

The Influence of Financial Literacy, Locus of Control and Financial Technology on Financial Inclusion in Walenrang Village

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Abstract

In 2022 the national financial inclusion rate has reached 85.10% or has exceeded the 2022 target, but the financial inclusion target is not yet comprehensive, because financial access in urban areas 86.73% is still greater than in rural areas which reach 82.69%, in 2024 the financial inclusion target will reach 90%. Therefore, this study aims to determine whether financial literacy, locus of control, and financial technology have an influence on financial inclusion in Walenrang Village. The population in this study were the people of walenrang village, walenrang sub-district, luwu district while the sampling technique was purposive sampling. this study aims to determine the effect of the relationship between two or more variables. The results of this study indicate that Financial literacy, locus of control, and financial technology affect Financial Inclusion.

Keywords: Financial literacy, Locus of Control, Financial Technology, Financial Inclusion

1. Introduction

In the current era, financial inclusion is important to ensure that financial services, such as banking, insurance, investment, and cash withdrawal, are provided through channels that provide access to customers, and that the products offered by these services are appropriate for cash withdrawal, tabling, credit, and insurance transactions. Includes important financial information for the Walenrang Village community who need banking services, access to various goods, and ownership of appropriate financial resources and in accordance with applicable financial theories regarding the handling of financial assets [1].

In financial literacy is financial knowledge and is able to apply knowledge or financial literacy that affects attitude and behavior that improves the quality of financial management so as to achieve welfare which has a significant positive effect which states that not everyone has a lifestyle in individual behavior and affects financial behavior. Financial knowledge that has been owned can help make optimal financial decisions [2].

In another aspect of psychology that can help business management is Locus of Control, first identified by Julian Rotter (1966) a student of social psychology. Locus of Control refers to how a person manages a situation and how a person can prevent a situation from happening to him. Someone can control himself from within to use his money as needed, it is likely that someone will do good financial management behavior [3].

Fintech creates more favorable opportunities for unban kable communities in rural, peripheral, and poor villages to open business opportunities through markets, increase social interaction, help reduce poverty, and increase income insights in walenrang village. Internal resources are expected to be able to strategize to face high levels of competition and be able to respond to changes in the economy and the surrounding environment [4].

In providing financial services to the community, it does not ignore regulatory requirements, government policies, or other organizations that are subject to financial inclusion restrictions and coordination between the government and partner organizations is expected to be carried out in a safe and organized manner through public processes [5]. Technology is the only non-financial factor that has a strong relationship with the failure of a company. Technology is currently developing rapidly, not only in Indonesia but also globally due to the rapid advancement of technology [6].

The Walenrang community needs financial literacy, locus of control, and financial technology to increase financial inclusion. financial literacy understands financial products, risks, and benefits. Locus of Control, makes people more active and proactive in managing personal finances and financial technology can improve the security and efficiency of financial transactions. financial literacy has a very important role in the Walenrang Village community. Walenrang villagers often rely on the agricultural sector or small businesses as their main source of income. Financial literacy helps them understand how to manage their income, calculate profits and losses, and make wise financial decisions to improve their welfare. Villagers with locus of control tend to feel that they have the ability to control or influence their own circumstances. This can provide a boost to the empowerment and independence of rural communities to manage their finances. FinTech enables the provision of financial services through digital platforms, opening up wider access for rural communities particularly Walenrang Village that may be remote or have limited access to conventional financial institutions. This can include digital banking services, digital payments, and other financial services that can be accessed easily through mobile devices.

2. Methodology

This research design is a quantitative research in the form of associative, this research aims to determine the effect of the relationship between two or more variables. Associative research can analyze the relationship between financial literacy and financial technology on financial inclusion. This research was conducted in Luwu Regency, precisely in Walenrang Village. The population in this study were the people of Walenrang Village, Walenrang District, Luwu Regency while the sampling technique was purposive sampling with the criteria of people who had a minimum income of IDR 500,000.

The data collection method in this study is to use a questionnaire, namely a way of collecting data by giving a list of statements to respondents whose function is to extract information. The questionnaire was distributed to the walenrang village community, so that the number of questionnaires distributed was 200 questionnaires. The data used in this study are questionnaires distributed to a number of respondents consisting of variables The effect of financial literacy (X1), locus of control variables (X2), financial technology variables (X3), and financial inclusion (Y).

