THE IMPACT OF FINANCIAL LITERACY AND FINANCIAL INCLUSION ON INVESTMENT DECISION IN MANADO

DAMPAK DARI LITERASI FINANSIAL DAN INKLUSI FINANSIAL TERHADAP INKLUSI FINANSIAL DI MANADO

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Abstrack: The financial sector has an important role to improve people's welfare and encourage global economic growth. Financial literacy and financial inclusion, as two of the three pillars contained in the consumer empowerment trilogy, every pillar has a close correlation with another. This correlation has a direct proposition correlation. This study aims to see the effect of literacy and inclusion on financial investment decisions in Manado, either only partially or simultaneously. This research is quantitative research with a multiple linear regression method. The data were collected by distributing questionnaires to 100 respondents in Manado and its surroundings. The population in this research are all citizens of Manado who have financial investment instruments. This research has results: 1) financial literacy and financial inclusion have a simultaneous and significant influence on investment decisions in Manado. 2) Variable financial literacy partially affects investment decisions very significantly. 3) Variable financial inclusion affects the investment decision variable partially and significantly in Manado. The conclusion of this research is financial literacy and financial inclusion are indeed important things in developing the financial sector, including investment. In the city of Manado itself, it has been proven that financial literacy and inclusion can affect the quality of an investment.

Keyword: *financial literacy, financial inclusion, investment decision, consumer empowerment trilogy*

Abstrak: *Sektor keuangan memiliki peran penting untuk meningkatkan kesejahteraan masyarakat dan mendorong pertumbuhan ekonomi global. Literasi keuangan dan inklusi keuangan, sebagai dua dari tiga pilar yang terdapat dalam trilogi pemberdayaan konsumen, memiliki korelasi yang erat satu sama lain. Korelasi ini memiliki proposisi langsung, terhadap pemahaman dan kepemilikan produk keuangan dan dapat meningkatkan penggunaan produk keuangan sendiri. Penelitian ini bertujuan untuk mengetahui pengaruh literasi dan inklusi keuangan terhadap keputusan investasi di Manado, baik hanya secara parsial mapun secara simultan. Penelitian ini adalah penelitian kuantitatif dengan metode regresi linear berganda. Data diambil dengan menyebarkan kuesioner kepada 100 respondent secara acak di kota Manado dan sekitarnya. Populasi dalam penelitian ini adalah seluruh warga kota Manado yang memiliki instrumen investasi keuangan. Penelitian ini menghasilkan hasil : 1) literasi keuangan dan inklusi keuangan berpengaruh secara simultan dan signifikan terhadap keputusan investasi di Manado. 2) Variabel literasi keuangan secara parsial berpengaruh sangat signifikan terhadap keputusan investasi. 3) Variabel financial inclusion berpengaruh secara parsial dan signifikan terhadap variabel keputusan investasi di Manado. Kesimpulan yang bisa diambil dari penelitian ini adalah financial literasi keuangan dan inklusi keuangan memang menjadi hal penting dalam mengembangkan sektor keuangan, termasuk investasi. Di Kota Manado sendiri terbukti bahwa literasi dan inklusi keuangan dapat mempengaruhi kualitas suatu investasi.*

Kata Kunci: *Literasi Finansial, inklusi finansial, keputusan investasi, trilogi pemberdayaan konsumen*

INTRODUCTION

Research Background

The Financial sector has an important role to improve people's welfare and encourage global economic growth. The role of the financial sector can be seen from the existence of the consumer empowerment trilogy which consists of financial literacy, financial inclusion, and consumer protection.

Financial literacy itself has meant an understanding of the financial system. To achieve financial literacy require a sustainable education from every aspect. Financial literacy has many benefits, one benefit is can avoid unclear financial instruments.

Financial inclusion is meant the activity to remove limitations in access to the financial industry. This limitation can be a barrier to accessing information from financial sources. Easily literacy is a deep understanding of the financial system and also for the financial industry, while financial inclusion is the removal of the boundaries of the financial industry. Combining both of them will create growth in the whole economy.

Financial literacy and financial inclusion, as two of the three pillars contained in the consumer empowerment trilogy, every pillar has a close correlation with another. This correlation has a direct proposition correlation, where understanding and ability to choose financial products can increasing product using. Benefit from financial literacy and financial inclusion can be seen in various aspect one of them from macroeconomic.

