



Financial access, financial literature, and financial experience and the impact on MSMEs' financial behavior

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ABSTRACT

The Gross Domestic Product (GDP) of Indonesia is made up of 60.6% MSMEs. On the other hand, there are still many MSME players who lack access to financial institutions and have poor levels of financial awareness and experience. This study aims to ascertain whether there is a relationship between financial access (X1), financial literacy (X2), and financial experience (X3) and SMEs' financial behavior (Y). The financial behavior (X1) Y variable was significantly influenced by the variables of financial access (X1), financial literacy (X2), and financial experience (X3). The value of the coefficient of determination in Adjusted R Square explains the magnitude of the influence to the extent of 72.8%, while the remaining 27.2% is influenced by b. The research data was tested using SPSS version 25, and the results of the study both partially using the T test and simultaneously using the F test.

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1. INTRODUCTION

MSMEs were a part of the economy in Indonesia that was still able to function when the crisis struck. MSMEs have demonstrated their capacity to compete and endure in the face of the economic crisis, making them one of the pillars that can support the country's economy (Sabilla Sonya Oktara & Wijayangka Candra, 2019). According to data from the Central Statistics Agency, there were 64,194,057 MSME units accessible in Indonesia in 2018, a rise of 2.02% over the previous year, when there were 116,978,631 workers overall. In Indonesia, the largest percentage of MSMEs that can significantly contribute to employment (97.2%) among Asian nations (Yoshino Naoyuki et al., 2015).

Poor financial governance, poor management quality, and business growth are issues that MSME owners are now frequently faced with, according to (Sabilla Sonya Oktara & Wijayangka Candra, 2019). These issues also have drawbacks, such as the difficulty of growing and growing because businesses are constantly running in place (stagnant), the business they do is difficult to develop, and the market is constrained. Administrative discipline is not well understood by many MSME actors. In fact, some of them routinely duplicate business expenses with personal ones; as a result, the business remains stagnant, does not expand, and continues to lack understanding of how to

prepare financial reports. An important part of the economy is financial literacy, which covers a variety of financial topics, starting with managing, controlling, and calculating funds themselves. Excellent finance results from an awareness of good management (financial wellbeing). It goes without saying that in this situation, community education is desperately needed to enhance financial literacy. Financial literacy is crucial for MSME actors because it enables them to access and select financial services that are appropriate for their needs, which protects MSMEs from superfluous financial instruments. MSME financial literacy is also capable of planning qualified finances.

Lack of access to financing is typically another factor that influences how MSME actors behave financially (Ina Ibor et al., 2017). As a result, it becomes the reason why MSMEs are unable to develop and flourish, which leads to their tendency to decline and their lack of superior competitiveness. Regarding access to financial services, OJK (Financial Services Authority) is implementing a strategy to give financial access with a broad reach to MSMEs and the community. This includes: enhancing the capital market's contribution to long-term economic costs, maximizing the role of Regional Development Banks (BPD), encouraging banks to lend, creating fintech financing models, enhancing and expanding the KUR program, and TPAK's contribution. Even though the OJK has a plan, as was already indicated, it is still challenging for MSME players to seek for access to banks due to the conditions set forth by banks.

Approximately 90% of Indonesian businesspeople lack the knowledge and abilities to effectively handle financial resources in order to flourish (Aqida Merdika Setya & Shoimatul Fitria, 2019). In addition to having few resources and little access to cash, MSMEs often struggle with management and lack of financial management expertise. MSME players have very limited access to financial institutions because of their lack of experience and financial literacy. As a result, the economic welfare of the Indonesian people is low (Bernando Franky Okto et al., 2022).

To improve the viability and expansion of current MSMEs, different strategic initiatives must be taken to address the inadequate financial literacy of Indonesian business operators. Among these are initiatives to improve MSME responsibility and business management by increasing knowledge of their financial conduct (Fitria M. et al., 2018). The community will benefit from financial education by being able to select services and financial service products that are appropriate for their requirements. To improve people's wellbeing, the public should be confident, aware of their duties and rights, and aware of the advantages and disadvantages of the financial services and products they select. Therefore, OJK, BI, and the government must advance the financial literacy program in an effort to ensure that every Indonesian has access to the same range of financial services. Financial literacy can have a variety of positive effects on the community. For instance, it can help people avoid speculative financial instrument investments, better organize their finances, and use and select financial services and products in accordance with their needs.