3. Result and Discussion

Table 1 Descriptive Statistical Analysis Results

Table 1. Hasil Analisis Statistik Deskriptif

	N	Minimum	Maximum	Mean	Std.Deviation
<i>Financial literacy</i>	200	14.00	35.00	22.7600	3.89593
<i>Locus of control</i>	200	20.00	40.00	30.7100	4.01453
<i>Financial Rechnology</i>	200	14.00	30.00	21.4300	2.90470
<i>Financial Inclusion</i>	200	12.00	30.00	22.2850	3.40319
<i>Valid N (listwise)</i>	200				

Based on table 1, the general description of the research findings is:

First, the minimum score is 14 and the maximum score is 50 for financial literacy data. The standard deviation is 3.89593 and the mean score is 27.7600. The sizable standard deviation indicates that the Financial Literacy scores vary significantly between the lowest and highest scores. Second, data from locus of control minimum score is 20 to maximum 40. The standard deviation is 4.01453 and the average score is 30.7100. The large enough standard deviation indicates that the locus of control value varies significantly between the lowest and highest values. Third, the minimum score is 14 and the maximum score is 30 for the Financial technology prevention variable. The standard deviation is 2.90470 and the average score is 22.4300. A large enough standard deviation indicates that there is variation between the highest and lowest values on Financial technology. The minimum score is 12 and the maximum score is 30 for financial inclusion data, the standard deviation is 3.40319 and the average score is 22.2850. Whether or not a data can be tested with a validity test, it is considered valid if the probability value is less than 0.05. Each statement item in the questionnaire has a probability value of less than 0.05, indicating that each item is considered valid. The following table shows the results of the validity test:

Table 2 Validity Test Results

Variables	Item	Significant	r-count	r-table	Description
Financial Literacy (X1)	X1.1 00	0,000	0,505	0,1381	Valid
	X1.2 00	0,000	0,694	0,1381	Valid
	X1.3 00	0,000	0,666	0,1381	Valid
	X1.4 00	0,000	0,610	0,1381	Valid
	X1.5 00	0,000	0,836	0,1381	Valid
	X1.6 00	0,000	0,806	0,1381	Valid
	X1.7 00	0,000	0,818	0,1381	Valid

<i>Locus of control (X2)</i>	X2.1	00	0,000	0,533	0,1381	Valid
	X2.2	00	0,000	0,793	0,1381	Valid
	X2.3	00	0,000	0,858	0,1381	Valid
	X2.4	00	0,000	0,786	0,1381	Valid
	X2.5	00	0,000	0,464	0,1381	Valid
	X2.6	00	0,000	0,841	0,1381	Valid
	X2.7	00	0,000	0,810	0,1381	Valid
	X2.8	00	0,000	0,471	0,1381	Valid
<i>Financial Technology (X3)</i>	X3.1	00	0,000	0,686	0,1381	Valid
	X3.2	00	0,000	0,746	0,1381	Valid
	X3.3	00	0,000	0,623	0,1381	Valid
	X3.4	00	0,000	0,663	0,1381	Valid
	X3.5	00	0,000	0,476	0,1381	Valid
	X3.6	00	0,000	0,546	0,1381	Valid
<i>Financial Inclusion (Y)</i>	Y1.1	00	0,000	0,795	0,1381	Valid
	Y1.2	00	0,000	0,824	0,1381	Valid
	Y1.3	00	0,000	0,754	0,1381	Valid
	Y1.4	00	0,000	0,827	0,1381	Valid
	Y1.5	00	0,000	0,855	0,1381	Valid

Table 2 shows that each indicator used in this study to assess the variables of financial literacy, locus of control and financial technology on financial inclusion has a significance level of less than 0.05 or 5%. This shows that all statements and indicators of each variable in the study are considered valid so that they are suitable for use as data collectors and further analysis materials.

The validity test is the first step in reliability testing, if an item is found invalid, reliability testing cannot be continued, but on the other hand, if the item is found valid, the reliability test can be carried out together [7]. The table below displays the complete reliability test results:

Table 3 Reliability Test Results

Variables	Cronbach Alpha	Description
Financial Literacy (X1)	0,825	Reliabel
<i>Locus of control</i> X2	0,808	Reliabel
<i>Financial technology</i> X3	0,689	Reliabel
Financial Inclusion (Y)	0,885	Reliabel

Table 3 shows that each variable included in the study has an Alpha value between 0.50 - 0.90. This shows that all research variables are reliable, making all statement items reliable and trustworthy so that they are suitable for use in further research.

The normality test evaluates the data to determine whether it is normal or not. The following table shows the results of the normality test using the Kolmogorov-smirnov analysis test;

Table 4 Regression Analysis Results

Models	Unstandardized Coefficients	
	B	Std. Error
(Constant)	1.094	1.642
Financial Literacy	.108	.053
<i>Locus Of Control</i>	.100	.050
<i>Financial Tecknology</i>	.731	.062

Based on table 4 above, the multiple linear regression equation is obtained as follows:

$$PF = a + \beta_1LK + \beta_2LOC + \beta_3FT + e$$

$$PF = 1094 + 0.108LK + 0.100LOC + 0.731FT + e$$

Notes:

