ANALYSIS OF PERCEPTIONS OF FINANCIAL LITERACY AND FINANCIAL INCLUSION OF COASTAL VILLAGE COMMUNITIES IN WEST BRANDAN DISTRICT, LANGKAT REGENCY

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Abstract: *This study aims to analyze perceptions and what factors affect financial literacy and financial inclusion of coastal village communities in Babalan District, Langkat Regency. Accessibility of Financial Institutions (Y) as a bound variable. Income, Education and Information (X) as free variables in this study. The sampling technique used the Non-probability sampling method and obtained a sample of 35 respondents. The type of data used is primary data sourced from the results of the distribution of questionnaires and skunder data sourced from the Financial Services Authority. This research uses a factor analysis method. The results showed that information factors have an effect and are significant on the accessibility of financial institutions in coastal villages, West Brandan District, Langkat Regency. Income and Education Factors do not have an influence on the Accessibility of Financial Institutions. The development of Financial Literacy and Inclusion in Indonesia continues to experience a significant increase per three years, it's just that more ways are still needed to increase public interest in Financial Literacy and Inclusion.*

Keywords: *Development of Financial Literacy, Financial Inclusion, and Accessibility of Financial Institutions.*

INTRODUCTION

As a developing country, Indonesia continues to strive for the welfare of its people, one of which is through economic development. In general, the country's goal in macroeconomics is to achieve good economic stability, high economic growth, declining poverty and little unemployment. The government in order to achieve these conditions has designed policies both carried out by the central government and local governments.

The economic development of a country will be influenced by several factors, both domestically and factors originating from abroad. One of the factors influencing the development of the economy is financial development. When the finances of a country develop, it will have a positive impact on improving the economy. In terms of financial services development, Bank Indonesia, the Ministry of Finance and OJK have an important role in the implementation and supervision of financial sector regulations in Indonesia. In fact, the three institutions already have a voice related to the synergy of the role of financial services and poverty alleviation. The expansion of the use of financial services is believed to have an effect on reducing the poverty rate in an area. With the increasing involvement of all levels of society in financial services, the poverty rate will decrease and financial improvement will occur, eventually it will lead to the economic development of a region/country.

People in general are no strangers to the word savings, which is a form of savings needed by people to save their money. Savings are used by the public just in case they face economic uncertainty in the future. Savings has two activities carried out, the first is for the consumption of daily life and the needs of the community, while the second is for saving. So that the future life will be more comfortable to meet needs, or it can be used as one of the retirement plans. To use our money requires motivation and accessibility, because the income of each individual is not necessarily exactly the same as that of each individual. Accessibility in question is a facility provided by the government to meet individual needs in facilitating a process.

The 2019 OJK SNLIK survey included 12,773 respondents in 34 provinces and 67 cities/regencies taking into account gender and strata of urban/rural areas. Based on the survey data published by the OJK above, it can be seen that financial literacy in 34 provinces is still classified as very low. Nationally, the financial literacy ability of the Indonesian people is at 38.03%.

The highest financial literacy ability itself was obtained by the people in DKI Jakarta Province with a value of 59.16%. Followed by the DI Yogyakarta area with 58.53%. Meanwhile, in third place is East Java with 48.95%.

Based on the National Financial Literacy Survey (SNLK) organized by the Financial Services Authority (OJK, 2019), financial inclusion in Indonesia is at an index of 76.19%. An increase of almost 10% from the previous three years, which was 67.8% in 2016, which means that out of every 100 residents there are only 22 people who belong to the *well literate* category. Looking at the existing data, people in Indonesia do not fully have knowledge about how to optimize money properly. In addition, the public does not understand well the various financial products and services offered by formal financial service institutions.

BIBLIOGRAPHY REVIEW

Money is defined as a general medium of exchange or a measuring tool for the value of objects / wealth that serves to facilitate the exchange of objects / goods, services, payments and borrowing in economic relations within a country or between countries (Aliminsyah & Padji, 2006). According to economists use the term "money" in a more specialized way. Money does not refer to all wealth but only to one type of it: money is an inventory of assets that can be immediately used to make transactions. Roughly that is a state supply (Mankiw, 2005).