According to (Otoritas Jasa Keuangan (OJK), 2021), if the population has a high degree of financial literacy, it will be simple to accomplish a nation's economic success, which includes income distribution, poverty reduction, and economic growth. This degree of literacy can boost welfare since it enables people to swiftly make more accurate financial decisions. As a result, they can be more effective when they want to organize their personal or professional finances, which creates a more affluent society. From the perspective of a macro-economist, financial literacy is also regarded as being crucial because it will encourage more people to use financial services and products. Given that financial access is not ideal, it is important to determine how MSMEs are growing based on the benefits of financial literacy tools while investigating financial education (Stella et al., 2020). The next step is therefore required in order to attain financial access in Indonesia once the elements that spur MSMEs' growth and financial access become a tool for influencing that behavior. increase. using information from the UMKM

Cooperative Office. A growing number of MSMEs were established in Indonesia between 2016 and 2018, and this trend is continuing. MSMEs had 56,532,591 units in 2016; this figure rose to 57,895,721 units in 2017, and to 59,262,772 MSME business units in 2018.

The level of individual financial literacy is affected by the financial experience of MSME actors, which is also a factor that is significant for MSMEs. A businessperson should believe that implementing financial management in the company he owns is crucial (Purba et al., 2021). The development of this perception is consistent with current business activity, although the majority of business actors lack experience in handling business money, specifically in relation to running a business. Everyone's experiences with money management vary, for instance in credit planning, insurance, retirement and investing. Experience in financial management is also crucial for the future survival of the business. Individual experience is the only way someone can learn financial management or investment planning so they can be shrewder and more concentrated when making financial judgments every day (Nguyen & Doan, 2020).

The study used the city of West Jakarta as a gauge of the state of the Indonesian economy. The choice of West Jakarta City is believed to serve as a model for the growth of other MSMEs in Indonesia.

2. RESEARCH METHOD

This study employs a quantitative methodology, in which data are taken from instruments that have already been proven to be valid and reliable for use in research. While statistical analysis is used to carry out the data presentation (Sugiyono, 2017). Referring to the exposure (Sugiyono, 2016) showed that the sample is a portion of the population's characteristics and size. The population can be sampled by researchers. All conclusions are universal. As a result, representative sampling from the population is required. The growth of MSMEs according to the following formula is the sample that is the subject of this analysis:

$$n = \frac{N}{1 + N(e^2)} \quad (1)$$

Information :

e = Error Rate AND = Total Population

n = Number of Samples

The population (N) is 414 MSME actors with the assumption that the error rate (e) is 5% (0.05), so the number of samples (n) is:

$$n = \frac{414}{1 + 414(0,05^2)} = 204$$

3. RESULTS AND DISCUSSIONS

Data for this study came from 204 respondents to SMEs in West Jakarta. The following information was gathered via a questionnaire that asked about the respondents' gender, age, marital status, final educational attainment, number of years since the company was started, and overall net worth:

- a. Of the 204 respondents, 134 men (65.7%) and 70 women (34.3%) are known to have participated in the survey. According to these findings, men make up the majority of MSME actors in Jakarta.
- b. It is known that out of 204 respondents, 3 (1.5%), are older than 50 years old, 86 respondents (42.2%) are between the ages of 31 and 40, and 63 respondents (30.9%) are between the ages of 21 and 30.
- c. Of the 204 respondents, it is known that 139 respondents (68.1%) are married and 65 respondents (31.9%) are single.

- d. Of the 204 respondents, it is known that 0 (zero percent) have completed elementary school, 1 (five percent) have completed junior high school, 144 (seventy five percent) have completed vocational/high school, 5 (two percent) have completed D3, 53 (26 percent) have earned a bachelor's degree, and 1 (five percent) have earned a master's degree.
- e. Out of 204 responses, 50 respondents (24.5%) have businesses that have been operating for less than three years, 59 respondents (28.9%) have businesses that have been operating for three to five years, and 95 respondents have businesses that have been operating for more than five years.
- f. Of the 204 respondents, it is known that 151 respondents (or 74% of them) have a total net worth of less than IDR 50,000,000 (Micro enterprises), 43 respondents (or 21.1% of them) have a total net worth of between IDR 50,000,000 and IDR 500,000,000 (Small Businesses), and 10 respondents (or 4.9% of them) have a total net worth of more than IDR 500,000,000. (Medium Enterprises).

