

Mapping of Financial Literacy Levels of the People in Gorontalo City in Supporting the Policy of Financial Inclusion in Indonesia

by Rio Monoarfa

Submission date: 01-Dec-2021 11:19AM (UTC+1100)

Submission ID: 1716846865

File name: Jurnal_rio,bobby_n_evi.pdf (255K)

Word count: 6762

Character count: 37280

Mapping of Financial Literacy Levels of the People in Gorontalo City in Supporting the Policy of Financial Inclusion in Indonesia

Rio Monoarfa, Bobby Rantow Payu, Selvi
Gorontalo State University

Abstract:- Financial literacy is one of the determinants of the well-being of individuals and indirectly affect the incidence economic development³⁰ in the community. Various studies conducted show that there is a positive relationship between the level of the financial literacy of the community and the economic condition of a country. Seeing the importance of the financial literacy, the Financial Services Authority together with Bank Indonesia encourages the improvement of the financial literacy condition of the community with the aim of increasing the competitiveness of the Indonesian economy. In addition, financial literacy is one of the pillars in the policy of achieving financial inclusion in Indonesia.

Keywords:- Financial literacy, economic conditions.

I. INTRODUCTION

⁵ Background Financial literacy is a basic need for everyone to avoid financial problems. Financial difficulties are not only a function of mere income (low income), financial difficulties can also arise if there are errors in financial management (miss-management) such as credit usage errors, and lack of planning finance. (Krishna et al, 2010). Financial limitations can cause stress, and low self-confidence, even for some families, these conditions can lead to divorce. Having financial literacy is a vital thing to get a life that is cool, and quality. Further explained that financial literacy together with reading and mathematical ability is the key to become smart consumers, manage credit and funding higher education, saving and investing and wab²⁶ be responsible RGA country. (Krishna et al, 2010). Individual needs and increasingly complex financial products require people to have adequate financial literacy. Possessing master¹⁴ of science and skills in the financial field encourages individuals to understand and engage national issues in the financial sector such as health care costs, taxes, investment and access to the financial system. (Nababan and Sadalia, 2013).

⁶ Lack of financial literacy can result in low access to financial institutions and hamper prosperity, because according to prospective members of the Financial Services Authority, Soetiono, broad access to the financial system or financial system that includes micro businesses, the poor and women, as well as productive households, it can reduce income differences between communities. (Nababan and Sadalia, 2013). Currently, according to the acknowledgment of the Member of the Board of Commissioners for

Education and Protection²⁹ of the OJK Consul, Kusumaningtuti Soetiono, the level of financial literacy of the Indonesian people is still low, only 28%. Far compared to neighbouring countries such as Singapore and Malaysia, even Thailand. In Malaysia, the financial literacy rate of the community reached 66%, Singapore reached 98%, while Thailand reached 73%, while Indonesia was still at 28%. In the past 5 years, it is still difficult to match the literacy figures of the neighbouring countries due to different geographical Indonesia with countries tetanga. Around 60% of our people are in the interior. (Finance.Second.Com, 2014). This indicates that the financial system has not run optimally and there is still room for improvement in order to increase public access to the service¹⁹ of financial institutions. Seeing these conditions, in June 2012, Bank Indonesia worked together with the Secretariat of the Vice President-the National Acceleration of Poverty Reduction (TNP2K) and the Fiscal Policy Agency The Ministry of Finance issues a National Inclusive Finance Strategy.

In the framework of implementing the Inclusive Finance program, Bank Indonesia (BI) together with the government compiled a National Financial Inclusion Strategy (SNKI) which is³¹ one of its main pillars is Financial Education which aims to increase the level of financial literacy of the Indonesian people (financial literacy), (Bank Indonesia, 2014; Bank Indonesia and the Demographic Institute UI., 2014).

II. LITERATURE REVIEW

³³ In the National Inclusive Finance Strategy (Bank Indonesia, 2014 Financial Inclusion Booklet), financial inclusion is defined as the right of every person to have full access and service from a financial institution in a timely, convenient, informative and affordable manner, with full respect for the dignity and his dignity. Financial services available to all segments of society, with a special attention to the poor, the productive poor, migrant workers, and residents in the area terpencil, (Fahmy et al, 2016).

