

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Effect of Financial Literation Levels and Financial Inclusion on Financial Management in MSME Actors in Cinere District, Depok, Indonesia

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Abstract:

This research aims to determine how much the level of financial literacy and financial inclusion and their impact on the financial management of MSMEs in Cinere Depok District. This research is a quantitative research. In this study, the sample size was taken as many as 50 respondents who participated in this study. The variables used in this study include independent variables, namely financial literacy, financial inclusion and the dependent variable, namely financial management. The instrument used in this study was a questionnaire with a Likert scale distinguishing between 1-5 answers. The analysis method uses PLS analysis. The results of this study indicate that financial literacy has a significant effect on financial management and financial inclusion has a significant effect on the financial management of MSMEs in Cinere Depok District.

Keywords: *financial literacy, financial management financial inclusion, MSMEs*

1. Introduction

Managing business and business finances effectively is a method for maintaining the rate or flow of company funds so that there are no leaks that lead to financial losses. Financial management (money management) is generally an activity of managing funds in daily life carried out by an individual or group with the aim of obtaining financial welfare.

In achieving this prosperity, good financial management is needed so that money can be used as needed and not wasted. To be able to implement a good financial management process, it requires financial responsibility to carry out the process of managing money and other assets in a way that is considered positive (Ida and CinthiaY.D., 2010).

The financial management process is an activity that is very important to be carried out by business actors, including for the people's economy, the majority of which are Micro, Small, and Medium Enterprises (MSMEs). MSME is a form of small community business whose establishment is based on someone's initiative. According to Kerry (2010), the role of MSMEs is very strategic in the economy as one of the main driving forces in economic development.

MSMEs have a large contribution to regional income and state income, and also play a major role in reducing the unemployment rate because due to its labour-intensive nature, this type of business is able to absorb a lot of unemployed workers. Micro, Small and Medium Enterprises (MSMEs) have great potential for growth and development in improving the standard of living of the people at large. This is shown by the existence of MSMEs which have reflected the real form of the social and economic life of the largest part of the Indonesian people.

As one of the components in the national industry, Micro, Small and Medium Enterprises (MSMEs) play an important role in the national economy, employment, equitable distribution of development results, and poverty alleviation. Statistical data shows that the number of small, micro and medium enterprises (MSMEs) is close to 99.98% of the total business units in Indonesia with a contribution of 56% of the total GDP in Indonesia. This reflects the high significance of the role of SMEs for economic equality in Indonesia (Layyinaturrobaniyah and Muizu, 2017).

The importance of the role of Micro, Small and Medium Enterprises (SMEs) to the national economy seen during the economic crisis, SMEs proved to be able to accommodate 99,45 percent of the total workforce, or 73.24 million workers. The contribution made by MSME actors during economic crisis conditions can be considered as a support in the process of national economic recovery, seen from the rate of national economic growth and in increasing employment opportunities.

Behind the achievements that have been achieved and shown by MSMEs, it is identified that various problems are still found which certainly need the attention of all parties. The most basic problem in this case is related to the poor management of financial statements. This is often the scapegoat for the closure of a business sector, especially one that has just been initiated.

Financial management is important to be applied to MSMEs. According to Ediraras (2010), MSME businesses whose finances are managed and informed transparently and accurately will have a positive impact on the MSME business itself. This positive impact of financial management is a key factor for the success of MSMEs and can be used to maintain the sustainability of their business.

Financial management is a problem in MSMEs because MSME owners ignore the importance of financial management, especially with regard to the application of correct financial management and accounting principles. This problem usually arises because the knowledge and information of Micro Business actors regarding accounting is very limited, the educational background of Micro Business actors also affects the knowledge of Micro Business actors.

According to Setyorini, *et.al.* (2010) stated that financial management is an important aspect for the progress of the company. Financial management can be done through accounting. Accounting is a systematic process for producing financial information that can be used for decision making for its users. As long as Micro, Small and Medium Enterprises (MSMEs) still use money as a medium of exchange, accounting is needed by MSMEs.

