
Increasing Financial Inclusion Through Financial Literacy And Financial Technology On MSMEs

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Abstract:

The purpose of this research is to identify and understand the influence of financial literacy and financial technology toward financial inclusion of culinary sector MSMEs in Pekanbaru. The sample collection technique is used purposive sampling and obtained sampel about 174 respondent. The research method is used descriptive analysis, preliminary test, regression test, classic assumption test, and hypothesis test by using SPSS 16.0. The result of this research showed that there was a positive and significant influence between financial literacy and financial technology toward financial inclusion of culinary sektor MSMEs in Pekanbaru

Keywords : Financial Literacy, Financial Technology, Financial Inclusion

1. Introduction

Micro, Small and Medium Enterprises or more often abbreviated as MSMEs are types of small-scale businesses, which involve a lot of economic and business activities in terms of technology, management, investment and copyright protection. MSMEs are one of the drivers of the economy with the largest contribution in Indonesia. The contribution of MSMEs is quite large, especially as a provider of employment and also an increase in regional income. The presence of MSME actors is an important part of the economy in Indonesia because it is one of the biggest economic boosters. The monetary crisis that hit Indonesia in 1998 has proven that MSMEs are businesses that can survive when large companies cannot survive the monetary crisis.

With the large influence of MSMEs on the lower sector economy and their significant impact on the level of employment in Indonesia, it is not unexpected that the number of increases experienced tends to be low. This relatively low increase is because MSME actors lack knowledge in entrepreneurship. Especially for MSME actors who start their business with courageous capital and minimal business capital, of course, making their business unable to last long.

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Financial Inclusion is all efforts aimed at reducing all forms of barriers to public access in utilizing financial services. With financial inclusion, access to financial services from formal financial institutions such as savings, credit, payment facilities, and other products will greatly assist low-income people in improving their welfare. This makes financial inclusion a concern of the Indonesian government where this strategy is carried out by opening access for people who have not yet enjoyed formal financial services due to lack of public knowledge about the functions of financial institutions and the incompatibility of products offered by financial institutions, which are quite large in number and most affected by the crisis. With financial inclusion, it is hoped that the lower class community can empower economic life activities in improving welfare not with financial or food assistance but through easier access to financial institutions.

In an effort to increase financial inclusion, the Financial Services Authority (OJK) held a National Financial Literacy and Inclusion Survey to find out how the level of financial literacy and inclusion is, which this survey is conducted every 3 years, where the survey results show that the level of financial literacy and financial inclusion in Indonesia is Indonesia continues to increase. Where for financial literacy from the previous 21.84 in 2013 it increased to 29.66% in 2016 and increased again to 38.03% in 2019. Likewise for financial inclusion which from the previous 59.74% in 2013 to 67.82% in 2016 and increased again to 76.19% in 2019. Although there was an increase compared to the previous year, the increase in financial inclusion was not accompanied by a significant increase in financial literacy. Whereas according to OJK, financial literacy in the community will be followed by financial inclusion of the community. Communities who already know financial service institutions and are skilled at utilizing financial products and services need to be supported by the availability of access to financial institutions, products and services so that people can gain access to capital so that MSME businesses can develop. In other words, high financial literacy among MSME actors will affect financial inclusion.

Apart from increasing financial literacy, increasing financial inclusion can be supported by the development of technology today which has grown rapidly. Along with the development of information technology, digital financial services have emerged that make it easier for the public to obtain financial services, known as financial technology. According to OJK (2017), the increasing use of financial technology is one of the drivers for increasing national financial inclusion. The entry of technology into the financial sector will transform the financial industry into the digital era. Of the total population of Indonesia, almost most already have a smartphone. This is the basis that financial technology has great potential for growth.

E-Payment or Electronic Payment may not be something that sounds foreign to our ears. The definition of e-payment is a payment system that uses internet facilities as an intermediary. E-payments exist not only as a substitute for physical money in

transactions, but with e-payments it can reduce the growth rate of cash use, especially for payments that are micro and retail. It should be noted that the level of use of E-Payment in Indonesia from year to year always increases, which from 2010 where initially the transaction volume was only 26,541,982 transactions to 651,500,049 transactions in 2017. The use of e-payments in Indonesia continues to increase from year after year and this makes e-payment a very potential alternative in increasing financial inclusion.