Table 1. Descriptive Statistics Test Results

Descriptive Statistics							
	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
Financial Access (X1)	204	15.00	25.00	4032.00	19.7647	2.20468	4.861
Financial Literacy (X2)	204	15.00	25.00	4088.00	20.0392	2.37359	5.634
Financial Experience (X3)	204	15.00	25.00	4104.00	20.1176	2.29497	5.267
Financial Behavior (Y)	204	15.00	25.00	4096.00	20.0784	2.22253	4.940
Valid N (listwise)	204						

Source: Data processed by SPSS, 2021

3.1 Validity test

The product moment (person) formula is used to compare the values of Rcount and Rtable, and if Rcount > Rtable, the validity test is successful. With 204 respondents, a R table with degrees of freedom of $204 - 2 = 202$ and a significance level of 5% (0.05) can be created, yielding a Rtable value of 0.137. The outcomes of each variable's validity are shown below.

Table 2. Validity Test Financial Access

No	Statement Items	Rcount	RTable	Information
1	X1.1	0,858	0,137	VALID
2	X1.2	0,821	0,137	VALID
3	X1.3	0,839	0,137	VALID
4	X1.4	0,747	0,137	VALID
5	X1.5	0,777	0,137	VALID

Source: Data processed by SPSS, 2021

Table 3. Validity Test Financial Literacy

No	Statement Items	Rcount	RTable	Information
1	X2.1	0,720	0,137	VALID
2	X2.2	0,759	0,137	VALID
3	X2.3	0,744	0,137	VALID
4	X2.4	0,758	0,137	VALID
5	X2.5	0,624	0,137	VALID

Source: Data processed by SPSS, 2021

Table 4. Validity Test Financial Experience

No	Statement Items	Rcount	RTable	Information
1	X3.1	0,581	0,137	VALID
2	X3.2	0,806	0,137	VALID
3	X3.3	0,746	0,137	VALID
4	X3.4	0,841	0,137	VALID
5	X3.5	0,693	0,137	VALID

Source: Data processed by SPSS, 2021

Table 6. Financial Behavior Variable Validation Test Results

No	Statement Items	Rcount	RTable	Information
1	Y.1	0,735	0,137	VALID
2	Y.2	0,810	0,137	VALID
3	Y.3	0,833	0,137	VALID
4	Y.4	0,759	0,137	VALID
5	Y.5	0,324	0,137	VALID

Source: Data processed by SPSS, 2021

According to all tables above, validity test, each statement item on the questionnaire demonstrates that $R_{count} > R_{table}$ (0.137). These findings show that, out of a total of 20 statement items in the four research variables, 20 statements have been certified genuine, and no statement items have been found to be invalid (invalid).

Table 7. Normality Test Results, One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		204
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	1.83537233
Most Extreme Differences	Absolute	.061
	Positive	.061
	Negative	-.055
Test Statistic		.061
Asymp. Sig. (2-tailed)		.061
a. Test distribution is Normal.		

Source: Data processed by SPSS, 2021

Table 8. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-7.399	1.752		4.223	.000		
1							
Financial Access	.072	.059	.071	2.217	.025	.998	1.002
Financial Literacy	.043	.067	.046	2.652	.015	.675	1.481
Financial Experience	.517	.069	.533	7.513	.000	.676	1.478

Source: Data processed by SPSS, 2021

Following normality testing, the classical assumption test, multiple linear regression testing, and hypothesis testing on each variable, the analysis's findings can be summarized as follows:

a. The Impact of Financial Behavior of MSMEs in West Jakarta on Access to Finance

The findings indicated that the Financial Access Variable (X1) had a regression coefficient of 0.072, a value for tcount of 2.217, and a probability of 0.025, while ttable had a value of 1.97190. Therefore, it can be inferred that (Ho) is rejected and (Ha) is accepted from the results obtained by the values of tcount (2.217) > ttable (1.97190) or the value of Sig. (0.025) () = 0.05 that the Financial Access variable has a significant impact on the MSME Financial Behavior variable in West Jakarta.

The findings of this study demonstrate that access to financial institutions in the MSME sector can help MSME financial behavior improve. The ability to get financing will have an impact on how the MSME community manages their money. It is obvious that this can have an effect on people's personal financial behavior because if the banking business is accessible to the general public, it will be simple for the public to recognize and use banking goods. The hypothesis (Tammy Allen D. et al., 2013) that claims that having access to money can have various welfare benefits for people and earlier research (Setiawan, n.d.) that claims that the variable of financial access partially or concurrently influences financial behavior both corroborate the findings of this study.

b. The Impact of Financial Literacy on MSMEs in West Jakarta's Financial Behavior

The findings indicated that the Financial Literacy Variable (X2) had a regression coefficient of 0.042 and a t-value (2.652) with a probability of 0.015. The results show that (Ho) is rejected and (Ha) is accepted, and it can be inferred that the Financial Literacy variable has a significant impact on the MSME Financial Behavior variable in West Jakarta based on the values of tcount (2.652) > ttable (1.97190) or Sig. (0.015) () = 0.05.