Some MSME actors say that even without accounting, the company continues to run smoothly and always makes a profit (Setyorini, *et.al.*, 2010). Many MSME players feel that their company is running normally, but in fact the MSME is not experiencing development. When they get questions about the profit they get for each period, they can't show it in nominal numbers but with tangible assets such as land, houses, or vehicles.

Furthermore, these assets are obtained not only with company funds but sometimes supplemented by personal assets. These assets are sometimes not used for the company but are used for personal gain and there is no record or separation between the two. The statement above shows the low literacy or financial understanding of MSME actors. Therefore, strategic efforts are needed to improve the performance and sustainability of MSMEs. One of the ways that can be done is by enriching the knowledge of MSME actors in financial knowledge so that management and accountability can be better accounted for as befits a large company (Aribawa, 2016: 3).

Financial inclusion is included in the financial literacy program, especially in order to increase the ability of small business actors to use financial services and get a direct impact from financial institutions (Terzi, 2015). According to him, the higher the increase in financial inclusion in SMEs, it will ultimately increase the financial stability of a country. Financial inclusion is a change in the mindset of economic agents on how to view profit and money.

In terms of financial management, to find out how much the level of knowledge and financial management of a person can be measured by what is known as financial literacy. Financial Literacy (financial *literacy*) can be defined as a person's financial knowledge in order to achieve well-being (Lusardi and Mitchell, 2007: 21).

Good financial management and knowledge cannot only be used for saving, investing, or other useful things, but also can increase self-confidence, and can reduce a consumptive lifestyle, because you can know wisely by making effective decisions for financial planning in future and increase the financial resources it holds. Financial difficulties not only occur by someone who has a low income or a small income, but financial difficulties can also occur by someone who does not know or does not understand how to manage money properly in this case there is an error in financial management, such as misuse of credit, investing, and do not understand which are the needs and desires which of course must prioritize the needs of life first, and the absence of financial planning, etc. (Meutia, 2016: 3).

Understanding and utilizing financial literacy is vital to get a more prosperous and quality life. Especially if someone can manage finances smartly, including being able to manage credit and invest smartly. This is of course very beneficial for future survival, including being used to fund schools or higher education, insurance, and other programs.

Getting to know more about finance and how to use it is of course very important, especially among business actors or entrepreneurs. Understanding and how to manage and take advantage of finance is very important because it is very useful and has many benefits for those who open their own business or are engaged in Micro, Small and Medium Enterprises (MSMEs) in order to increase their income.

Financial behaviour is the most discussed issue today. Related to the financial behaviour of the Indonesian people, which tends to be consumptive, then leads to various other irresponsible financial behaviours such as a lack of savings, investing, emergency fund planning and budgeting for the future, so that individuals with sufficient income still experience *financial* problems.

The problem at this time in Indonesia is still attached to poverty. The problem of poverty in Indonesia is still being discussed by every government agency. The poverty that is faced usually has several impacts, namely unemployment, violence, education problems, racial conflicts and health. Usually poverty arises because there are some people who have not participated in development and the community has not been able to enjoy the results of this development adequately.

In Indonesia, poverty is a very serious problem, where some of the reasons is because people who have not participated in development and not yet understood to be government policy (HR), Development and Education. In addition, the problem of poverty is also caused by the large number of unemployment and economic growth that has worsened the poverty level in Indonesia. Therefore, the government seeks to advance the nation's economy through MSME which is expected by the community to be able to build a business so that it keeps the nation from poverty.

Currently, the level of financial literacy that occurs in Micro, Small and Medium Enterprises (MSMEs) in Indonesia is still very low. Based on data from the Financial Services Authority (FSA) in August 2014, credit disbursement to new MSMEs was 18% of total loans (only Rp.635 trillion of total loans of Rp.3,500 trillion). According to the FSA, this value is very small when compared to the number of MSME entrepreneurs. The level of financial literacy in the MSME group was only 15.68 % of a survey conducted by FSA in 2013.

Bank Indonesia data for 2011-2012 shows that the number of MSMEs in Indonesia has reached 55 million MSMEs. Business actors are still low in utilizing banking services in developing their business. This shows that only about 8 million MSMEs have used banking products.