2. Theoretical Background

MSME

Pasadilla (2012) argues that the definition of MSMEs is usually based on the number of employees and the amount of capital. Micro, Small and Medium Enterprises or commonly referred to as MSMEs is a term that refers to a type of business that is established by a private person and has a net worth of at most Rp. 200,000,000 (not including land and buildings).

Financial Literacy

Financial Literacy is knowledge, skills, beliefs, which influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. OECD/INFE (2016) defines financial literacy as knowledge and understanding of financial concepts and risks, along with the skills, motivation, and confidence to apply their knowledge and understanding in order to make effective financial decisions, improve financial well-being. individuals and society, and participate in the economic field. According to OJK (2017), financial literacy is knowledge, skills, and beliefs, which influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. Financial literacy is very closely related to financial knowledge (Financial Knowledge). Through good financial education, financial knowledge will increase. Financial education has three main indicators, namely increased awareness, the realization of behavior change, and the realization of a bank-minded society. Thus, it can be said that financial literacy is a combination of knowledge and skills financially, and it will help business owners make wise financial decisions and choices (Bongomin, et al (2016)).

Financial Technology

The creation of ease of service by using a computer is familiar to the ears. Computers have an important role in finance. Financial technology absorbs a lot of people's attention because this service provides various service features from finance, banking, and insurance. Santi, et al (2017) define financial technology as "innovation in financial services" or "innovation in financial services" which is an innovation in the financial sector that gets a touch of modern technology. Financial

transactions through financial technology include payments, investments, money lending, transfers, financial plans and comparisons of financial products.

Financial Inclusion

According to OJK (2017), financial inclusion is all efforts made to eliminate all forms of obstacles faced by the community in using financial services. Financial inclusion is also a national strategy to promote economic growth through income distribution, poverty alleviation and financial system stability. Financial Inclusion is a movement that seeks to open the widest possible access to banking services for people who have not used banking services, especially in developing countries (Shankar 2013). A common measure of financial inclusion is what percentage of the adult population has a bank account.

The Effect of Financial Literacy on Financial Inclusion

An understanding of financial literacy is very necessary for MSMEs to avoid financial risk, supported by research according to Hutabarat (2018), where the higher a person's financial literacy, the higher the use, utilization and understanding of financial products and services (financial inclusion). Along with research conducted by Atkinson and Messy (2013), low levels of financial inclusion are followed by low levels of financial literacy. In addition, there are also studies by Cardinal (2017), Sohilauw (2018), and also Bire, et al (2019) which state that financial literacy has a direct and significant effect on financial inclusion. So that it can be estimated that financial literacy affects public financial inclusion. Where, the influence of financial literacy on financial inclusion is suspected to be positive. This means that increasing public financial literacy will increase public financial inclusion as well.

H1: Financial literacy has an effect on financial inclusion in MSMEs in the culinary field in the city of Pekanbaru.

The Effect of Financial Technology on Financial Inclusion

With the current condition of the world, when everyone has a smartphone, it will certainly make it easier for financial technology to develop. Moreover, the existence of technology has always been used to facilitate the activities of its users. Not only limited to helping finance business capital, the role of financial technology has also penetrated into various aspects such as digital payment services and financial arrangements. So that with the increasing use of financial technology, it will increase the level of national financial inclusion. This statement is supported by research according to Muzdalifa, et al (2018), namely the presence of a number of financial technology companies contributing to the development of MSMEs. Demirgüç-Kunt, Klapper (2013) which states that the existence of E-Money shows that innovation can bring drastic changes in the way people engage in financial activities with efforts to increase financial inclusion. In addition, there is also research conducted by Ozili (2018), Digital finance through financial technology providers has a positive effect on financial inclusion in developing and developed countries, and the

convenience that digital finance provides to individuals with low and variable incomes is often more valuable to individuals than the higher fees they would pay to obtain the service from a conventionally regulated bank. So that it can be estimated that financial technology affects public financial inclusion. Where, the influence of financial technology is suspected to be positive on financial inclusion. This means that the use of financial technology can increase financial inclusion.

H2: Financial technology has an effect on financial inclusion in MSMEs in the culinary field in the city of Pekanbaru.

