0,000	Valid
3	Item 3	0,818	0,005	Valid
4	Item 4	0,813	0,000	Valid
5	Item 5	0,797	0,000	Valid
6	Item 6	0,771	0,000	Valid
7	Item 7	0,543	0,000	Valid
8	Item 8	0,712	0,000	Valid

Source: Primary Data Processed, 2025

The results of the research instrument test on the Financial Literacy (X) variable show that the variables used in this research contained 8 valid statements and 1 statement was declared invalid. A valid statement is because after a comparison the significant value of the r-calculation is less than 0.05, while the statement is invalid because the significant value is > 0.05, whereas validity testing for the financial management variable (Y), it shows that the variables used in this research contained 8 statements and all of them were declared valid. The statement is valid because after the comparison the significant value of the r-count is less than 0.05.

##### 2) Reliability Test

The reliability test is conducted as an initial procedure to assess the measurement stability of each variable in this research, so that the analysis results can be trusted.

**Table 2. Reliability Test Result**

Variable	Croanbach's Alpha	Required Cronbach's Alpha	Remark
Financial Literacy (X)	0,792	0,60	Reliable
Fimancial Management (Y)	0,847	0,60	Reliable

Source: Primary Data Processed, 2025

The variable reliability test in this study obtained an overall Cronbach's alpha value for each variable of more than 0.60, so it can be stated that all the variables contained in this study are reliable.

3) Normality Test

**Table 3. Normality Test Result  
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		157
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	5.05965172
Most Extreme Differences	Absolute	.058
	Positive	.043
	Negative	-.058
Test Statistic		.058
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: Primary Data Processed, 2025

Based on the SPSS output Table 3, it is known that the Asymp.sig (2-tailed) significance value of 0.200 is greater than 0.05. Based on the criteria for decision-making, if the Kolmogorov-Smirnov significance number is greater than 0.05, it suggests that the data follows a normal distribution. As a result, the assumptions of normality in the regression model have been satisfied.

4) Simple Linear Regression Test

The results of the simple linear regression test presented in Table 4 show the direct influence relationship between the independent and dependent variables, so that the level of significance and strength of the relationship between variables can be analyzed.

**Table 4. Simple Linear Regression Test Result  
Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	-14.888	2.464	
Financial Literacy	1.141	.072	.787

a. Dependent Variable: Financial Management

Source: Primary data Processed, 2025

The data depicted in the Table above indicates that:

$$Y = -14,888 + 1,141X + e$$

- a. The regression analysis yields a constant value of -14.888, indicating the predicted financial management score would be -14.888 if financial literacy were zero. While a negative value may lack practical meaning for this variable, it represents the regression line's intercept on the Y-axis.
- b. The financial literacy variable shows a regression coefficient of 1.141, signifying that for every one-unit increase in financial literacy, the financial management score increases by 1.141 units, holding other factors constant. This positive coefficient demonstrates that higher financial literacy corresponds to improved financial management capabilities.
- c. The standard error for the financial literacy coefficient is 0.072, reflecting the precision of this estimate. This relatively small value suggests the coefficient estimate remains stable with minimal sampling variation.

5) Hypothesis Test

**Table 5. Hypothesis Test Result Coefficients<sup>a</sup>**

	<b>Model</b>	<b>T</b>	<b>Sig.</b>
1	(Constant)	-6.042	.000
	Financial Literacy	15.873	.000

a. Dependent Variable: Financial Management

Source : Primary Data Processed, 2025

The findings from the analysis of the research hypothesis presented in Table 5 indicate that the t-value for Financial Literacy is 15.873, with a significance level of 0.000. With a significance level of 0.000, which is lower than the standard threshold of 0.05, it can be inferred that financial literacy plays a substantial and favorable role in the financial decision-making process of local traders in the traditional markets of Sorong City. To put it differently, individuals with a stronger grasp of financial concepts tend to exhibit more effective financial management practices.

6) Determinant Coefficient Test

**Table 6. Determinant Coefficient Test Results Model Summary<sup>b</sup>**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>
1	.787 <sup>a</sup>	.619	.617

a. Predictors: (Constant), Financial Literacy

b. Dependent Variable: Financial Management

Source: Primary Data Processed, 2025

The determinant coefficient test conducted in Table 6 yielded an R Square value of 0.619, indicating that approximately 61.9% of the fluctuations in the dependent variable can be elucidated by the financial literacy variable. In other words, financial literacy can account for nearly 61.9% of the alterations in financial management (Y). The remaining 38.1% is explained by other factors outside the model, such as environmental factors, family habits, influence of friends, or personal economic conditions.

