

THE EFFECT OF FINANCIAL LITERACY AND FINANCIAL TECHNOLOGY ON FINANCIAL INCLUSION IN GENERATION Z OF CURUG VILLAGE, KLARI DISTRICT, KARAWANG REGENCY

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ABSTRACT

This study aims to determine and analyze the effect of Financial Literacy and Financial Technology variables on Financial Inclusion in Generation Z in Curug Village, Klari District, Karawang Regency. This Study uses a descriptive verification method with a quantitative approach and the research data used are primary data. The population in this study were 1000 people aged 17-25 years old. The sampling technique used is the proportional sampling method and uses the table formula from Isaac and Michael in order to obtain 258 respondents. The analytical method used is path analysis. The data was processed statistically with the t test model. The results of this study indicate that partially the variables of Financial Literacy and Financial Technology have a significant effect on Financial Inclusion in Generation Z in Curug Village, Klari District, Karawang Regency.

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1. INTRODUCTION

Financial inclusion has become one of the world's concerns since the United States economic crisis in 2008. Indonesia felt the impact of the crisis by experiencing a decline in economic growth by 1.38% from 2008-2009. Data from (Uchoa, 2018) *Global Findex (Global Financial Inclusion Database)* published in 2011 shows that one of the developing countries in the world including Indonesia has a fairly low level of financial inclusion of 19.6%. Several efforts began to be made by the government in 2012 through (Original Demiguc-Kunt, 2018) the National Financial Inclusion Strategy (SNKI). In order to improve the welfare of its people, Indonesia's level of financial inclusion has successfully increased to reach 76.19% in 2019. (FSA, 2021)

The development of the financial inclusion index in Indonesia in 2019 according to the OJK was 76.19 percent, the financial inclusion index was more increased than in 2016 of 67.8 percent. The increase in financial inclusion by 8.39% proves that most Indonesians have begun to access financial products and services. West Java Province is one of the provinces with a level of financial inclusion that is in a position to exceed the national average of 88.48%, an increase from the survey in 2016 which was recorded at 71.4% (OJK, 2019).

Generation Z, who were born between 1996 and 2010, known as the generation who often interact with the digital world, are certainly no strangers to the use of (Purnomo, 2019) *financial technology*. *Financial technology* is a technological innovation developed in the *financial* field so that financial transactions can be carried out practically, easily and effectively. Generation Z's knowledge of *financial technology* includes the use and usefulness of *financial technology* as a digital financial technology that is more practical, cost-effective and provides many benefits with various promos. Generation Z has a positive view of *financial technology* as their financial needs. (Pratiwi, 2021)

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In this study, Generation Z was chosen as the object of research because of the ability to use technology well, the characteristic possessed by Generation Z is that it cannot be separated from mobile phones and the internet. Therefore, Generation Z is a generation that is quite familiar with the development of information technology. The development of this technology can make it easier for Generation Z to find information and conduct financial transactions.

Some previous researches such as research conducted (Yolanda Atika Safira, 2020) by in a study entitled The Effect of Financial Literacy and Financial Technology on WishfulNess Inclusionin Pekanbaru Society revealed that financial literacy and *financial technology* together have a significant effect on financial inclusion, in addition to that according to (Octaviani Salsabella, 2022) a study entitled The Effect of Financial Literacy and *Financial Technology* Towards Financial Inclusion revealed that financial literacy and *financial technology* have a significant effect on financial inclusion. According to (Simanjuntak, 2019) a study entitled The Effect of Financial Literacy and *Financial Technology* on Financial Inclusion, students in North Sumatra revealed that financial literacy and *financial technology* have a significant effect on financial inclusion. Meanwhile, according to (Kusuma, 2020) a study entitled The Effect of Financial Literacy on Financial Inclusion through *Financial Technology* on MSMEs in Bandar Lampung, it was revealed that *financial technology* does not have a significant effect on financial inclusion.

2. METHODS

The type of research used in this study is descriptive with a quantitative approach. The population selected in this study was people born in 1996 – 2005 in Curug Village, Klari District, Karawang Regency. The number of samples in this study amounted to 258 respondents, where in determining the sample using the table formula Isaac and Michael. The financial inclusion variable is the bound variable in this study, while the financial literacy and *financial technology* variables are the free variables. The source of the data is to use primary data with media in the form of questionnaires. The distribution of questionnaires is carried out directly using questionnaires. The time span required in collecting data in this study is from May 20 – June 17, 2022. The data collection will be presented using a quantitative type of research, where the data is analyzed and will be explained in the form of numerical data. The data obtained were then analyzed by validity tests and reliability tests, path analysis and hypothesis tests using the SPSS version 16 program. The population used includes generation Z or people who are 17 - 25 years old and already have income.