⁸ Sarma (2012) in Nasution (2013) define financial inclusion as a process that guarantees ease of access, availability, and benefits of the formal financial system for all economic actors. Bank Indonesia (2013) defines inclusion finance (financial inclusion) as all efforts aimed at eliminating all forms of price constraints or nonprice, access to the public in utilizing financial services. (Nasution, 2013). In the attachment to¹⁰ rpres No. 82 of 2016 explained inclusive finance is defined 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 with affordable costs in accordance with the needs and abilities in order to improve the welfare of the community. Inclusive finance is an important component in the process of social inclusion and economic inclusion which plays a role in promoting economic growth, creating financial system stability, supporting poverty reduction programs, and reducing disparities between individuals and regions. The inclusive financial system is realized through people's access to financial services so as to improve the economic viability and ultimately pave the way for the exit of k emiskinan and reduce economic disparities. Wider access to financial services is important in efforts to increase the participation of all levels of society in the economy (attachment to Presidential Regulation No. 82 of 2016).

A. Vision and Objectives of Financial Inclusion

The inclusive financial vision is formulated as follows: Realizing a financial system that can be accessed by all levels of society to encourage economic growth, poverty alleviation, equal distribution of funds and the creation of financial system stability in Indonesia (Bank Indonesia, 2014). National Inclusive Finance Framework World Bank (2010) reveals that there are at least four types of financial services that are considered vital for people's lives, namely fund storage services, credit services, payment system and insurance services including pension funds. Key aspect which is the fundamental requirement that everyone must have the public to gain a better life. Increasing community access to financial institutions is certainly a problem of complexity that requires cross-sectoral involving banking authorities, financial services, non-bank and the ministries or other institutions concerned with poverty alleviation efforts, so we need a comprehensive policy as well as a whole in a Strategy National Financial Inclusion. The complete National Financial Inclusion Strategy framework (SNKI) can be seen in the following graph: Figure National Financial Inclusion Strategy Framework, (Ministry of Finance of the Republic of Indonesia, 2013).

B. Definition of Financial Literacy

Lusardi et al (2009) in Rizkiana (2016) explain the meaning of Financial literacy as financial knowledge, with the aim of achieving welfare. Rasyid, 2012 explained that financial literacy is a basic need for everyone to avoid financial problems. Financial difficulties are not only a function of mere income (low income), financial difficulties can also arise if there are errors in financial management (mismanagement) such as credit usage errors, and lack of financial planning. Financial limitations can cause stress, and low self-confidence, (Rasyid, 2012). Atkinson and Messy (2011) define Financial literacy as a combination of awareness, knowledge, skills and attitudes and behaviours needed to make sound financial decisions and ultimately achieve individual financial prosperity, and financial literacy is an important component of taking sound financial decisions., (Yong and Tan, 2017). Researchers have failed to reach consensus on one definition for financial literacy and many have offered their own definitions. Vitt et al. (2000) in

Dann (2017) states that financial literacy includes "the ability to differentiate financial choices, discuss money and financial problems without (or even though) inconvenience, plan for the future, and respond responsibly to life events that affect daily financial decisions, including saving in the general economy". Miller et al. (2009) in Dann (2017) argues that increasing financial literacy through financial education empowers consumers; the likelihood that consumers engage in high-cost credit; allows consumers to evaluate and compare financial products such as bank accounts, savings products, credit options, payment instruments, and insurance; and, reducing financial sub optimal by consumers among other benefits.

Financial literacy can be defined as the ability to understand financial concepts and problems to make the right decisions in the face of changing financial conditions and to manage one's financial status through financial planning. There are several benefits to a high level of financial literacy for both individuals and society. On the other hand, in a society with a low level of financial literacy, there is a negative outcome which is serious both for individuals and society. Low levels of financial literacy make understanding of financial goods and services difficult and make individuals anxious when conducting financial activities. Anxious individuals like that refrain from involvement in loans, monetary and security operations and cannot communicate with financial organizations. In other words, these people experience financial isolation. As a result, long-term financial exclusion prevent these people achievement benefit from the opportunities offered by the financial system and resulted in them at a high cost in their financial activities, (Aksoylu et al, 2017).

Differences in the level of financial literacy of each person vary, this causes significant differences between individuals to each other in the process of collecting assets in both short and long term, (Wahyuni, 2015). Huston (2010) in Wahyuni (2015) explains that factors such as habits, cognitive, economic, family, peers, community, and institutions can have an impact on financial behaviour. Someone is said to be financially literate when someone has the knowledge and ability to apply that knowledge.

The level of one's financial literacy is influenced by demographic characteristics (gender, ethnicity, education and cognitive abilities), family background, wealth, and time preferences. Personal factors (intelligence and cognitive abilities), social and economic can affect a person's financial literacy and financial behaviour. Financial Literacy can be concluded as the ability to manage finances to improve welfare and there are factors that can affect Financial Literacy both factors within the individual such as cognitive and psychological abilities and factors outside the individual such as social and economic conditions, (Wahyuni, 2015).