The following is the conceptual framework of this research:

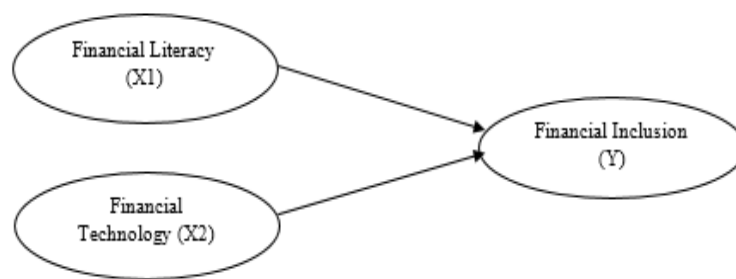


Figure 1. Conceptual Framework

3. Methodology

Population

The population is a generalization area consisting of objects/subjects that have certain quantities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono 2013). The population used in this study is SMEs in the culinary field in the city of Pekanbaru. The number of MSME population used is the total population of the Culinary MSME type, which is as many as 308 populations.

Sampling Technique

The sample is part of the population whose characteristics we want to test. Sampling is needed for several reasons, including to increase research efficiency, increase research accuracy, reduce damage to the object under study and population research that is not possible. The sample in this study is part of the MSME population taken from the entire population, where the sample size can be calculated using the Slovin formula which resulted in 174 respondents

Operational Research Variables

There are 3 operational research variables in this study, namely: (a) Financial Literacy (X1), has indicators, namely: (1) debt management literacy (2) budget literacy (3) banking service literacy (4) bookkeeping literacy. Where this variable uses an interval scale. (Fatoki (2014); Jacqueline Siekei (2013); Onyango (2014)) (b) Financial Technology (X2), has indicators, namely: (1) physical evidence (2) reliability (3) assurance and (4) responsiveness. Where this variable uses an interval scale. (Parasuraman, et al (1993) in Kuswanto (2014)) (c) Financial Inclusion (Y), has indicators, namely: (1) access (2) use (3) quality (4) welfare. Where this variable uses an interval scale. (Bongomin, et al (2016)).

Data collection technique

In this study, the data collected are factors that affect the level of financial inclusion. The researcher chose a questionnaire as a method for collecting research data because the data taken were facts. According to Sugiyono (2013), a questionnaire is a data collection technique that is carried out by giving a set of oral questions or written questions to respondents to answer. Questionnaire is a data collection tool that contains written questions about factual data and needs to be answered by respondents to obtain information. The questionnaire in this study is in the form of a closed one, that is, the answer has been provided so that the respondent only needs to choose the answer. The questionnaire in this study consisted of 42 questions. The response of the researchers was measured using a Likert scale with a score of 1 for strongly disagree and 5 for strongly agree.

Analysis of Respondents Characteristics

To determine the analysis of the influence of financial literacy and financial technology on financial inclusion, respondents will be asked to fill in respondent data which aims to assess the characteristics of the respondents, namely the length of business, business income/month, and the number of workers owned by the respondent.

Analysis of Respondents' Responses

Descriptive analysis in this study is a description or explanation of the results of primary data in the form of a questionnaire that has been filled out by research respondents, descriptive analysis is used to identify and describe the independent and dependent variables. In measuring Financial Inclusion on the variables of Financial Literacy and Financial Technology, descriptive analysis is used based on the arithmetic mean value at 5 (five) mapping levels where the mapping level range is $(5-1)/5 = 0.8$.

Validity test

Validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. The validity test is

basically done by looking at the correlation between the scores of each data compared to the total score. The validity test can be checked through the significance level, namely < 0.05 wherein, the questionnaire is considered valid.

Reliability Test

Reliability Test is a tool to measure the consistency of answers from respondents. If the answers given are consistent, then the research instrument (questionnaire) is said to be reliable. In this study, the reliability of the questionnaire was only tested once, using the Cronbach's Alpha feature on SPSS. If the value of Cronbach's Alpha > 0.60 , it is said that the questionnaire is reliable

Normality test

The data normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution or not. Normality test was carried out by Kolmogorov-Smirnov test. If the Kolmogorov-Smirnov test shows a significance level > 0.05 , then the data is said to be normally distributed.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another observation. If the variance from the residual of one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is one with homoscedasticity or no heteroscedasticity. According to Ghozali (2013), one way to detect the presence or absence of heteroscedasticity is to perform the Glejser test. The Glejser test proposes to regress the absolute value of the residual on the independent variable. Probability results are said to be significant if the significance value is above the 5% confidence level.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model is determined by the correlation between the independent variables. If the independent variables are correlated with each other, then the variables whose correlation value between independent variables is equal to zero.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period $t-1$ (previous). If there is a correlation, it is called an autocorrelation problem. Autocorrelation arises because successive observations over time are related to each other. The test method used to detect the presence or absence of autocorrelation is the Durbin Watson (DW) test.