From the results of the survey 'Research on the Profile of MSMEs in Indonesia' conducted by Bank Indonesia in 2005, it was identified that one of the obstacles for banks in channelling credit to MSMEs was the lack of banking information regarding the potential MSMEs and the *eligibility* of these MSMEs. The low level of financial literacy at MSMEs has an impact on credit absorption by the banking sector. There are 4 major obstacles that must be faced by MSME actors,

namely limited working capital, human resources, product and technology innovation and marketing. However, what is very common in the field of capital problems is the cliché reason that many MSMEs do not develop. Not all community groups, especially low-income groups, can take advantage of financial products and services.

Based on the formulation of *The Association of Chartered Certified Accountants* (2014) financial literacy includes knowledge of financial concepts, understanding communication about financial concepts, the ability to manage personal or corporate finances and the ability to make financial decisions in certain situations. Through good financial literacy, MSME players can use this financial knowledge in the right decision-making process for the business they are managing to achieve goals and maintain business sustainability (Muraga and John, 2015; Draxler, Fischer, and Schoar, 2014).

In Indonesia, the level of financial literacy of the Indonesian population is still low when compared to other developing countries. The percentage of Indonesian people who have knowledge, ability, and confidence in good financial management (*well literate*) is only 21.8%. Based on data from the Financial Services Authority in 2013 as a comparison, Indonesia is far behind Malaysia which has a *well-literate* financial literacy rate of 66%, Singapore at 98%, and Thailand with 73% (Bank Negara Indonesia, 2014). FSA data in 2016 showed a slight increase in the level of financial literacy of Indonesian people who move up to number 29, 6 %. The results of the FSA survey which stratified the level of financial literacy by province in the Figure below show that DKI Jakarta Province had the highest financial literacy rate at 40%, followed by West Java with a value of 38.7%, and West Papua being the province with the most financial literacy rate. low with a value of 19.27%.

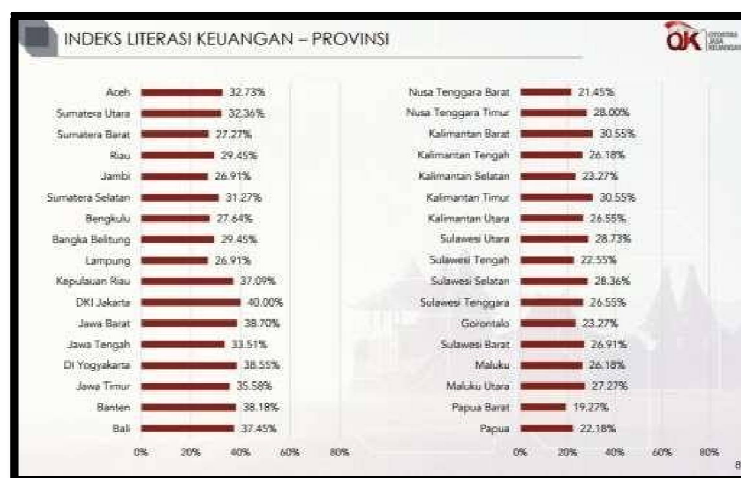


Figure 1: Results of the 2016 Provincial Literacy Level Survey, FSA
Source: 2016 National Survey On Financial Literacy And Inclusion Levels, FSA

In addition, referring to FSA in 2014, the level of literacy among MSME actors was only 15.68%. Low levels of literacy finance the perpetrators of effort can lead to various problems, including debt management, savings and credit management, and planning for the future. Higher financial literacy has a significant positive impact with greater use of financial services (Cole, et al., 2009). Akudugu, et al. (2009) in their research found that individuals who have good and diverse financial knowledge can increase the chances of success in obtaining access to finance.

Financial literacy will help business actors related to business management starting from the budget, planning for saving business funds, as well as basic financial knowledge to achieve business financial goals according to Greenspan (2002). One area that has many MSMEs in Depok City is Cinere District. Cinere District is very strategic and well-known to many people because it is one of the traffic gates for the Jakarta - Bogor area.

The role of Micro, Small and Medium Enterprises is considered very supportive in reducing poverty and unemployment. It can be proven that MSMEs are one of the government programs that strengthen the economy. The government is fully aware that this support policy is able to condition a prosperous Indonesian MSMEs. So MSMEs are used as pioneers of the economy in Indonesia. Approaching the MEA, MSMEs have become the foundation of the community with MSMEs being one of the most popular businesses, which has proven to be 73% of the absorption of MSMEs in Depok (kompasiana.com).