In FLBS conducted by BI and UI Demographic Institute, it can also be seen that women have a higher level of financial literacy than men. In addition, there are differences in the level of financial literacy conditions when tending an age. There are three variables that have the same

relationship with the level of financial literacy, namely, the level of education, the level of household income and risk aversion or the prudence of individuals in making financial decisions. On a positive relationship where if the three variables has increased then also increase its financial literacy, (Bank Indonesia and the Institute of Demography UI., 2014).

C. Financial Literacy Aspects

Financial literacy covers several aspects in finance, namely basic knowledge of personal finance (basic personal finance), management of money (money management), credit management and debt (credit and debt management), savings and investment (Saving and investment), and risk management (risk management), (Nababan and S Adalia, 2013).

• Basic Knowledge of Personal Finance (Basic Personal Finance).

Wagland and Taylor (2009) explained that knowledge about finance includes personal financial knowledge, namely how to manage income and expenses, and understand basic financial concepts. Financial basic concept include simple interest rate calculation, compound interest, peng a spirit of inflation, the opportunity cost, the time value of money, the liquidity of assets, etc., (Yushita, 2017).

• Money Management.

Regardless of the source of funds, the problem is how to allocate funds (use of funds) to meet the needs appropriately. Allocation of funds must be based on priority. Priorities are based on the needs that you need but must pay attention to the percentage that the funds are not used up to the consumption see a ri-day course, (Yushita, 2017).

This aspect includes how a person manages the money he has and the ability to analyze his personal income sources. Money management is also related to how someone prioritizes the use of funds and makes a budget.

• Credit Management and Debt.

There are times when a person experiences a lack of funds so he must use credit and debt. The higher needs and demands of life result in not all expenditures can be financed with income, such as homes and vehicles and education costs. Using credit or debt can be a consideration to overcome this. With funding sources in the form of credit or debt, individuals can consume goods and services currently, and pay for them in the future. Sufficient knowledge that includes factors that affect credit worthiness, consideration in making loans, consumer credit characteristics, loan interest rates, length of time loans, sources of debt or credit etc. are needed to be able to use credit and debt wisely.

• Savings.

Savings are a part of people's income that is not used for consumption. People who have more income than consumption needs will have the opportunity to save.

• Investment.

Investment is placing money or and an in the hope of obtaining certain additional or beneficial money or funds (Kamaruddin, 2004: 3). Invest as I can be defined as an activity to place the funds on one or several objects of investment over the period of tertentu to benefit in the future (Fakhrudin, 2008: 20).

• Risk Management.

Risk can be defined as uncertainty or possible financial loss. The response of each individual varies with risk, depending on past experience and psychological motivation. Most individuals tend to avoid situations that cause insecurity or insufficiency. Therefore, it is important to be able to deal with risk in a logical and controlled manner. Yushita (2017) explained that a person must have good protection to anticipate unexpected events. Genesis - unexpected events was such a pain, and other needs esak mend. The thing that is often done in doing this protection is by the following insurance. What is meant by risk management is the management of possible risks that will be faced.

Financial Literacy Strategy in Indonesia Based on the financial literacy survey conducted by OJK in 2013, new around 21.84% of Indonesians who really understand about Financial Services Institutions (LJK). Meanwhile, in a more specific category, the results of a national survey of OJK's financial literacy show that only 28% of students or students have a good level of literacy with a utility level of 44%. From this survey also revealed that information about the banking sector still dominates the level of financial literacy of the Indonesian people, while the level of literacy of products and services in the capital market sector is still very low, only around 4% with a utilization rate of less than 1 %, (OJK, 2014).

III. RESEARCH METHODS

Study Design The primary objective of this study is a condition memetak community financial literacy in Gorontalo city and its influencing factors. From these results, it is expected that financial education methods can be designed that can be applied to improve the financial literacy of the community. To achieve these objectives, this study was designed using a descriptive explanatory approach. Location and Object of Research The location of the study will be carried out in the area of Gorontalo City. This is based on the consideration that Gorontalo City is the capital of Gorontalo Province as well as the economic centre of Gorontalo Province. Besides that, the condition of the people of Gorontalo City which is pluralistic is seen from the economic, social and demographic structure so that it is expected to be able to reflect the condition of the Gorontalo people in general. The research object is individuals and households in Gorontalo City. Types and Sources of Data The types of data needed in this study are primary data and secondary data. Primary data sources were obtained from direct observations in the field and questionnaires and interviews with the community. Secondary data sources in

the form of supporting data obtained from various parties and related institutions.