A bank is a financial institution whose main business is to collect funds and redistribute funds to the community in the form of credit and provide services in payment traffic and money circulation (Kuncoro, 2000)A bank is a business entity that collects funds from the public in the form of deposits and distributes them back to the community in the form of credit and or other forms in order to improve the standard of living of many people. Meanwhile, the banking business includes three activities, namely raising funds, distributing funds, and providing other bank services. The activity of collecting and distributing funds is the main activity of the bank while providing other bank services is only a supporting activity (Kasmir, 2014).

According to The Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1998 concerning banking, what is meant by a Bank is "A business entity that collects funds from the public in the form of deposits and distributes to the public in the form of credit or other forms in order to improve the standard of living of many people." The theory of consumer behavior is a depiction of how consumers allocate income to the various goods and services available to maximize their well-being (Pindyck & Rubinfeld, 2012).

Consumer behavior is said to be an act or deed carried out by an individual or so-called consumer who is directly involved in obtaining, consuming, and consuming products and services, including the decision process that precedes and follows this action (Engel, Roger, & Paul, 2004).

According to Robertson and AC. Pigon on their definition of money, emphasizes the role of money as a medium of exchange, while Rollin G. Thomas gives a broader definition of money by giving the understanding that money is something that is ready (disbursed) and generally acceptable in transactions of goods and services, and is acceptable in debt repayment (Rahardjo, 2009). The factors that determine the demand for money in view are explained using *quantity* theory and *cash-balance theory*. According to Irving Fisher the theory of the quantity of money is as follows (Sukirno, 2011):

$$MV = PT$$

M = money quote
V = money turnover
P = pricing tier
T = volume of goods traded in a given year.

Keynes' Theory of Demand for Money

Keynes's theory of demand has differences from the classical theory of demand for money. Keynes added another function of money, namely as a *store of value*. In his theory Keynes argued that there were three motives for holding money, namely for transactions, vigilance and speculation (Nopirin, 1992).

Theory of Consumer Behavior

The theory of consumer behavior is a depiction of how consumers allocate income to the various goods and services available to maximize their well-being (Pindyck & Rubinfeld, 2012). Consumer behavior is said to be an act or deed carried out by an individual or so-called consumer who is directly involved in obtaining, consuming, and consuming products and services, including the decision process that precedes and follows this action (Engel, Roger, & Paul, 2004).

METHOD

The types of data used by the authors are qualitative and quantitative data types. The collection technique used in this study is *the Non-probability sampling technique.* The variables used in this study were income, education, information. The descriptive analysis method is a simple analysis method that can be used to describe observation conditions by presenting in the form of tables, graphs, and narratives with the aim of making it easier for readers to interpret the research results, data analysis techniques in this study using Partial Least Square (PLS). PLS is a structural equation modeling (SEM) with an approach based on variance or component-based structural equation modeling. According to Ghozali & Latan (2015), the purpose of PLS-SEM is to develop a theory or build a theory (predictive orientation).

RESULT

SEM-PLS Analysis Research Results

1. ***Convergent Validity* On Income**

In the Construct indicator on the variable Income amounts to 6 construct indicators. Based on the results of data analysis, the *value of convergent validity* is obtained through the *loading factor* in the table below

Table 4. 1
***Convergent Validity* On Income**

Indicators	*Loading Factor*	*Rule Of Thumb*	Information
X1_P1	0,528	0,70	Not Meeting
X1_P2	0,692	0,70	Not Meeting
X1_P3	0,764	0,70	Meet
X1_P4	0,829	0,70	Meet
X1_P5	0,769	0,70	Meet
X1_P6	0,749	0,70	Meet

Source : PLS Processing Results Data

Based on the table data above, it shows that in the Income variable with 6 question indicators there are 2 question indicators that do not meet the criteria, with a loading factor value of X1. P1

0.528< of the Rule of Thumb values of 0.70 and X1. P2 0.692< of the Rule of *Thumb* value of 0.70

2. *Convergent Validity* in Education

In the construct indicators on the Education variable there are 6 construct indicators. Based on the results of data analysis, the *value of convergent validity* is obtained through *the loading factor* in the table below:

Table 4.2
***Convergent* Validity of Education**

Indicators	*Loading Factor*	*Rule Of Thumb*	Information
X2_P1	0,760	0,70	Meet
X2_P2	0,673	0,70	Not Meeting
X2_P3	0,880	0,70	Meet
X2_P4	0,693	0,70	Not Meeting
X2_P5	0,844	0,70	Meet
X2_P6	0,805	0,70	Meet

Source : PLS Processing Results Data

Based on the table data above, it shows that in the Education variable with 6 question indicators there are 2 question indicators that do not meet the criteria, with a loading factor value of 0.673;0.695< each of the *Rule of Thumb* values of 0.70.