Research Objectives

The research objectives are to identify the significant effect of:
1. Financial literacy on investment decisions
2. Financial inclusion on investment decision
3. Financial literacy and financial inclusion on investment decision simultaneous

THEORITICAL REVIEW

Financial Literacy

In epistemology, as revealed by Manurung (2009) financial literacy is a set of skills and knowledge that enables an individual to make effective decisions with all their financial resources. Here it can be outlined, financial literacy is the skill and knowledge to be able to make effective decisions in managing finances. Manurung has not explained in detail what skills and knowledge are needed to make financial decisions

Meanwhile Sukumaran (2014) define financial literacy as an understanding of money and financial products that help create a financial decision. Sukumaran make a more detailed definition that skills and knowledge is an understanding of money and financial products.

Kinmutai itself (2015) defines financial literacy as a way for people to understand and participate in using the basic concepts of financial science to plan and manage financial decisions in the form of insuring, investing, storing, and budgeting.

Financial Inclusion

Lumenta and Worang (2015) define financial inclusion as all activities aimed at destroying all kinds of obstacles in financial access. This term meaning as an activity that facilitates access to affordable, usefulness and responsible of financial products and services.

From the regulator perspective financial inclusion also contained in Keppres No.82, 2016 which has a definition as a condition where every member of the community has access to formal financial services. The point of this paragraph that financial inclusion is all kinds efforts to facilitate access to financial institutions.

Investment Decision

The Investment Decision relates to the decision made by the investors or the top level management with respect to the amount of funds to be deployed in the investment opportunities. This decision is a complex activity. Decisions can never be made in a vacuum by relying on the personal resources and complex models, which do not take into consideration the situation. (Kannadhasan : 2012)
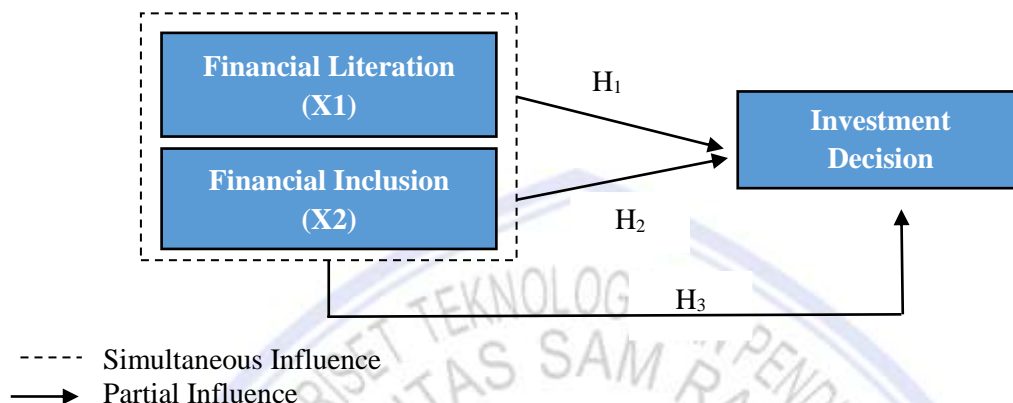
Making investment decision under uncertain conditions is a difficult process, this is probably harder when it involves stock selection among various alternatives. For example, investors need to make predictions about stock prices, economy, future outcomes, etc. using immediate information (Kaptan, 2001). The uncertainties

surrounding the future outcomes of investments are responsible for the complexities of the stocks decisions (Umboh and Atahu,2019).

Owing to the inherent uncertainty in the investment decisions as to what the future outcome holds, investors have been devoting more attention to useful and relevant information. Although information plays an important role in successful investment decisions, skilful interpretation of such available information, especially in the face of emotions and psychological biases, is the *sine qua non* for investment success (Sukumaran, 2015).

Previous Research
Conceptual Franework

Figur 1. Conceptual Framework
Sources: Data Processed, 2020

The hypotheses of this research are :
H_1: Financial literacy (X1) has partial effect on investment decision (Y).
H_2: Financial inclusion (X2) has partial effect on investment decision (Y).
H_3: Financial literacy (X1) and financial Inclusion (X2) have simustious effect on investment decision(Y).

RESEARCH METHOD

Research Approach

This reseach have make quantitative approach. This type of research researchers take because researchers only want to draw conclusions whether financial literacy and inclusion is influential or not. While This research can also be classified as a type of regression research, this research is subject to the focus of discussing the influence caused by the independent variable. Regression itself is a form of quantitative research that focuses on the prediction of cause and effect relationships of independent and independent variables (Endra: 2017). The dependent variable here is an student investment, while there are two independent variables here, namely financial liability and financial inclusion.