**4.1.3. Qualitative Research Results**

The findings from the experiment indicate that there is a strong and favorable relationship between financial knowledge and the ability to manage finances among local female merchants in the traditional markets of Sorong City. This result is shown by a t-value of 15.873 with a significance value of 0.000 (< 0.05) indicating that every increase in financial literacy skills will be followed by an increase in financial management skills. This shows that the higher the level of female’s understanding of aspects of financial literacy such as knowledge of saving, distinguishing between needs and wants, and understanding loans, the better their ability to manage finances for household needs and the sustainability of their trading business. However, the majority of respondents showed a level of financial literacy that was still relatively low to moderate, especially in the aspects of recording, budgeting and long-term financial planning. These results were also strengthened through in-depth interviews with several informants from native Papuan female traders who sell in the traditional markets of Sorong City regarding the direct experiences of female traders in managing finances, including challenges, strategies and local values that influence their financial management behavior.

This research shows that Papua women state that they have an important role in meeting daily family needs, such as household consumption, children's education and health. More than 6 interviewees stated that they support and manage family finances independently or with the involvement of their partners or other family members. These results were strengthened by an interview with a respondent H. N, a 65 year old native Papua woman from Ayamaru Village, Maybrat Regency, who has been trading agricultural products for more than 6 years in Sorong. In the interview, she stated that:

*"Because taking care of the family's life is also the mother's responsibility, especially if the father is not there. Mama can arrange it herself. If there is a problem, then the family will help."*

This shows the dual role played by women, both as breadwinners and main managers of household finances. In the patriarchal social context of Papua, formal decision making (especially in traditional forums) is dominated by men. However, in household practice, women play a central role in economic aspects and family welfare. The existence of women as the main economic actor indicates a shift in gender roles that are more flexible and adaptive. Interestingly, even though they come from a society with a patriarchal social structure, most of the interviewees stated that they had autonomy in managing the money they earned from their business without needing permission from their husband or male family. This shows that mothers tend to be independent in their financial management, especially when women are the backbone of the family (such as widows or heads of the household).

Respondent L.I, as a widow, emphasized:

*"I will arrange it myself because the partner is not there at the moment."*

Respondent B.D emphasized:

*"I am the one who does the selling, so I can manage the money myself. There's no need to ask for the partner permission."*

However, in principle, within a family, the man holds primary responsibility for family welfare. Financial management is generally conducted jointly through mutual discussion. Moreover, the social structure of Papuan society is characterized by strong kinship ties, particularly in addressing various family issues such as marital matters or children's education, which typically receive considerable support and attention from extended family members. Papua women are regarded as supportive figures and guardians of harmony within the household, even though decision-making in the public sphere remains predominantly male-dominated. Similarly, in customary settings and village meetings, women continue to have limited opportunities to voice their opinions or participate actively.

The challenge often faced by native Papua traders is that the income they receive is not always the same every day. Many traders sell their agricultural products such as patatas, taro, cassava, bananas, vegetables and other agricultural products. Even if the produce is not yet fit for harvest, they also tend to buy from other traders. In terms of merchandise, it doesn't always sell well every day. In fact, they have to wait 3 to 5 days for the goods to sell well. This reflect that many female traders often do not record expenses and income from their business because they are considered irrelevant or troublesome. Hence, relying on memory becomes a form of adaptive strategy, knowing it could be forgotten, inaccurate, or undocumented.

This is in line with research results which show that 62.4% of respondents did not record income and expenditure from merchandise. These results are strengthened by findings from in-depth interviews with Respondent H.N and L.I, who stated that:

*"I didn't take notes, but I just remember."*

The statement shows that the resource person uses a memory system as the main tool in recording transactions, not formal tools such as notebooks or applications. This reflects

informal financial management practices that are quite common in small-scale household economies. The traders also revealed that there had never been any training activities from the relevant agencies regarding financial management or training on the system for recording income and expenses from business activities.

Apart from that, the lack of separation between personal money and business money is also a challenge in maintaining business sustainability. Because sometimes the money from trading is also used for daily needs. Many Papua women rely on loan capital to finance their businesses and there are also those who do not take advantage of loans because most of them come from their own capital and the goods traded are the products of their own gardens. This is reinforced by quantitative data which shows that 54.16% of respondents borrowed for business capital needs. These results are in line with the opinions of several sources such as respondent H.N, Y.N, L.I, and D.W who stated that they had borrowed money from cooperatives and BRI banks through People's Business Credit (KUR). Regarding loan installments, some respondents stated that they had never been in arrears, while others admitted experiencing delays due to poor sales. Nevertheless, most interviewees emphasized the importance of repaying debts on time. In addition, several respondents reported using loans not only for business purposes but also to cover daily household expenses.