Multiple Regression Test

Multiple linear regression analysis is a linear relationship between two or more independent variables and the dependent variable. Regression analysis in this study aims to determine the direction of the relationship between the independent variable and the dependent variable whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases.

The regression equation used is as follows:

$$Y = a + b_1 \cdot x_1 + b_2 \cdot x_2 + e \quad (1)$$

Information:

Y = Financial Inclusion

a = Constant

b₁ - b₂ = Independent variable regression coefficient

x₁ = Financial Literacy

x₂ = Financial Technology

e = error

F Test (Model Feasibility)

This test aims to assess the feasibility of the regression model that has been formed. This test is done by comparing the value of F table and F count. In determining the value of F table, the significance level used is 5% with degrees of freedom (df) numerator = k-1 and df denominator = n-k, where n is the number of respondents and k is the number of variables.

Coefficient of Determination Test (R²)

The determinant coefficient is a coefficient that shows the percentage of influence of all variables in explaining the independent variable. The value of the coefficient of determination can be seen from adjusted R². The greater the coefficient of determination, the better the independent variable in explaining the dependent variable.

t test (Partial)

This test aims to determine the significance of the relationship between variables whether in the linear regression model, the independent variable partially has an influence on the dependent variable. The significance level used is 5%.

4. Empirical Findings/Result

Characteristics of Respondents

Based on the results of the characteristics of the respondents, it was found that the respondents were dominated by MSMEs who had been in business for 1-3 years, with a total income of < 3 million and having a workforce of < 5 people.

Analysis of Respondents' Responses

The research variables in this study consisted of two independent variables, namely Financial Literacy (X1) and Financial Technology (X2) and one dependent variable, namely Financial Inclusion (Y). From the results of this study, it was found that financial literacy, the use of financial technology in MSMEs in Pekanbaru City were good, and the level of financial inclusion for MSMEs in Pekanbaru City was high.

Reliability Test

Table 1. Reliability Test Results

Variabel	Cronbach's Alpha	Keterangan
Financial Literacy (X1)	0,833	Reliabel
Financial Technology (X2)	0,943	Reliabel
Financial Inclusion (Y)	0,871	Reliabel

Source: SPSS Processed Data, 2020

From table 1. the results of the reliability test on the variables of Financial Literacy, Financial Technology, and Financial Inclusion show that each variable has a reliability value of > 0.60. Thus, it means that all variables in this research instrument are reliable.

Validity test

In the validity test of this study, if the validity value of each question item is > 0.1488, then the statement items are said to be valid. ($df = N - 2 = 174 - 2 = 172$)

From the test results, it is found that each statement item for the Financial Literacy variable (X1), Financial Technology (X2), and Financial Inclusion (Y) has a correlation greater than 0.1488 which means the statement item on the Financial Literacy variable (X1), Financial Technology (X2), and Financial Inclusion (Y) are valid for further testing.

Normality test

To find out whether there is normality, the one sample Kolmogorov-Smirnov test method can be used. From the results of the normality test using the Kolmogorov Smirnov method, the significance result of the normality test is 0.402, where the result is greater than the 0.05 significance level. So it can be concluded that the normality test in this study is normally distributed.

Multicollinearity Test

The results of the multicollinearity test are obtained as follows:

Table 2. Multicollinearity Test Results

Variabel	VIF	Keterangan
Financial Literacy (X1)	1,163	No Multicollinearity
Financial Technology (X2)	1,163	No Multicollinearity

Source: SPSS Processed Data, 2020

The test results show that the VIF value is 1.163 which is quite small where everything is below 10, namely 1.163. This means that the independent variables used in this study do not show multicollinearity.

Heteroscedasticity Test

The purpose of this test is to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. The way to find out whether there is heteroscedasticity is to use the glejser test, where the results of the glejser test are obtained, namely: (1) The significance value of the Financial Literacy variable is $0.876 > 0.05$, which means this variable does not experience heteroscedasticity symptoms (2) The significance value of the Financial Technology variable $0.865 > 0.05$ which means that this variable does not experience symptoms of heteroscedasticity.