FT = Financial Inclusion (Y)

a = Constant Regression Equation

β_1 = Regression coefficient of variable X1

β_2 = Regression coefficient of variable X2

β_3 = Regression coefficient of variable X3

LK = Financial Literacy (X1)

LOC = Locus Of Control (X2)

FT = Financial Technology (X3)

The multiple linear regression equation presented above can be interpreted as follows:

- The Financial Inclusion variable has not been influenced by the Financial Literacy variable (X1), the Locus Of Control variable (X2) and the Financial Technology variable (X3) so that the constant value (a) is conditioned at 1.094.
- There is a positive correlation between the coefficient value of financial literacy of 0.108 and Financial Inclusion (Y). This shows that if the other independent variables remain constant, the Financial Inclusion variable is 0.108 for each one unit increase in audit quality.

- The Locus of control coefficient value of 0.100 shows a good positive impact on Locus of control (X2) This indicates that if the other independent variables remain constant, the financial inclusion variable increases by 0.100 for each one unit increase in Locus of Control.
- There is a positive correlation between the coefficient value of Financial Technology of 0.731 and Financial Inclusion (Y). This shows that if the other independent variables remain constant, the Financial Inclusion variable will increase by 0.731 for each one unit increase in audit quality.

Financial Literacy, Locus of Control and Financial Technology in Walenrang Village which are independent variables are tested using the coefficient of determination (R^2) test.

Table 5 Partial Test (t test)

Coefficients^a					
Model	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>		
	B	Std. Error	Beta	T	Sig.
(Constant)	1.094	1.642		.667	.506
Financial Literacy	.108	.053	.124	2.025	.044
Locus Of Control	.100	.050	.118	2.013	.045
Financial Technology	.731	.062	.624	11.800	.000
a. Dependent Variable: Financial Inclusion					

In the t test, variable X affects variable Y if the sign value <0.05 or the tcount $> t$ table.

T table = t ($\alpha/2$; n-k-1)

= t (0,025; 200-3-1)

= t (0,025; 96)

= 1,98498

Table 5 presents the findings of the partial test using the t test between the independent and dependent variables. The t test is used to compare the probability value of the Financial Literacy variable, which is 0.044 <0.05 with the calculated t value of 2.025 > 1.98498 . Thus it can be said that H1 is accepted, which shows that the Financial Literacy variable affects the Financial Inclusion variable. In the Locus Of Control variable, the probability value of the Financial Literacy variable is 0.045 <0.05 with a t value of 2.013 > 1.98498 . Thus it can be said that H2 is accepted, which shows that the X2 Locus Of Control variable affects the Y Financial Inclusion variable. And in the Financial Technology variable, the probability value is 0.000 <0.05 with a t value of 11.800 > 1.98498 . Thus it can be said that H3 is accepted which shows that the X3 Financial Technology variable has an effect on the Financial Inclusion variable.

Table 6 F Test Results

ANOVA ^a					
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
<i>Regression</i>	1193.417	3	397.806	70.159	.000 ^b
<i>Residual</i>	1111.338	196	5.670		
<i>Total</i>	2304.755	199			
<i>a. Dependent Variable: Financial Literacy</i>					
<i>b. Predictors: (Constant), Financial Technology, Locus Of Control, Financial Inclusion</i>					

Based on table 6 shows that the F-count value is 70.159 and the significant F-table value is 0.05 with the formula, namely $F\text{-table} = F(k; n-k) = F(3; 100-3) = F(3; 97)$ so that the F-table becomes 2.70. The results obtained are $F\text{-count} > F\text{-table}$ ($70.159 > 2.70$) with a significance of $0.000 < 0.05$. So that the variables of Financial Literacy, Locus Of Control, and Financial Technology have a significant influence on Financial Inclusion in Walenrang Village.

The purpose of partial regression testing, which is often referred to as the t test, is to evaluate the effect of the independent variable on the dependent variable. Comparison of the variable probability value (p-value) with the selected significance of 0.05 can be used to determine the effect of the independent variable on the dependent variable. An s-value of less than 0.05 indicates that the independent variable has a significant effect on the dependent variable.

Table 7 Test Coefficient of Determination

Model Summary				
<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.720 ^a	.518	.510	2.38119
<i>a. Predictors: (Constant), Financial Technology, Locus Of Control, Financial Inclusion</i>				

The adjusted r square coefficient value as shown in table 7 is 0.510 or 51%. Thus it can be said that financial literacy, locus of control, Financial Technology has an influence of 72% on the dependent variable, namely Financial Inclusion (Y). Meanwhile, variables that are not included in the study have an impact on the remaining 49%.

In Table 7, the correlation coefficient (R) value of 0.720 indicates a significant correlation between the independent and dependent variables because the correlation coefficient value is greater than 0.5.