3. RESULTS AND DISCUSSION

1. Analysis of Respondents' Answers

Table 1. Respondent Answer Results

Respondents' Answers		X1		Mean	X2		Mean	Y		Mean
		F	%		F	%		F	%	
5	Strongly Agree	165	64,0	4,60	106	41,1	4,20	140	54,3	4,47
4	Agree	83	32,2		109	42,2		100	38,8	
3	Neutral	10	3,9		32	12,4		18	7,0	
2	Disagree	0	0		11	4,3		0	0	
1	Strongly Disagree	0	0		0	0		0	0	
Total		258	100%		258	100%		258	100%	

Source: Data processed by the author (2022)

Based on Table 1. The results of respondents' answers related to the financial literacy variable (X1), the score item that has the highest value, namely X1.2, has an average of 4.60 with the statement "the benefit of saving in financial management is to save money demi needs in the future". This is that financial literacy with indicators (savings, loans, investments and risks) in generation Z in Curug Village is good. *The Financial Technology* score item that has the highest score of X2.5 has an average score of 4.20 with the question "the use of fintech is so easy that I was able to learn my own cents without the help of others". This is that *financial technology* with indicators (knowledge, convenience, effectiveness and interest) in generation Z in Curug Village is good. And the Financial Inclusion score item that has the highest score, namely Y1, has an average score of 4.47 with the question "the availability / access provided by financial

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services can make it easier for me to make transactions". This is that financial inclusion with indicators (access, use, quality, and welfare) in generation Z in Curug Village is good.

2. Normality Test

This test is carried out to determine the presence or absence of a regression model. In the study, to test the normality of the data was carried out with the *Kolmogorov-smirnov one-sample* statistical test. The results of the normality test are described in table 4 below:

Table 2. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		258
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	6.79036702
Most Extreme Differences	Absolute	.044
	Positive	.044
	Negative	-.039
Kolmogorov-Smirnov Z		.705
Asymp. Sig. (2-tailed)		.703

a. Test distribution is Normal.

Source: Data processed by the author (2022)

Based on table 2, the results of the output of asymp are obtained. The sig (2-tailed) is $0.703 > 0.05$. The results state that the residual data in this regression model are normally distributed.

3. Coefficient of Determination

Table 3. Results of Simultaneous Influence Determination Analysis
Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.366 ^a	.134	.127	6.817

Source: Data processed by the author (2022)

Based on table 3, it shows that the simultaneous influence of financial literacy and *financial technology* on financial inclusion in generation Z in Curug Village, Klari District, Karawang Regency, is 0.134. Then the path error coefficient (error) can be analyzed as follows:

$$\rho \in = \sqrt{1-r^2}$$

$$\rho \in = \sqrt{1-0.134} = 0.866$$

4. Partial Hypothesis Testing (t Test)

1) Correlation between financial literacy (X1) and financial technology (X2)

Hypothesis testing of the relationship between financial literacy (X1) and *financial technology* (X2) is carried out using a statistical test t, namely with the following formula: Known:

$$r = 0.134$$

$$n = 258$$

$$t = r \sqrt{\frac{n-2}{1-r^2}} = \frac{0.134\sqrt{258-2}}{\sqrt{1-0.134^2}} = \frac{2.144}{0.991} = 2.163$$

The value of r calculated above then compares with t the table at an error rate of 5% df = n - 2, 258-2=256, so that t table = 1,969 is obtained.

Table 4. The Relationship Between Financial Literacy (X1) and Financial Technology (X2)

Structural	Sig.	a	thitung	ttabel	Conclusion
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Pyx1x2	0.000	0.05	2.163	1.969	Ho rejected
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Source: Data processed by the author (2022)

Based on table 4. Indicates that Sig. (0.000) < (0.05) and thitung (2.163) > ttabel (1.969), then Ho rejected. Thus, it can be concluded that financial literacy (X1) and *financial technology* (X2) have a significant relationship.

2) Partial Effect of Financial Literacy (X1) on Financial Inclusion (Y)

The partial effect of financial literacy (X1) on financial inclusion (Y) can be known through statistical testing using the following hypothesis: Ho: $\rho_{yx1} = 0$: Financial literacy has no effect on financial inclusion Ho: $\rho_{yx1} \neq 0$: Financial literacy affects financial inclusion. With test criteria : Reject Ho if Sig. < α or count > ttabel. For the partial effect of financial literacy (X1) on *financial technology* (Y) with a significant level (α) = 5% *degree of freedom* (df) = n-2 = 258-2 = 256 and obtained a ttabel of 1,969. Based on the test results in table 16, it is known that the calculated value (X1) against (Y) is 0.3467 with a significance of 0.001. The partial effect of financial literacy on financial inclusion can be seen in the following table:

Table 5. Partial Effect of Financial Literacy on Financial Inclusion

Structural	Sig.	α	thitung	ttabel	Conclusion
Pyx1	0.001	0,05	3.467	1.969	Ho rejected

Source: Data processed by the author (2022)

Based on table 5. Indicates that Sig. (0.001) < (0.05) and tcount (3.467) > ttabel (1.969), then Ho rejected. Thus it can be concluded that *keuangan literacy* (X1) has a significant influence on financial inclusion (Y).