The findings of this study suggest that financial literacy is more than simply science or theory, and that it can actually help people become more prosperous by enabling them to manage their assets more carefully. The hypothesis (Ina Ibor et al., 2017) that financially literate people use sophisticated financial products more effectively is validated by the study's findings. Financial decision-making improves with increasing financial knowledge. Increasing financial literacy is one of the key elements that explain behavior change, according to research on the effects of financial literacy training, which is supported by earlier research. Financial conduct is unaffected by financial literacy, according to (Purwidiati & Tubastuvi, 2019). significantly.

c. The Impact of Financial Experience on MSMEs in West Jakarta's Financial Behavior

The findings indicated that Financial Experience (X3) had a probability of 0.000, a regression coefficient of 0.517, and a t-value of 7.513. ttable value: 1.97190 achieved. The results show that (Ho) is rejected and (Ha) is accepted, indicating that the Financial Experience variable has a significant impact on the MSME Financial Behavior variable in West Jakarta (tcount (7.513) > ttable (1.97190) or Sig. (0.000) () = 0.05.

The findings of this study suggest that capital can be managed financially using financial experience. Individuals use their financial experience to learn how to manage their resources and make future financial decisions. Financial investing experience, including ownership and use of investment instruments, as well as online stock, mutual fund, and real estate purchases (stocks, bonds, mutual funds, etc.). To enhance income, manage expenses, and pay taxes and improve financial management, good and accurate financial investment planning selections are required. The notion is backed by the study's findings (Yulianti & Silvy, 2013) Financial expertise, which is supported by prior study, is the capacity to decide on investment planning and management in order to ensure the utility of financial management in the present and the future. Financial experience has an impact on financial conduct, according to (Purwidiati & Tubastuvi, 2019).

d. How West Jakarta MSMEs' Financial Behavior Is Affected by Financial Access, Financial Literacy, and Financial Experience

Using the values of Sig. = 0.000, Fcount = 31.092, and Ftable = 2.65, the results indicated that Financial Access (X1), Financial Literacy (X2), and Financial Experience (X3) had an impact on Financial Behavior (Y), indicating that there is a significant influence of these factors simultaneously on the financial behavior (Y) of West Jakarta MSMEs. Financial access, financial literacy, and financial experience have a cumulative influence on financial behavior that is 72.8% in size.

4. CONCLUSION

The findings of this study are as follows, based on the analysis and discussion of the research data analysis results: with a regression coefficient of 0.072 and a t-value (2.217) with a probability of 0.025, the Financial Access variable (X1) is partially shown to have a significant impact on the financial behavior of MSMEs in West Jakarta. In order for the results produced by tcount (2.217) > ttable (1.97190) or Sig. (0.025) () = 0.05. The data analysis findings support the notion that Financial Access significantly influences MSMEs' financial behavior, with a regression coefficient of 0.042 and a t-value (2.652) with a probability of 0.015, it is partially demonstrated that the Financial Literacy variable (X2) has a substantial impact on the financial behavior of MSMEs in West Jakarta. The ttable value obtained was 1.97190. In order for the outcomes produced by tcount (2.652) > ttable (1.97190) or Sig. (0.015) () = 0.05 The premise that financial literacy has a major impact on the financial behavior of SMEs is based on the findings of the data analysis, the variable Financial Experience (X3), which has a regression coefficient of 0.517 and a tcount value of (7.513) with a probability of 0.000, is partially shown to have a substantial impact on the financial behavior of MSMEs in West Jakarta. ttable value: 1.97190 achieved. In order for the results produced by tcount (7.513) > ttable (1.97190) or Sig. (0.000) () = 0.05 according to the findings of the data analysis. therefore the claim that SMEs' financial behavior is significantly influenced by their financial experience, it has been demonstrated that financial access, financial literacy, and financial experience all significantly influence financial behavior. As can be observed, Sig. = 0.000, Fcount = 31.092, and Ftable = 2.65 have values. Because Sig. 0.05 and Fcount > Ftable are positive numbers

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