Population and Sample The population in this study is the community in GoR Gorontalo City both individuals and households. Criteria for respondents observed were between 17-65 years old. The selection of respondents is done randomly with using the Stratified Systematic Random Sampling approach using the Proportional to Population Size (PPS) allocation technique by considering the distribution of the population in each sub-district in Gorontalo City.

Data Analysis Techniques Data analysis techniques that will be used in this study are as follows: Descriptive Analysis This descriptive analysis is used as an initial analysis to describe the current financial literacy of the people of Gorontalo City. Indicators that will be analyzed descriptively are indicators relating to demography, social status, economic conditions and questions related to understanding financial and financial products.

With this description, analysis can be known general information about the household and the social, economic and demographic characteristics of each household member. Whereas for the individual community, information can be known about the knowledge, attitudes, and behaviour of individuals related to finance. Factor Analysis This analysis will be directed to see the weight of the factors that contribute to the level of financial literacy about society.

Factor analysis is a statistical procedure to reduce or summarize data, from a number of variables that are mutually independent of one another so that can be made of one or more sets of variable fewer than the number of initial variables, called factors and still contains most of the information contained in the initial variable. In the factor analysis, the variables are not grouped into variable initial free and free, otherwise as successor whole set of interdependent relationship between these variables studied. In this study, the variables intended to describe the above are aspects related to the level of the financial literacy of the community.

IV. RESEARCH RESULT

Demographic Characteristics of Gender Respondents and Marital Status Distribution of respondents based on gender can be seen in the following figure: Based on the graph above, the composition of respondents in this study was dominated by female respondents as much as 59%. While for respondents male sex as much as 41%. Distribution of respondent composition based on marital status can be seen in the following figure: Based on the picture above it can be seen that the number of respondents observed in this study most of the households are 55% and the remaining 45% are not married. Age Distribution of respondents based on age can be seen in the following graph: Judging from the composition of age distribution, respondents who were sampled in this study were dominated by young age groups (under 40 years)

where 51% were between 20-30 years old and as many as 31% are between 30-40 years old and the remaining 2% are under 20 years old.

The respondents have aged over 40 years sebaa multitude of 18% dominated by respondents aged 40-50 years by 14%. Education Distribution of respondents based on the level of education they have can be seen in the following figure: Based on the picture above shows that most respondent observed in this study have a higher education background (Diploma, Bachelor, or Postgraduate).

Respondents with a Diploma education background were 8%, with a Bachelor degree of education as much as 37% and with an educational background of Post-graduate (S2 / S3) as many as 26 people. The remaining 29% of respondents have a high school/vocational/equivalent education background. Profession Distribution of respondents by profession who lived at this time can be seen in the image below: Based on in upon image shows that the majority of respondents were observed in this study profession or status as a student/students that as much as 27%. Furthermore, as many as 21% of respondents work as Civil Servants (PNS), work as employees (as well as BUMN) as much as 18%, working as entrepreneurs as much as 16%, and as many as 10% of respondents other professions (driver, housewife, etc.). The respondents who did not work were 8%. Earnings Per Month Distribution of respondents based upon revenue earned per month can be seen in the image below: / Based on the picture above shows that 67% of respondents who observed already have their own income while the remaining 37% of the respondents do not yet have ultimate alone or with words other still dependent on parents / family. of the 67% who already have their own income, as much as 29% of respondents have an income between 2.5m-5m per month, as much as 20% earn between 5Juta-10 million rupiahs per month, as much as 10% earn between 1 million-2.5 million monthly, as much as 6% earn under 1 million rupiah per month. The respondents who have income above 10 million per month is only 2%.

General Knowledge about Financial and Investment Products Today the number of financial products and investments offered to the public is quite varied. Besides financial products, conventional (savings, loans) also contained lain products whether offered by banking financial institutions and non-banking.

The wide variety of financial and investment products must be addressed wisely by the community so that they will not cause harm to the community itself. The level of recognition of the people of Gorontalo City regarding various financial and investment product categories can be seen in the following graph: / Based on the graph above, it can be seen that the level of introduction of Gorontalo City people to financial products is quite varied.

For conventional financial products (savings, loans, insurance and pension funds), the level of community recognition is very good. However, for non-conventional

financial products, the level of recognition that is owned by the community is still relatively low when compared to conventional financial products. For stock investment products, the introduction level of the Gorontalo community is good. As for the types of bond investments, mutual funds, and forex, the level of identification of the Gorontalo community is quite good. As for the type of sukuk investment which is actually a bond product with sharia principles, the level of community recognition is still low. Similarly to the investment product ETF (Exchange Traded Fund), the level of public recognition is still very low.