3) Partial Effect of Financial Technology (X2) on Financial Inclusion (Y)

The partial understanding of *financial technology* on financial inclusion can be seen in the following table:

Table 6. Partial Effect of Financial Technology (X2) on Inclusion Finance (Y)

Structural	Sig.	A	thitung	ttabel	Conclusion
Pyx1	0.000	0,05	4.415	1.969	Ho rejected

Source: Data processed by the author (2022)

Based on table 6. Indicates that Sig. (0.000) < (0.05) and thitung (4.415) > ttabel (1.969), then Ho rejected. Thus it can be concluded that *financial technology* (X2) has a significant influence on financial inclusion (Y).

5. Simultaneous Hypothesis Test (F Test)

The results of simultaneous testing using SPSS software can be described in the table below.

Table 7. Simultaneous Test Results
ANOVA^b

Type	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1836.710	2	918.355	19.762	.000 ^a
Residual	11850.035	255	46.471		
Total	13686.744	257			

a. Predictors: (Constant), Financial Teechnology, Financial Literacy

b. Dependent Variable: Financial Inclusion

Source: Data processed by the author (2022)

Based on table 7. The test results are known to have a calculated value of 19,762. as for the value of ftabel at a significance level of 5% and degree of freedom (df) = 2 as a numerator and (n-k) = 258-2 = 256 as a denominator, then ftabel = 3,031 is obtained. The calculated and fable values are further

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compared, so that a value of $19,762 > 3,031$ is obtained, which means that the calculated value is greater than the fable value. The significance value of 0.000 is less than 0.05 and it is concluded that financial literacy (X1) and *financial technology* (X2) have a simultaneous influence on financial inclusion (Y).

Discussion

1. Descriptive Discussion

The literacy variable consists of four indicators, namely the indicator of savings, loans/credit, investment and risk, each of which has three *items*. The results showed that the *item* that has the largest contribution in the financial literacy variable can be found in the savings indicator, namely with the statement "The Benefits of Saving with Personal Financial Management are to Save Money for Future Needs" with an average value of 4.60. The *financial technology* variable consists of four indicators, namely indicators of knowledge, convenience, effectiveness and interest, each of which has three *items*. The results showed that the *item* that has the largest spark plug contride in the *financial technology* variable is found in the convenience indicator, namely with the statement "The use of Fintech is Very Easy So That I Am Able to Learn By Myself Without the Help of Others" with an average score of 4.20. The financial inclusion variable consists of four indicators, namely availability/access, use, quality, and welfare, each of which has three *items*. The results showed that the *item* that has the largest contribution in the financial inclusion variable is contained in the availability/access indicator, namely with the statement "Availability/access Provided by Financial Services Can Make It Easier for Me to Do Banking Transactions" with an average value of 4.47.

2. Verifiable Discussion

The Effect of Financial Literacy on Financial Inclusion in Generation Z

Based on the results of testing the hypothesis of financial literacy variables against financial inclusion variables, it shows that financial literacy has a positive and significant effect on financial inclusion. This indicates that the better a person's financial literacy, judging from their knowledge, attitudes and financial behavior, will increase the use of financial products and services. The results of this study are in line with several researchers who state that financial literacy has a significant positive effect on financial inclusion, namely and .(Octaviani Salsabella, 2022)(Yolanda Atika Safira, 2020)

The Effect of Financial Technology on Financial Inclusion in Generation Z

Based on the results of testing the *financial technology* variable hypothesis against the financial inclusion variable, it shows that *financial technology* has a positive and significant effect on financial inclusion. This indicates that the higher the use of *financial technology*, in this case the use of online applications such as Dana, OVO, Shopeepay and LinkAja will increase the use and utilization of financial products and services. According to the Financial Services Authority (2017) the increasing use of *financial technology* is one of the drivers to increase national financial inclusion. The results of this study are in line with several researchers who state that *financial technology* has a significant positive effect on financial inclusion, namely and . (Octaviani Salsabella, 2022)(Yolanda Atika Safira, 2020)

The Effect of Financial Literacy and Financial Technology on Financial Inclusion in Generation Z

The results of the data analysis show that financial literacy and *financial technology* have a positive and significant effect on financial inclusion. This indicates that financial literacy and *financial technology* have increased, so financial inclusion will increase and vice versa. This research is supported by the results of research (Octaviani Salsabella, 2022) from those who show that financial literacy and *financial tevhology* simultaneously have a significant effect on financial inclusion.

4. CONCLUSION

The results of this study show that Financial Literacy has a significant positive effect on Financial Inclusion. So that if the understanding of Financial Literacy increases, then financial inclusion will also increase, and vice versa. *Financial Technology* also has a significant positive effect on Financial Incussion, which means that if *Financial Technology* increases, Financial Inclusion will also increase. Based on the research that has been carried out, the advice that can be given to related parties is, namely, (1) For the government and related institutions, it is recommended to improve and provide more education and socialize about financial knowledge and financial institutions and better introduce fintech or *financial technology*. (2) For the public, especially generation Z, it is expected to increase financial literacy so that in

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the future it will not be easily deceived by the presence of *financial technology*. Because, in the current modern era, technology will continue to develop very quickly and new financial product services will appear, so it is hoped that the public will be able to sort out which ones are useful and which are not. (3) Researchers are then expected to expand the research so as to obtain a broader picture of the research, add other variables related to financial inclusion and look for respondents with higher levels of education. (Inayah, 2021).

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