At this time, the development of MSMEs in Depok, West Java, has increased very rapidly, reaching 15%. This is evident from the internal survey of MSME actors. The indicators range from the number of business actors to increasing income. Depok has three excellent sectors, namely culinary, *fashion*, and *handy craft* (sindonews.com).

For the culinary field, people tend to like to consume various types of food or have their own characteristics. Meanwhile, the *fashion* sector has increased, because people want to appear more contemporary with the *fashion* they wear. Likewise, for the *handicraft* business it is also becoming superior, because many people choose to use handicraft products. Homemade goods tend to be more attractive than those produced using machines. In the future, the Mayor of Depok hopes that all types of MSME players can excel in the city of Depok, not only in certain fields. Apart from increasing income, it is also as information to the public that Depok has various types of superior MSME products (palapanews.com). The following is the data on the development of MSMEs in Depok for the 2011-2018 Period:

Year	Number of MSMEs	Increase in the number of MSMEs (%)
Year 2011	125	25
In 2012	152	27
Year 2013	177	25
Year 2014	232	55
2015 year	272	40
2016 year	375	103
2017 year	459	84
2018 year	690	231

Table 1: Development of the Number of MSME Depok for the Period of 2011-2018

Source: Depok MSME office

Based on the table above, it can be seen that the number of MSME developments in Depok has increased every year. It is known that from 2011 to 2018 there was a very rapid increase. It is proven according to the Statistics Research Agency (BPS) of the city of Depok that the poor population in Depok, has indeed decreased to 0.14 percent. However, the cost of living in Depok is quite expensive. The poverty line in Depok ranks second in West Java, because to live properly in the city requires a fairly high cost (tempo.com). The average living cost of Depok residents is around Rp. 6,300,000.00 per month, while the minimum wage for Depok city is Rp. 3,000,000.00 per month.

The number of MSME data in Cinere is 30 MSMEs with a relatively small average sales turnover of MSMEs, while the Statistical Research Agency said that the cost of living in Depok is quite expensive at Rp. 6,300,000.00 per month, so that the income earned by Cinere MSMEs cannot cover their daily needs (amp.dw.com).

An increasingly difficult economy, increasingly changing lifestyles from time to time, more individual needs but minimal or small income sources demand MSME actors must have good financial behaviour and be able to make the right decisions in managing finances, so that the needs in the family nor self can be fulfilled. Financial knowledge is an integral part of life because it is a useful tool for making wise financial decisions. With the existence of financial knowledge will help individuals in managing personal financial planning, so that individuals can maximize the time value of money and the benefits obtained by individuals will be even greater and will improve their standard of living.

MSMEs do not only rely on income and financial knowledge, unless individuals can control themselves in situations that occur. Individuals who have greater self-confidence and can control themselves over their own destinies are called the locus of internal control. Meanwhile, individuals who have the belief that the environment has control over fate or events that occur in their life are said to have an external locus of control. Thus, the higher the level of internal control locus possessed by an individual, the better the individual's financial behaviour will be.

Based on the results of field analysis, the condition of MSMEs in the Cinere Subdistrict currently still has limitations with various problems, both business institutions and capital, which are still the limiting factors for MSMEs' space to move. However, if the existing problems are studied, in general, it lies in the limited human resources of the MSME actors themselves. The limitations experienced include capitalization, corporate financial management, inadequate implementation of financial management, limited access to information and technology, and a narrow market scope.

In addition, most of the MSME actors in the Cinere Subdistrict do not know good financial governance, in terms of knowledge, education and income. The limitations of MSME actors in Cinere District are caused by their lack of understanding of financial literacy, so that MSME players in the region have not been able to apply accounting in their business activities.