This is because this investment product is still a relatively new thing in Indonesia. For the Gorontalo community's level of understanding of various financial and investment products, it can be seen in the following graph: / Based on the graph above, it can be seen that out of 10 financial / investment products asked by respondents, the people of Gorontalo City only know well conventional financial products. For savings/deposit products, the percentage of respondents who understand well (at least understanding the product definition to the details of financial product profiles) reaches 64% and for credit/financing products reaches 56%. As for insurance products, 60% of respondents have understood well and for pension fund products 58% of respondents have understood well.

As for non-conventional financial and investment products (stocks, mutual funds, forex, etc.), the level of public knowledge is still relatively low. For stock investment products, only as many as 38% of the people have good knowledge about the profile and the purpose of this investment. Similarly for bonds, only 34% of people who understand well, and for products reksadana only as much as 28% of people who have a good understanding of the definitions, profile and investment objectives. As for sukuk investment products, which are a form of sharia-based bonds, only 12% have a good understanding of the profile and objectives of sukuk investment. As for other non-conventional financial products in the form of transactions in the money market or foreign exchange (FOREX), the level of knowledge and understanding of the community is still low. Only 18% of people have a good understanding of these financial products. Of the 18% percent, as many as 14% only know the definitions and institutions that organize. While respondents who understand the transaction mechanism, the media conducts transactions and the risk that can be generated is only 4%. As for ETF investment products which are the development of equity funds, only 8% of respondents who have had a good understanding of this investment product. Of the 8%, as many as 6% have an understanding only limited to the definition and the institution that carries out while the respondents who have the understanding to the transaction mechanism and the risk posed are only 2%. In addition to the level of knowledge of the various jenis the financial and investment products, the study also aims to obtain information on the accessibility of the public against financial and investment products in question.

It is intended to look at the extent of community involvement and ownership against the financial and investment products. The distribution of respondents by ownership or participation in investment activity in financial products can be seen in the following chart: / Based on the above chart It turns out that the highest level of accessibility for people who are in product savings/deposit premises accessibility level reached 82%. This means that as much as 82% of respondents have accounts at the bank and the remaining 18% do not currently have a savings account in banking institutions. As for credit/financing, the level of public accessibility is only 52%. For insurance products, the level of public accessibility reaches 62% and for pension fund products the level of public accessibility is only 32%. As for non-conventional financial products, the level of public accessibility is very low, where the majority of respondents have never owned or engaged in investment activities in these instruments. Of the 6 non-conventional financial products observed, the level of public accessibility to stock, mutual fund, and forex instruments were relatively high compared to other investment instruments (bonds, sukuk, and ETFs).

Knowledge and Accessibility to Banking Products Of the 10 financial/investment products observed in the study this, financial products that have the highest accessibility are savings/deposit and credit/financing products. The high accessibility is due to the level of knowledge of the community and the progress in obtaining information about these financial products.

The main reason for the community in choosing savings products can be seen in the following graph: / Based on the graph above, it can be seen that the main reason for people to choose savings products is because they are easy to store and withdraw funds they have. The wide range of banking institutions and the support of facilities in the form of ATMs, cash deposits, internet banking and sms banking are factors that contribute to the ease of public transactions so as to increase public accessibility to savings products. In addition to the ease of storage and withdrawal, the main reason for people to save is to support the needs in business/business/work transactions. In addition, the consideration of fund security is the main reason people prefer savings products offered by banks. The guarantee provided by the Deposit Insurance Corporation (LPS) against customer funds deposited in the bank is one factor that strengthens public confidence in the security of their funds in the bank. These three main reasons make many people even have more than one savings account. Ownership of more than one savings account is mainly to satisfy the needs of each transaction. With the separation of community savings accounts, it will be easier to carry out financial management. The distribution of savings ownership by the Gorontalo community can be seen in the following figure: / Based on the picture above, it can be seen that 81.82% of respondents have more than one savings account where as many as 70.45% have accounts in different banks and 11.36% has more dari one account but still in the same banking institution. While respondents who only had one savings account were 18.18%.

The pattern of the community in saving can be seen in the following figure: From the picture above shows that as many as 54.55% of the people doing saving activities depend on the remaining funds owned each month. Or in other words, the percentage of income set aside for uncertain savings is adjusted to the needs of funds and financial conditions.