Population, Sample, Size, and Sampling Technique

The population in this research are all citizens of Manado who have financial investment instruments. This study was made using the simple random sampling method, while probability sampling is a sampling method where all sample members have the same opportunity to be elected. The sample that will be used by this research is 100.

Type of Data and Data Source

The type data taken in this research is Primary data, this data the authors take directly from the data sources themselves. In addition to understanding the concepts that are quite complex in formulating conclusions, the authors also use secondary data. Secondary data is data obtained or used by researchers from existing sources (Copur:2015). The data used by the author in the form of data collection from previous studies or books and magazines that contain the data the author wants

Validity and Reliability

A validity test is used to determine the appropriateness of items in a list of questions in defining a variable. The testing technique that I use is using Bivariate Pearson correlation (Pearson Moment Product). This analysis is used by correlating each item's score with the total score.

Reliability is a measure of the stability and consistency of the respondent in answering matters relating to the constructs of the question which are the dimensions of a variable arranged in the form of questionnaires.

Multiple Regression Analysis

Multiple linear regression is a statistical method that is suitable if the research problem includes one dependent variable (criterion variable) with a metric measurement scale, which is assumed to be predictable by independent variables with a metric measurement scale.

$$Y = b_0 + b_1 Y_1 + b_2 Y_{2} + e$$

X_1	=	Financial literation
X_2	=	Financial Inclusion
Y_1	=	Investment decision
b_0	=	Intercept
b_1, b_2	=	The regression of Coefficient of each variable

RESULT AND DISCUSSION

Validity and Reliability

For the validity test financial literacy variable (X_1), financial inclusion (X_2) and investment decision (Y) are all declared valid bbecause they are greater than the R table, which is 0.196. The R table uses a significance level of the two-way test of 0.05 with the number of respondents of 100 individuals.

Meanwhile, for the reliability financial literacy variable X1, financial inclusion X2, and investment decision are declared to be reliable. This is because the Alpha conbachs in this questionnaire > 0.6.

Classical Asumption
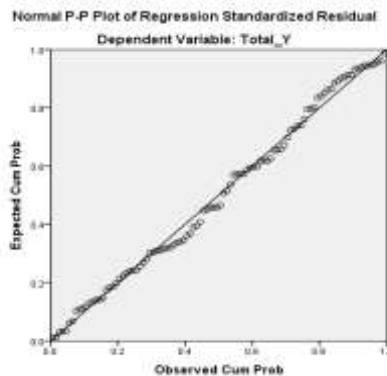**Normality Test**

Figure 2. The Normality Test
Sources: Data Processed, 2020

The figure shows that the plotting data (points) spread out around the diagonal line, and the spread follows the diagonal line. This shows that the regression model fulfills the normality assumption.

Heteroscedasticity Test
Table 1. Heteroscedasticity Test

Variabel	Sig.	Status
X1	0.428	No Heteroscedasticity
X2	0.160	No Heteroscedasticity

Sources: Data Processed, 2020

From the results of these studies it is stated that each independent variable is heteroscedasticity free because the significance value > 0.005.

Multicollinearity Test
Table 2. Multicollinearity Test

Model	Collinearity Statistics		Status
	Tolerance	**VIF**	
Financial Literacy	0.629	1.591	No Multicollinearity
Financial Inclusion	0.629	1.591	No Multicollinearity

Sources: Data Processed, 2019

The table above shows that the relationship between the dependent and independent variables does not experience multicollinearity symptoms. This is evidenced by the tolerance value of the two variables is 0.629, while the VIF value is 1.591.

Multiple Linear Regression Analysis
Table 3. Multiple Linear Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	**Std. Error**	**Beta**		
1 (Constant)	-5.081	2.411		-2.187	.038
destination_image	.520	.085	.496	6.145	.000
customer_experience	.364	.080	.387	4.552	.000
a. Dependent Variable: Total_Y					

Sources: Data Processed, 2019

The unstandardized beta coefficient value will be explained below.
1. The constant shows value of -5.081 means in this condition, all the independent variables should not below or equals to zero.
2. Regression coefficient of financial literation (X1) is 0.520 means that if there is one unit increase in financial literation (X1), then the investment decision (Y) is increasing by 0.520 assuming the other variables are constant (ceteris paribus).
3. Regression coefficient of financial inclusion (X2) is 0.364 means that if there is one unit increase in financial inclusion (X2), then the the investment decision (Y) is increasing by 0.364 assuming the other variables are constant (ceteris paribus).