At this time, the MSME located in the Cinere District area keeps financial records in the form of income and expenditure only from proof of sales and purchase transactions. In fact, these MSMEs carry out production every day and produce up to hundreds of units of production or goods every day, and not a few customers or distributors request goods. If the owner earns income from customers, it is immediately used to purchase raw materials every month. However, almost all customers buy goods from the MSME producers on credit without a specified repayment time. Thus, owners often find it difficult to buy raw materials because of their limited capital. This is an obstacle for MSMEs in the Cinere District to develop their business.

Based on the background description above, it can be concluded that an understanding of financial literacy is urgently needed by business actors, including MSME players in order to carry out financial management properly and correctly. In financial literacy, there is financial knowledge, financial planning and financial management that can be used by business actors to be able to increase company growth.

Research conducted by Anggraeni, 2015 regarding the effect of financial literacy on financial management shows that the level of financial literacy of business owners is low so that it affects the ability to manage finances. This is reflected in the results of the financial attitude of business owners where they are limited to recording business financial receipts and expenses without being accompanied by the storage of supporting documents. Research conducted by Sanistasya et al (2019) regarding the effect of financial literacy and financial inclusion on the performance of MSMEs shows that financial literacy has a significant effect on the performance of small businesses and financial inclusion has a significant effect on the performance of small businesses.

Meanwhile, the research of Suryani and Ramadhan, 2017 shows that the level of financial literacy of MSME actors is moderate (57,9 %). The variables that affect the level of financial literacy of business actors are differences in education and income. Siahaan, 2013 shows that financial literacy, financial planning, and self-control simultaneously affect financial

management behaviour, then financial literacy and self-control do not directly affect financial management behaviour. Related to the *research* gap and the discussion above, in this study, the authors are interested in testing the significance of the effect of the level of financial literacy on financial management of MSME actors, namely in the Cinere District area. Thus, this research is entitled 'The Effect of Financial Literacy Level and Financial Inclusion on Financial Management for MSMEs in Cinere District, Depok'.

2. Literature Review

2.1. MSME Financial Management

According to Handoko (2011) management is working with people to determine, interpret and achieve organizational goals by implementing the functions of planning, organizing, arranging personnel, directing and leadership and supervision.

The definition of management according to Wahjono (2008) is a combination of science and art which is a collection of processes for planning, organizing, directing and leadership, as well as controlling the use of available organizational resources to achieve predetermined goals so that they are beneficial to humans.

Financial management according to Horne in Kasmir (2010) is all activities related to the acquisition, funding and management of assets with several overall objectives. According to Hartati (2013) the entire process is carried out to get company revenue by minimizing costs, besides that in the efficient use and allocation of funds it can maximize firm value.

According to Husnan (2000) financial management or financial management is the arrangement of financial activities in an organization. Financial management involves business planning, cash management and controlling financial activities. This financial management is carried out to manage finances in a small business, starting from funding, cash management, and the need for business development.

The internal needs of the company for financial reports as a performance evaluation tool, to assist in decision making, as a condition for applying for credit to banks or creditors, while external needs are the responsibility of the company to candidates or investors / creditors, which is accountable to the public.

Quoted from the *website* berkesa.com management is useful as a controller in spending money, it will generate profits, so that it is able to finance the business. This financial management needs to be implemented by players in MSME, it is hoped that it will reduce the risk of business loss. Following are suggestions on financial management for MSMEs:

- Separate personal money and business money.
- Make a money spending plan.
- The possibility of experiencing a state of lack of funds if there is no clear planning. Align expenditure plans with sales and cash receipts targets.
- Create a financial record book.
- Calculate profit correctly.
- Rotate cash flow.
- Control assets, debts and capital.
- Set aside profits for business development.

2.2. Financial Literacy

Lusardi (2012) states that financial literacy is a skill that must be mastered by every individual to improve his standard of living by understanding the planning and allocation of accurate and efficient financial resources. In addition, Huston (2010) defines financial literacy as a skill possessed by individuals with their ability to manage their income in order to achieve an increase in financial welfare.

Financial literacy is the basic thing that every individual understands and controls because it affects a person's financial condition and has an impact on making good and appropriate economic decisions (Anggraeni, 2015).

The definition of financial literacy according to a 2014 Financial Services Authority (FSA) circular states that financial literacy is a series of processes or activities to increase the knowledge, skills and confidence of consumers and the wider community so that they have the ability to manage finances better. Financial literacy is expected by FSA to provide benefits to the wider community, such as the ability to choose financial products and services according to their needs, the ability to make good financial planning, and avoid unclear investments.