While the remaining 45.45% has set aside a certain percentage of income. A total of 22.73% of the public to set aside 10% -20% of income for savings and as much as 22.73% set aside more than 20% of income per month for Dita bung. Knowledge and Accessibility to Insurance Products In addition to savings products, the next financial product most often followed by the public is good insurance. This product is in great demand because promotions are carried out quite often. The reasons underlying the community to use insurance products are as follows: Based on the graph above, it can be seen that the main reason for the Gorontalo people to join the insurance program is for future safeguards (54.29%). This is in accordance with the insurance function that is to provide protection to customers against the possibility of future risks.

The community hopes that by following the insurance program the risk of health and death in the future will be covered by insurance so as to provide a sense of security for them. The next factor that is considered by the community in participating in the insurance program is the interest in the benefits or benefits provided by the insurance program (25.71%).

Today many insurance programs that offer risk protection programs are also offered investment programs (unit links). So in addition to having the public protection at the same time also can invest with return more p a s t i future. In addition, there is also a referral agent program that provides opportunities for customers to obtain additional income by recruiting new customers as well as an attraction for the community to participate in insurance programs.

2.2.5 Level of Community Financial Literacy and Affecting Factors In seeing the level of financial literacy in this study focused on the understanding and preferences of the community in choosing an investment program in the community. The indications used are their understanding of the legal aspects of the investment activities that are followed and their preferences in choosing an investment program. For their understanding of the legal aspects of investment activities shown in the following graph: / Based on the picture above it can be seen that 88% of respondents surveyed said they always check and ensure the legality of the investment organizing agency that will be followed. While as many as 6% rarely checks le g alitas and the remaining 6% never care about the legal aspects of investment activity that followed. Judging from this result, public awareness in choosing legal investments is good. However, this awareness is not followed by an understanding of the legal aspects of an investment activity. The survey results show that people feel that investment

activities are said to be legal if they have a business deed of establishment (CV or PT).

Whereas the legality of investment activities is not as limited as the legality of legal entities but must also fulfil other aspects such as licensing from related institutions, especially the Financial Services Authority (OJK). Weak understanding of the legal aspects of this investment activity is the cause still tingginy a number of people who become victims of scams masquerading as investment. Furthermore, the indicator used to see the level of financial crisis is the preference of the community for the risks that may arise from the investment risks that are followed. The results of the survey on Gorontalo people's preference for investment risk factors are as follows: Based on the graph above, it can be seen that most people (76%) stated that risk factors were very important to consider before deciding to participate in an investment activity and 12% stated it was important. Whereas the community stated that the risk factors were not important as much as 4%. These results indicate that the Gorontalo community already has a good awareness of risk, so it is expected to be more careful in choosing investment activities. Investment activities in addition to risk also offer substantial returns if they are managed properly. Besides the risk is minimal, activities INVESTA s i also should be able to provide future value growth.

The higher the risk contained in investment activities, the higher the expected rate of return. Similarly, if the desired risk is small, the return to be obtained is also relatively small. The individual tendency in choosing the type of investment is determined by these two factors.

Results of a survey on people's preferences Gorontalo in selecting investment activity can be seen in the graph beriku t this: Based on the graph above shows that the majority of respondents over the relative risks (66%) than expected return before deciding to follow an investment activity. These results indicate that the people of Gorontalo have been wise enough to respond to an existing investment offer. Public preferences that pay more attention to these risk factors are expected to be able to help the community to avoid the possibility of becoming victims of unclear investment activities. Furthermore, to see the factors that play a role in determining the literacy level of Gorontalo people, factor analysis is used.

The factors observed in this study were gender, age, education level, marital status, employment and the amount of income earned per month. The results of factor analysis for these variables are as follows: From the table above obtained the values of communalities for each variable observed.

The value of communalities shows how far the variable is able to explain the variation of the model formed. The higher the communalities value of a variable, the greater the ability of the variable in explaining the variance of the model. From the results of the factor analysis that has been carried out, it is known that the factors that have the highest communalities are sex (0.855) and the lowest is the monthly

income variable (0.407). The order of contribution of each variable that determines the level of financial insecurity of the Gorontalo community based on communalities can be seen in the following graph: Gender is the most dominant factor in determining the level of financial insecurity of the Gorontalo community. Responsible Activity An investment is an activity that not only requires logic and analytical ability was good but also an activity that requires patience.

Regarding patience in investing, women have more relative patience better than men. This makes women wiser in investing compared to men. The next factor that has a big influence on the literacy level of the Gorontalo community is age.