The main strategy used in overcoming financial challenges is to set aside a small amount for savings when merchandise is selling well. Some of them can set aside a little money from sales, but often these savings are used again for urgent needs. This result is in line with research results which show that 51.6% of respondents can set aside some money for savings. This is also confirmed by the results of interviews with respondent H.N, M.I, and L.I who stated:

*"From the sales, I set aside a little for savings and a little for household expenses. But sometimes, when the goods don't sell, I have to use the business money too."*

This opinion is also in accordance with the results of interviews with respondent E and B.J, that some of the results of the best-selling merchandise can be put aside for savings. But there are also quite a few merchant mothers who have difficulty saving business money because they have to fulfill their living needs. These results are in accordance with the interview with respondent D.C who stated:

*"There is no saving money because one day sometimes it sells, sometimes it doesn't sell, so the money can be used to spend on necessities and children's school fees."*

The results of the research above reflect that there is basic awareness of the principles of financial literacy, such as sharing business results, saving and keeping money separately, although this is not accompanied by technical skills such as recording and long-term planning. Financial literacy practices have occurred naturally, even without modern records or methods. This means that the ability to manage finances does not solely come from formal education, but also from experience and social responsibility as a Papua woman.

## 4.2. Discussion

The results of the research show that financial literacy has a positive and significant influence on the financial management of native Papuan women traders in the traditional markets of Sorong City. This is indicated by the t-value of 15,873 and a significance value (Sig.) of 0.000 which is smaller than the required significance limit of 0.05. This means that financial literacy has a positive and significant influence on financial management. This result is also supported by the results of the determinant coefficient test which shows an R Square value of 0.619 or 61.9% of the variation in the dependent variable can be explained by the financial literacy variable. This means that financial literacy is able to explain around 61.9% of changes or variations in financial management (Y). The remaining 38.1% is explained by other

factors outside the variables studied, such as environmental factors, family habits, influence of friends, or personal economic conditions. These findings show that financial literacy is an important factor in shaping or influencing individual financial management, especially for native Papua female traders in the traditional markets of Sorong City. Thus, the higher the level of respondents' understanding of aspects of financial literacy such as knowledge of saving, distinguishing between needs and wants, and understanding loans, the better their ability to manage finances for household needs and the sustainability of their trading business.

In addition, most respondents in the survey indicated that they were not used to recording income and expenses. The financial literacy score in the financial recording aspect is in the low category, although understanding of the importance of saving is moderate to high (Adela et al., 2024; Batham et al., 2025). Based on the results of interviews, it shows that female traders use their memory more to manage daily finances because their merchandise does not always sell every day. This explains why record keeping is not considered necessary, especially in a volatile subsistence economy. Informal practices like this show that financial literacy is based on experience, not formal (Fawwaz & Pratikto, 2023). Recording was not carried out not because they did not care, but because it was not considered relevant in the context of trading where the results were uncertain (Suprihandari et al., 2024; Wardiningsih et al., 2021). This shows the need for financial recording training that is adapted to irregular income patterns.

In addition, more than 50% of respondents stated that they had used business funds for household needs, and some experienced difficulties in maintaining sustainable capital. This is a major obstacle in business continuity. In the interview, respondent mentioned that the funds from sales were combined between home and business needs, and business capital was often used if the merchandise did not sell. This indicates that the absence of a clear separation between business and household finances is a major obstacle in financial management. The results of this research are consistent with several previous studies, such as those conducted by Nugraha (2020), who stated that research shows that there is an influence of financial literacy on financial management. This research is also in line with research from Lestari et al. (2023) which states that the financial literacy level of MSME players is very good so that it influences the financial management of MSMEs in Sorong City to also increase. However, this result is inversely proportional to research conducted by Rumbianingrum & Wijayangka (2018), showing that financial literacy has a fairly low influence on financial management as evidenced by the financial literacy test which has an influence on financial management of only 32.4%, while 67.6% is influenced by other factors that were not researched.

## 5. Conclusion

This research shows that financial literacy has a positive and significant influence on the financial management of indigenous Papua female traders in the traditional markets of Sorong City. This is proven by the t-value of 15,873 with a significance of 0.000 ( $< 0.05$ ) and a coefficient of determination (R Square) value of 0.619. This means that around 61.9% of the variation in financial management can be explained by financial literacy, while the remaining 38.1% is influenced by other factors such as the environment, family habits, economic conditions and social influences. The research results also revealed that the majority of mothers who are traders are not used to keeping financial records, even though their understanding of the importance of saving is moderate to high. Their financial management practices rely more on memory due to the uncertain nature of income. Apart from that, the lack of separation between business and household finances is a major obstacle in maintaining

the continuity of business capital. Thus, financial literacy plays an important role in improving the financial management abilities of female traders. However, intervention in the form of practical training is still needed, especially regarding simple financial recording that is in accordance with irregular income patterns and the separation of business and household finances.

This study has several limitations. First, the research was only conducted on female traders in the traditional market in Sorong City so the results cannot represent all female traders in Papua. Second, the research only examines financial literacy, even though financial management can also be influenced by other factors such as family support, trading experience, and social habits. Third, data is obtained from questionnaires so the results depend on the honesty and understanding of the respondents. Therefore, the results of this study better describe the initial conditions. It is recommended that further research cover a wider area and add other factors so that the results are more complete and in-depth.

## 6. References

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