Chen and Volpe (1998) in Mendari and Kewal (2014) divide financial literacy into 4 aspects in understanding personal financial management which include:

- *General Personal Finance*, namely the ability to understand something related to basic knowledge of personal finance. Rasyid (2012) explains that *general personal finance* is knowledge of personal finance in general. Meanwhile, financial management is a process of planning, analysing and controlling financial activities.
- *Saving and borrowing*, namely the ability to understand matters relating to savings and loans.
- *Insurance*, an individual's understanding of basic knowledge of insurance and insurance products such as education insurance and life insurance.
- *Investment*, which is the basic ability to understand anything related to interest rates, investment risk, capital markets, fund engineering, and deposits.

Remund (2010) in Margaretha and Pambudhi (2015:76) explains that in financial literacy it has five domains, namely:

- Knowledge of financial concepts.

- Ability to communicate about financial concepts.
- Ability to manage personal finances.
- Ability to make financial decisions.
- Confidence to make future financial planning.

2.3. Financial Inclusion

According to Sanjaya (2014), financial inclusion is the provision of access for marginalized people (more to the poor) with the aim of being able to own and use financial system services. Not much different from Sanjaya, (Radyati, 2012), financial inclusion is a situation where everyone has access to quality financial services at affordable costs and in a fun, uncomplicated way and upholds dignity and honor. The Global Financial Development Report (2014) defines Financial Inclusion as 'The proportion of individuals and firms that use financial service has become a subject of considerable interest among policy makers, researchers and other stakeholders.' Financial inclusion is a situation where the majority of individuals can take advantage of financial services provided and minimize any group of individuals who are not aware would benefit financial access through the access that has been available at affordable costs. Meanwhile, the World Bank (2015) defines financial inclusion as a condition when every member of the community has access to a variety of quality formal financial services in a timely, smooth, and safe manner at affordable costs that are tailored to the needs and abilities that aim to improve the welfare of the community. The level of use of the population's financial services in a country can be seen from how the population saves, borrows money, makes payments, and manages risks. The objectives of financial inclusion are spelled out in the following objectives: Making the financial inclusion strategy part of a major strategy for economic development, poverty reduction, income distribution and financial system stability. The poor and marginalized groups have limited access to financial services. The objectives of financial inclusion are described in the following ways:

- Making the financial inclusion strategy part of the grand strategy of economic development, poverty reduction, income distribution and financial system stability. The poor and marginalized groups have limited access to financial services. The objective of financial inclusion is to provide broader access to financial services for everyone, however there is a need to focus more on the poor
- Providing financial services and products according to community needs. The financial inclusion concept must be able to meet all the different needs of different segments of the population through a comprehensive set of holistic services.
- Increase public knowledge about financial services. The main obstacle to financial inclusion is a low level of financial knowledge. This knowledge is important so that people feel safer interacting with financial institutions.
- Increase public access to financial services. Barriers for the poor to access financial services are generally geographic problems and administrative constraints. Resolving these problems will be a fundamental breakthrough in simplifying access to financial services.
- Strengthening the synergy between banks, micro financial institutions and non-bank financial institutions. The government must ensure not only empowerment of branch offices, but also regulations that allow the expansion of formal financial services. Therefore, the synergy between Banks, Micro Financial Institutions (MFIs) and Non-Bank Financial Institutions is particularly important in supporting the achievement of financial system stability.
- Optimizing the role of information and communication technology (ICT) to expand the scope of financial services. Technology can reduce transaction costs and expand the formal financial system beyond just savings and credit services. However, clear guidelines and regulations need to be put in place to balance the expansion of reach and the risks.

3. Research Methodology

This study uses quantitative and qualitative analysis techniques that focus on field and community conditions. The approach and analysis technique in this study uses a rationalistic approach by paying attention to general matters leading to specific things as the basis for analysing a problem. This type of research is a quantitative method that focuses on conditions in the field. According to the research area, namely Cinere District, quantitative research techniques emphasize the aspect of measuring objectively to social phenomena. To be able to take measurements, each social phenomenon is broken down into several problem components, variables and indicators with the primary data source obtained from the results of distributing questionnaires using a Likert scale given to 50 residents of Cinere District-Depok with the analytical tool used, namely Smart PLS.