This is related to the level of knowledge and experience. The more a person ages, the experience, and knowledge also generally increases. Thus, a person's age would make people terse but wiser for being included in terms of investment. Adults tend to be more selective in choosing investments because they want the security and certainty of investment funds so that they will be more careful in choosing investment instruments. Don't worry that young people tend to be optimistic so they are more willing to take risks.

V. CONCLUSION

For conventional financial products (savings, credit, insurance, pension funds), the literacy of Gorontalo people has been very good. But for non-conventional financial products, the literacy rate of Gorontalo people is still very low. The poor literacy of the Gorontalo people for these non-conventional financial products is one of the factors that makes it easy for the public to be tempted by investment offers that offer high returns.

Suggestion Based on the conclusions obtained by the researcher, the researcher gives some suggestions as follows: There needs to be an effort from related financial institutions to better socialize various financial/investment products offered to the public. To promote literacy masyarakat against financial products unconventional necessary to involve universities and institutions related financial through seminars or dissemination of a wide range of investment alternatives in addition to the bank. For students, there is a need to optimize the role of investment galleries owned by the campus to be more active in socializing capital market investments, especially to students.

REFERENCES

- [1]. Aksoylu, Semra; Boztosun, Derviş; Altınışık, Fatih; and Baraz, Emre Hayri, 2017. A Case of Kayseri Province. *The Journal of Accounting and Finance*, July, Edition 75.
- [2]. Bank Indonesia and UI Demographic Institute. 2014. *Financial Literacy Baseline Survey*. Jakarta.
- [3]. Bank Indonesia. 2013. *Evolution of the Policy Framework Financial Inclusion*. Jakarta.
- [4]. Bank Indonesia. 2014. *Inclusive Financial Booklet*. Jakarta.
- [5]. Chairuddin Syah Nasution. 2014. *Inclusive Financial Policy: Developed Countries vs. Developing Countries*. Jakarta.
- [6]. Danna, Donna E., Danna, George K. 2017. The Creation of Financial Literacy Programs in Small Developing Countries: An Institutional Model Approach. *Journal of International Business Disciplines*, Vol. 12, No. 2, p: 16-37.
- [7]. Fahmy, Obaid M; Rustam, M., and Asmayadi, Evi, 2016. The Influence of Inclusive Finance on Credit Distributed in the Micro, Small and Medium Business Sector in Indonesia. *Journal of Business Economics and Entrepreneurship*, Vol. 5, No. 2, Hal: 118 – 135.
- [8]. Fakhruddin. 2008. *Capital Market FAQ*. First Print. Jakarta: Erlangga.
- [9]. Finance. Second. Com, 2014. *Indonesian Financial Literacy is Still Under Singapore and Malaysia* at <https://finance.detik.com/moneter/d-2625308>.
- [10]. OECD. 2014. *PISA 2012 Results: Students and Money: Financial Literacy Skills for the 21st Century (Volume VI)*. Program for International Student Assessment, OECD Publishing.
- [11]. OJK. 2014. *Message from the Board of Commissioners of the Financial Services Authority on the Capital Market National Movement of Love (GeN Ta)*. Jakarta.
- [12]. Kamaruddin, Ahmad, 2004. *Fundamentals of Investment and Portfolio Management*. Second printing. Jakarta: PT. COPYRIGHT.
- [13]. Ministry of Finance of the Republic of Indonesia. 2013. *Financial Inclusion: National Inclusive Financial Strategy*. Jakarta.
- [14]. Krishna, Ayu; Rofaida, Rofi and Sari, Maya, 2010. Analysis of Student Levels in Financial Literacy and Its Affecting Factors (Survey of Indonesian Education University Students). *Proceedings of the 4th International Conference on Education Educators; Join Conference UPI & UPSI Bandung, Indonesia*, Page: 552-560.
- [15]. President of the Republic of Indonesia, 2016. Attachment of Presidential Regulation Number 82 of 2016 concerning National Inclusive Financial Strategies. *State Gazette of the Republic of Indonesia* in 2016, No. 185. State Secretariat. Jakarta.
- [16]. Nababan, Darman and Sadalia, Isfenti, 2013. Personal Financial Literacy Analysis and Financial Behaviour for Undergraduate Students of the Faculty of Economics, University of North Sumatra. *Journal of Media Management Information*, Vol. 1, No. 1, pp. 1-15.
- [17]. Nasution, Lia Nazliana; Sari, Pipit Buana; Dwilita, Handriyani, 2013. Inclusive Financial Determinants in North Sumatra, Indonesia. *Journal of Economics and Development Studies*, Volume 14, Number 1, pp. 58-66.
- [18]. Pulungan, Delyana R., 2017. *Financial Literacy and Its Impacts on the Public Financial Behavior of Medan*