Autocorrelation Test

The test used to detect the presence of autocorrelation is Durbin Watson (DW). Based on the results of the autocorrelation test table, it is known that the DW value is 1.840, then compared with the value from the significance table of 5% (0.05) with a total sample of 174 and the number of independent variables as much as 2 ($K = 2$) = 2.174. So that the dU value from the Durbin Watson table = 1.773 and the dl value from the Durbin Watson table = 1.7288. The value of DW is greater than the limit dl and DW is less than $(4-dU) = 4 - 1,773 = 2,227$. So it can be concluded that in this study there is no autocorrelation.

Multiple Linear Regression Test

Multiple linear regression analysis was used to determine the effect of the financial literacy and financial technology variables partially or simultaneously on financial inclusion. The multiple linear regression equations obtained in this study are:

$$Y = 16,344 + 0.94X1 + 0.244 X2 \quad (2)$$

The multiple linear regression equation above can be explained as follows: (1) The constant value (a) is 16,344 which means that if financial literacy and financial inclusion are 0, then financial inclusion is 16,344 units (2) The regression coefficient value for financial literacy variable is 0 .94 which means that if the other independent variables remain and financial literacy increases by 1 unit, it will cause

financial inclusion to increase by 0.94 units. A positive coefficient means that there is a positive relationship, high financial literacy will increase financial inclusion (3) The regression coefficient value of the financial technology variable is 0.244 which means that if other independent variables remain and financial technology increases by 1 unit, it will cause financial inclusion to increase by 1 unit. 0.244 units. A positive coefficient means that there is a positive relationship, high financial technology will increase financial inclusion.

F Test (Model Feasibility)

The F test is a test carried out to assess the feasibility of the model that has been formed.

Table 3. F Test Results (Model Feasibility)
ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1112.882	2	556.441	33.001	.000 ^a
	Residual	2883.325	171	16.862		
	Total	3996.207	173			

Source: SPSS Processed Data, 2020

Based on the data above, it is known that the calculated F value above is 33,001. while the F table value is 3.05 (Alpha = 0.05 ; df1 = k-1 = 2 ; df2 = n-k = 174-3 = 171). This means that this regression equation is significant at a significance level of up to 5%. This shows that the independent variable used in this study is a real explanation of the dependent variable and also shows that the model is feasible to use.

Coefficient of Determination Test

The coefficient of determination is used to see the ability of the independent variable in explaining the dependent variable.

Table 4. Results of the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.528 ^a	.278	.270	4.10628

Source: SPSS Processed Data, 2020

From the results of the tests that have been carried out, the coefficient of determination (R Square) is 0.278. Thus it can be concluded that financial inclusion can be explained by the independent variables (financial literacy and financial

technology) of 27.8%. While the rest of 72.2% is explained by other variables not examined in this study.

t test

This test is used to determine whether in the regression model, the independent variables (financial literacy and financial technology) partially have a significant effect on the dependent variable (financial inclusion). The table value is based on the calculation $df = n - k$ where $n = 174$ and $k = 3$, then the df value is 171. While the t count value is obtained from the results of the t statistical test which can be seen in table 5. below:

Table 5. t test results

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	t tabel
		B	Std. Error	Beta				
1	(Constant)	16.344	3.136			5.212	.000	
	X1	.094	.039	.167		2.387	.018	1.65381
	X2	.244	.039	.442		6.305	.000	1.65381

a. Dependent Variable: Y

Source: SPSS Processed Data, 2020

The results of the t -test test are: (1) For the financial literacy variable, based on the table above, it is obtained that $t_{count} 2.387 > t_{table} 1.65381$ and significant at $0.018 < 0.05$. so it can be concluded that financial literacy has a positive and significant effect on financial inclusion. In this case H1 is accepted. (2) For the financial technology variable, based on the table above, it is obtained that $t_{count} 6.305 > t_{table} 1.65381$ and significant at $0.000 < 0.05$. So it can be concluded that financial technology has a positive and significant effect on financial inclusion. In this case H2 is accepted.

5. Discussion

The Effect of Financial Literacy on Financial Inclusion

From the results of a partial test (t test) on the financial literacy variable, it shows that the literacy variable has a positive and significant effect on the level of financial inclusion. This is in line with the results of descriptive analysis, which shows that financial literacy affects financial inclusion, where the high level of financial inclusion is followed by good financial literacy of MSMEs in the Culinary Sector in Pekanbaru City.