Discussion

The Effect of Financial Literacy on Financial Inclusion in Walenrang Village

Financial Literacy affects Financial Inclusion in Walenrang Village. Financial literacy has a very important role in influencing financial inclusion. Walenrang Village has started to be financially literate and has a good financial management plan. They can choose between personal and business finances. This is what makes the people of Walenrang Village able to

develop and be able to face competition. They have also started to use credit facilities from various financial institutions such as banks and also use other banking product facilities such as savings to save their income. Financial literacy provides an understanding of the importance of saving and investing money effectively. This encourages the people of Walenrang Village to develop a savings habit, which in turn can increase their wealth accumulation.

The relevance of behavioral theory to financial literacy can provide insights into how the people of Walenrang Village make financial decisions, and this can affect the level of financial inclusion in a community. Behavioral theory emphasizes the role of emotions in decision making. Good financial literacy can help individuals manage their emotions related to finance, which in turn can motivate them to more actively access financial products and increase financial inclusion. Behavioral theory highlights the existence of financial vices, such as delayed gratification or risk aversion. Financial literacy that understands and addresses these vices can increase the Walenrang Village community to utilize financial services, thus supporting financial inclusion.

By understanding how to use these tools, people can more easily engage in the modern financial system. Thus, financial literacy is not only about knowledge, but also about empowering individuals to make good and active financial decisions, which in turn can increase financial inclusion in society.

The Effect of Locus of Control on Financial Inclusion in Walenrang Village

Locus of Control has an effect on Financial Inclusion. Locus of control is a psychological concept that refers to a person's belief about the extent to which they have control over events in their lives. Walenrang Village communities with locus of control are more likely to take the initiative in seeking and using financial services. They are more active in seeking solutions to their financial needs and are more motivated to improve their personal financial inclusion. Walenrang villagers with locus of control have a better tendency to manage financial risks because they feel they have control over their decisions. People are more courageous in taking planned investment risks. Walenrang villagers with locus of control are more likely to accept and use financial technology, such as digital banking or financial apps. They may see technology as a tool that can increase personal control over their finances.

People with an internal locus of control tend to feel they have more control over their lives and financial decisions. This can motivate them to take full responsibility for financial decisions, including the decision to engage in financial inclusion. Internal locus of control may be related to more positive attitudes towards risk taking associated with financial inclusion. Individuals with an internal locus of control may be more willing to try new financial services or take risks associated with financial investments. Individuals with an internal locus of control tend to be more willing to plan their finances proactively. Good financial planning can be an important factor in achieving financial inclusion, such as opening a bank account or investing.

Through an understanding of locus of control, financial education approaches and financial inclusion efforts can be adapted to more effectively meet people's needs and

preferences. This psychological factor can play a role in shaping a person's financial behavior and participation in the financial system. This is in line with research [8] that locus of control influences financial behavior.

The Influence of Financial Technology on Financial Inclusion in Walenrang Village

Financial Technology influences Financial Inclusion. Financial Technology (Fintech) has a significant impact on financial inclusion by bringing innovation and financial solutions that are more easily accessible to the people of Walenrang Village. Digital banking applications and online platforms help Walenrang Village residents to open accounts, transfer money and manage their finances without having to visit a physical bank office. This helps increase accessibility and convenience for those who find it difficult to reach financial services. Fintech applications really help the Walenrang Village community in providing financial education features that can help increase financial literacy and understanding of financial products among the Walenrang Village community.

The application of behavioral theory in the context of Financial Technology (FinTech) can play an important role in increasing financial inclusion. Behavioral theory emphasizes the importance of ease of use in motivating behavior. FinTech designed with a simple, intuitive and easy-to-use user interface can increase the participation of the Walenrang Village community, especially those who are unfamiliar with technology. This can increase financial inclusion by making financial services more accessible to various levels of society, especially the Walenrang Village Community. Behavioral theory emphasizes the importance of trust factors in decision making. FinTech that emphasizes security and privacy can build Walenrang Village community trust in the use of digital financial services, which can then support financial inclusion by attracting more people to participate.

In this way, Fintech can help overcome barriers to financial inclusion and provide financial solutions that are more easily accessible to the Walenrang Village community. However, it is important to remember that Fintech development must also pay attention to data security and protection to ensure its safe and effective use. This is in line with research [9] that financial technology has a significant positive effect on financial inclusion.

4. Conclusion

Financial Literacy influences Financial Inclusion in Walenrang Village. Financial literacy has a very important role in influencing financial inclusion. Financial inclusion refers to people's access and participation in the financial system, including the use of financial products and services. Locus of Control influences Financial Inclusion. Individuals with an internal locus of control may be more likely to take the initiative in seeking and using financial services. Financial Technology influences Financial Inclusion. Financial Technology (Fintech) has a significant impact on financial inclusion by bringing innovation and financial solutions that are more easily accessible to various levels of society.

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