1. *Convergent Validity* on Information

In the construct indicator on the variable Information amounts to 6 construct indicators. Based on the results of data analysis, the *value of convergent validity* is obtained through *the loading factor* in the table below:

Table 4. 3
***Convergent Validity* Information**

Indicators	*Loading Factor*	*Rule Of Thumb*	Information
X3_I1	0,774	0,70	Meet
X3_I2	0,395	0,70	Not Meeting
X3_I3	0,743	0,70	Meet
X3_I4	0,836	0,70	Meet
X3_I5	0,783	0,70	Meet
X3_I6	-0.140	0,70	Not Meeting

Source : PLS Processing Results Data

Based on the table data above, it shows that in the Information variable with 6 question indicators there are 2 question indicators that do not meet the criteria, with each value loading factor 0.395;-0.140 < of the Rule of *Thumb* value of 0.70.

Effect of Income Factors on Financial Institution Accessibility (X1 → Y)

The results of the Income Factor hypothesis test had an influence on users of Financial Institution Accessibility based on table 4.31 showing that a statistical t value of 0.638 was obtained, while a table t value at a significant level of 0.10% was obtained by 1.696 based on a sample of 35 respondents. So it can be concluded that t statistics < t table (0.638 < 1.696), to corroborate the results of this analysis can also use the P Value, provided that $p < 0.10$, based on the results of data analysis showing a value of $0.523 > 0.10$.

The provision accepts H0, then it is concluded that the Income Factor has no effect and is significant to the Accessibility of Financial Institutions.

The Effect of Educational Factors on the Accessibility of Financial Institutions (X2 → Y)

The results of the Education hypothesis test have an influence on the Accessibility of Financial Institutions based on table 4.31 showing that a statistical t value of 1,072 was obtained, while the table t value at a significant level of 10% was obtained by 1,696 based on a total sample of 35 respondents. So it can be concluded that t statistic < t table (1,072 < 1,696), to corroborate the results of this analysis can also use P Value, provided that $p < 0.1$, based on the results of data analysis showing a value of $0.284 > 0.10$.

The provision accepts H0, then it is concluded that the Educational Factor does not have a positive and significant effect on the Accessibility of Financial Institutions.

3. Influence of Information Factors on Accessibility of Financial Institutions (X3 → Y)

The results of the Information Factor hypothesis test have an influence on the Accessibility of Financial Institutions based on table 4.23 showing that a statistical t value of 1,880 was obtained while a table t value at a significant level of 10% was obtained by 1,696 based on a sample of 35 respondents. So it can be concluded that t statistics > t table (1,880 > 1,696), to corroborate the results of this analysis can also use P Value, provided that $p < 0.1$, based on the results of data analysis showing values of $0.060 < 0.10$.

The provision rejects H0, it is concluded that information has a positive and significant effect on the Accessibility of Financial Institutions

CONCLUSION

Based on the results of the research and discussion that has been described in the previous chapter, the researcher draws the following conclusions: The development of financial literacy and inclusion carried out by the OJK with a national survey held every three years, starting from 2013, 2016, and most recently 2019, which is likely to be carried out in 2022. The financial literacy index of the Indonesian people in 2019 shows a figure of 38.03%, which means that out of every 100 people in the population there are around 38 people who are well literate. This result shows an increase from the previous survey of 29.7% in 2016. The same thing also happened what financial inclusion showed an increase in 2019 of 76.19% while in 2016 it only gained 67.80%. The income factor has no significant effect on the accessibility of financial institutions. The educational factor has no positive and significant effect on the Accessibility of Financial Institutions Information factors have a positive and significant effect on the Accessibility of Financial Institutions.

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