The results of this study are supported by the OJK, which according to financial literacy in the community will be followed by financial inclusion of the community. Communities who already know financial service institutions and are skilled at utilizing financial products and services need to be supported by the availability of

access to financial institutions, products and services so that people can gain access to capital so that MSME businesses can develop. In other words, high financial literacy among MSME actors will affect financial inclusion.

The results of this study are also supported by the results of research conducted by previous researchers conducted by Hutabarat (2018), where the higher a person's financial literacy, the higher the use, utilization and understanding of financial products and services (financial inclusion). Along with research conducted by Atkinson and Messy (2013), low levels of financial inclusion are followed by low levels of financial literacy. In addition, there are also studies by Cardinal (2017), Sohilauw (2018), and also Bire, et al (2019) which state that financial literacy has a direct and significant effect on financial inclusion.

However, this study is not in line with research conducted by Bongomin, et al (2016), where the results of his research are that financial literacy does not have a direct influence on financial inclusion.

The Effect of Financial Technology on Financial Inclusion

From the results of a partial test (t test) on the financial technology variable, it shows that the financial technology variable has a positive and significant effect on the level of financial inclusion. This is in line with the results of descriptive analysis, which shows that financial technology affects financial inclusion, where the high level of financial inclusion is followed by the good use of financial technology by MSMEs in the Culinary Sector in Pekanbaru City.

The results of this study are supported by OJK (2017), where OJK said the increasing use of financial technology is one of the drivers to increase national financial inclusion. The entry of technology into the financial sector will transform the financial industry into the digital era. Especially considering that many people today have smartphones that can be a medium for making financial technology easier to use by the public.

The results of this study are also supported by previous research conducted by Muzdalifa (2018). According to him, the presence of a number of financial technology companies contributed to the development of Financial Inclusion in MSMEs. Not only limited to helping finance business capital, the role of financial technology has also penetrated into various aspects such as digital payment services and financial arrangements. Also supported by Demirgüç-Kunt, Klapper (2013) who states that the existence of E-Money shows that innovation can bring drastic changes in the way people engage in financial activities with efforts to increase financial inclusion. In addition, there is also research conducted by Ozili (2018), Digital finance through Fintech providers has a positive effect on financial inclusion in developing and developed countries,

However, the results of this study are not in line with research conducted by Fitriani (2018), the contribution of financial technology does not increase financial inclusion due to the lack of public financial literacy. And also Christanal (2017), which states that both financial literacy and the use of financial technology products have no effect on financial inclusion simultaneously or partially.

6. Conclusions

Based on the descriptions, analyzes, and discussions that have been described, it can be concluded that: (1) Financial literacy has a significant influence on financial inclusion in MSMEs in the culinary field in Pekanbaru city. In this study, financial literacy has a positive influence so that if financial literacy gets better, then financial inclusion in MSMEs in the culinary field in the city of Pekanbaru will increase. (2) Financial technology has a significant influence on financial inclusion of MSMEs in the culinary field in Pekanbaru city. In this study, financial technology has a positive influence so that if the use of financial technology is getting better, the financial inclusion of MSMEs in the culinary field in the city of Pekanbaru will increase.

Based on the results of this study, there are several suggestions that can be used as input to the Government, MSME actors, and academic researchers, namely: (1) For the government, the Government together with Bank Indonesia and companies providing financial products and services must carry out activities to improve literacy such as education about financial terms, the benefits of each financial product and service, and training in good financial management as needed. Given that the use of digital financial services in Indonesia is growing rapidly, it is recommended that regulations be finalized or developed to protect consumers of digital financial services. So that people can have more confidence in this service and avoid the crime of financial technology companies through the internet. (2) For MSME actors, MSME actors can take their time to find out and learn about deeper financial terms, the benefits of each financial product and service, and attend training or seminars on finance or MSME development, and also take advantage of the sophistication technology to be able to develop their businesses such as cashless transactions which are supported by the use of appropriate financial technology. (3) For academic researchers, this research is limited to financial literacy and financial technology variables. Although it was found that financial literacy affects financial inclusion in accordance with the opinion of the Financial Services Authority. However, the level of financial literacy is still very low when compared to the level of public financial inclusion. For further academic researchers, it is hoped that the factors that cause inequality in the level of financial literacy to financial inclusion can be found.

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