Hypothesis Test
Partial Test (T-Test)
Table 4. Summary T-Test

Model	T	t_{table}	Sig.	Status
1 (Constant)	-2.107		.038	
Financial Literation	6.145	1.984	.000	**Accepted**
Financial Inclusion	4.552	1.984	.000	**Accepted**
a. Dependent Variable: revisit_intention				

Sources: Data Processed, 2019

From the results of the table above, it can be concluded that the financial literacy variable has a significance <0.05, namely 0.00. The calculated tcount > ttable which is 6.145> 1.984. From the results of the T test it is stated that the financial literacy variable has a partial relationship with the investment decision variable.

The financial inclusion variable has a significance <0.05, that is, 0.00. The value of tcount > ttable which is 4.552> 1.984. From the results of the T test it is stated that the financial inclusion variable has a partial relationship with the investment decision variable.

Simultaneous Test (F-Test)
Table 5. Processing F-Test data

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1027.225	2	513.613	73.614	.000[b]
	Residual	676.775	97	6.977		
	Total	1704.000	99			
a. Dependent Variable: Total_Y						
b. Predictors: (Constant), Total_X2, Total_X1						

Sources: Data Processed, 2020

Based on the output above, it is known that the significance value for the effect of variable X1 and variable X2 simultaneously on variable Y is 0.00 <9.05, besides that the value F counts 73.614> F table 3.09, so it can be concluded that the variables X1 and X2 have a simultaneous relationship with variable Y.

Correlation Coefficient (R)
The correlation coefficient (R) between the dependent variable (X1 and X2) and the independent value is 0.776, which means it is quite strong.

Correlation Determination (R^2)
The coefficient of determination (R^2) measures the ability of a model in explaining the variation of dependent variables. The value of R^2 is 0.603. It means the value of Revisit Intention (Y) as dependent variables is explained at 0.603 or 60.3% by Destination Image (X1) and Customer Experience (X2) as independent variables

Disscussion
Financial literacy on investment decision
The results can be concluded that the financial literacy variable has a significance <0.05, namely 0.00. The calculated t_{count} > t_{table} which is 6.145> 1.984. From the results of the T test it is stated that the financial literacy variable has a partial relationship with the investment decision variable.

Financial inclusion on investment decision
The financial inclusion variable has a significance <0.05, that is, 0.00. The value of t_{count} > t_{table} which is 4.552> 1.984. From the results of the T test it is stated that the financial inclusion variable has a partial relationship with the investment decision variable.

Financial literacy and financial inclusion on investment decision simultaneous
The result have the significance value for the effect of variable X1 and variable X2 simultaneously on variable Y is 0.00 <9.05, besides that the value F_{counts} 73.614> F_{table} 3.09, so it can be concluded that the variables X1 and X2 have a simultaneous relationship with variable Y.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions
Through the process of collecting, analyzing and discussing data resulted, the data collected by researcher from 100 respondents it can be concluded that:
1. The results of this study have shown that the financial literacy partially has a positive and significant effect on investment decisions in Manado. It can be said that financial literacy has an important role in influencing the investment decisions for investor in Manado.

2. The results of this study have shown that the financial inclusion partially or has a positive and significant effect on the investment decision in Manado. It can be said that the financial inclusion has significant influence the investment decisions for investor in Manado.

     The result of this study have also shown that the financial literacy and financial inclusion simultaneously have a positive and significant effect on investment decisions in Manado.

Recommendation
1. The city government of Manado must develop financial literacy and financial inclusion so that it can boost investment rates. In Manado, based on the results of the 2016 Literacy and Inclusion Index Survey, North Sulawesi's Financial Literacy Index was recorded at 28.7% and the Financial Inclusion Index for 68.4%. Still lagging behind the national percentage where the financial literacy index reaches 35% and financial inclusion reaches 75%. By encouraging financial literacy and financial inclusion, the hope is that investment will not only increase but also can reduce poverty and eradicate fake investment.
2. For Manado People it is expected to further improve financial literacy because this partially affects investment decisions.
3. The private sector, both investment companies and investment-related companies, must increase financial literacy and inclusion. This is because in this study it has been proven that financial literacy and financial inclusion have a positive influence on investment decisions

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