4. Results and Discussion

Based on the tests carried out, it is known that the questionnaire is valid and reliable, with a validity value of 0, 5 and a reliability value above 0.7. Furthermore, also obtained assay results of R^2 with value R^2 adjusted 0.828 or 82.8 %, which means that each variable is the variable of financial literacy and financial inclusion can explain variable financial management. Then also obtained the results of the path analysis coefficient value in which there are t test results along with the original sample value and significance value.

	Original Sample	T Statistics	P Values
Financial Inclusion -> Financial Management	0.778	10,589	0.000
Financial Literacy -> Financial Management	0.173	2,258	0.024

Table 2: T-Statistics Test Results
Source: PLS 3.2.7 Output Results

Based on the above table it can be seen that the results of the Financial Literacy of the financial management of the original sample have a value of 0173 and shows the value of $t_{\text{count}} 2,258 > t_{\text{table}} 2012$ and a P value of 0.024 Value $< 0,05$. This shows that financial literacy has a significant effect on financial management.

Furthermore, based on the table above, it can be seen that the results of the effect of financial inclusion on financial management have an original sample value of 0.778 and show a t_{count} value of $10,589 > t_{\text{table}} 2012$ and a P value of 0,000 $< 0,05$. This shows that financial inclusion has a significant effect on financial management.

4.1. Financial Literacy against Financial Management

Based on the results of this study, the results of hypothesis testing indicate that financial literacy has an effect on financial management. This is indicated primarily coefficient value of 0173 and shows the value of $t_{\text{count}} 2,258 > t_{\text{table}} 2012$ and a P value of 0.024 Value $< 0,05$. So, it can be concluded that financial literacy has a significant effect on financial management, or in other words H1 is accepted.

This can be proven by several statements of indicators that have a strong influence on financial literacy, namely communicating financial concepts to companies engaged in finance, MSME actors have the ability to manage personal finances and MSME players have the ability to use agencies to improve finances. In this case, to increase financial literacy by providing benefits to the wider community such as the ability to choose financial products and services according to needs, the ability to make good financial planning, and avoiding unclear investments.

It can be interpreted that MSME actors in the Cinere-Depok area recognize the importance of financial literacy in managing their business finances. When viewed from these indicators, it can improve financial management. This research is in line with research conducted by Anggraeni, (2015); Sanistasya et al (2019) and Suryani and Ramadhan, 2017 that financial literacy has a significant effect on financial management.

4.2. Financial Inclusion on Financial Management

Based on the results of this study, the results of hypothesis testing indicate that financial inclusion has an effect on financial management. This is indicated primarily for the coefficient value of 0778 and shows the value of $t_{\text{count}} 10\ 589 > t_{\text{table}} 2012$ and a P value of 0.000 Value $< 0,05$. So, it can be concluded that financial inclusion has a significant effect on financial management, or in other words, H2 is accepted.

This can be proven by several statements of indicators that have a strong influence on financial inclusion, namely providing easy access for the public to financial services, strengthening synergies between banks, microfinance institutions and non-bank financial institutions and optimizing the role of information and communication technology (ICT). to expand the scope of financial services. In this case, for financial inclusion by providing benefits to the wider community, such as making the financial inclusion strategy part of the grand strategy of economic development, poverty reduction, income distribution and financial system stability.

It can be interpreted that MSME actors in the Cinere-Depok area recognize the importance of financial literacy in managing their business finances. When viewed from these indicators, it can improve financial management. This research is in line with research conducted by Sanistasya et al (2019) which states that inclusion has a significant effect on financial management.

5. Conclusion

Based on the results of the analysis and discussion described in the previous chapters and through the Partial Least Square (PLS) analysis regarding the effect of financial literacy and financial inclusion on financial management of MSME players in the Cinere-Depok District and the tests that have been carried out, it can be concluded that financial literacy and financial inclusion each affect the financial management of culinary SMEs in Cinere-Depok District.

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