- City. Eonomikawan: Journal of Economics and Development Studies, Vol. 17, No. 1, Page: 56-61.
- [19]. Rasyid, Rosyeni. 2012. Analysis of Financial Literacy Level of the Management Study Program of the Faculty of Economics, Padang State University. Journal of Business Management Studies. Vol. No.2.
- [20]. Sugiarto, Agus 2014, "Implementation of the Indonesian Financial Literacy National Strategy", at <http://mandiri-institute.id/files/main-status-ofbranchless-banking-regulation-in-indonesia/>?
- [21]. USAID, DEFINIT & SEADI. 2013. Developing a Financial Literacy Index. SEADI Discussion Paper No. 11. Jakarta.
- [22]. Wahyuni, IkkaNur, 2015. Development of Financial Literacy Education Based on Anti-Corruption Values as Social Investment: A Thought. Proceedings Seminar National Education Economy & Business Faculty of Teaching and Education University of March, Surakarta, Saturday, November 7, 2015.
- [23]. Yushita, Amanita Novi, 2017. The Importance of Financial Literacy for the Management of Personal Finance. Nominal Journal: Barometer of Accounting and Management Research, Vol. VI, No. 1.
- [24]. Yong, Hui-Nee Au, and Tan, Kock-Lim, 2017. The Influence Of Financial Literacy Towards Risk Tolerance. International Journal of Business and Society, Vol. 18 No. 3, 469-484.

Mapping of Financial Literacy Levels of the People in Gorontalo City in Supporting the Policy of Financial Inclusion in Indonesia

ORIGINALITY REPORT

17%	14%	4%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Universitas Hasanuddin Student Paper	2%
2	ijsab.com Internet Source	1%
3	Submitted to iGroup Student Paper	1%
4	Submitted to Australian Institute of Business Student Paper	1%
5	www.koreascience.or.kr Internet Source	1%
6	Submitted to Universitas Brawijaya Student Paper	1%
7	Iwan Prasetyo, Raphaella Dewantari Dwianto. "Economic inclusion of un-bankable micro-scale traders in Indonesian traditional market: learning from micro-scale traders in Islamic financial co-operative", E3S Web of Conferences, 2018 Publication	1%

8	www.ijbmm.com Internet Source	1 %
9	Submitted to Sriwijaya University Student Paper	1 %
10	Submitted to School of Business and Management ITB Student Paper	1 %
11	Submitted to University of KwaZulu-Natal Student Paper	1 %
12	repository.ub.ac.id Internet Source	1 %
13	Submitted to University of Bristol Student Paper	1 %
14	erepo.usiu.ac.ke Internet Source	1 %
15	Submitted to University of Nevada, Las Vegas Student Paper	<1 %
16	www.mandirisyariah.co.id Internet Source	<1 %
17	journal.febi.uinib.ac.id Internet Source	<1 %
18	sloap.org Internet Source	<1 %
19	Submitted to Amity University Student Paper	

<1 %

20

mpira.ub.uni-muenchen.de

Internet Source

<1 %

21

www.ung.ac.id

Internet Source

<1 %

22

ijurjournal.weebly.com

Internet Source

<1 %

23

G J Johari, E Walujodjati, S Mulyana, S Permana. "Factors affecting competitiveness small contractors in construction industry", Journal of Physics: Conference Series, 2019

Publication

<1 %

24

journal.rescollacomm.com

Internet Source

<1 %

25

Submitted to Universitas Sebelas Maret

Student Paper

<1 %

26

Submitted to University of South Australia

Student Paper

<1 %

27

digilib.iain-palangkaraya.ac.id

Internet Source

<1 %

28

download.atlantis-press.com

Internet Source

<1 %

29

journal.walisongo.ac.id

Internet Source

<1 %

- 30 Submitted to University of Technology,
Mauritius
Student Paper <1 %
-
- 31 "Financial Literacy and the Limits of Financial
Decision-Making", Springer Science and
Business Media LLC, 2016
Publication <1 %
-
- 32 peerj.com
Internet Source <1 %
-
- 33 Nurul Hidayatinnisa' Hidayatinnisa', Fauziah,
Shinta Maharani Trivena, Yulis Nurul Aini.
"The Effect of Financial Literacy and Financial
Inclusion on Economic Growth in Indonesia",
JBMP (Jurnal Bisnis, Manajemen dan
Perbankan), 2021
Publication <1 %
-

Exclude quotes Off

Exclude matches Off

Exclude bibliography On