



The Relationship of Financial Literacy and Financial Inclusion in Attracting Student Interest to Become Customers Syariah Banking

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Abstract: The presence of students in the world of Islamic banking as a young generation provides an opportunity for banks to continue to exist in the midst of existing competition. This study investigates how the influence of financial literacy and Islamic financial inclusion in attracting customer interest from among students. This research uses a type of quantitative research with statistical data. The number of respondents was 144 respondents who were students of the Islamic banking study program at the Parepare State Islamic Institute and Parepare Muhammadiyah University. Data analysis technique is a process used to manage research results in order to obtain a conclusion. Statistics is knowledge about data collection, data classification, data presentation, data management, drawing conclusions and making decisions based on certain problems. one sample t test, multiple linear regression test. Partial Test (t test), Simultaneous F Test and Coefficient of Determination Test. The results of the Financial Literacy research show that from the sample calculation values above, it is found that the average financial literacy is 43.2% of what is expected. Thus financial literacy is in the good category. Financial inclusion, shows that from the sample calculation value above, it is found that the average financial inclusion = 28.8% is in the good category. Interest in Using Islamic Financial Institutions, shows that from the sample calculation value above it is found that the average financial literacy is 21.6% of what is expected. The correlation coefficient is 0.804 with a significance of 0.000. Because the significance is $0.000 < 0.05$, H_0 is rejected and H_1 is accepted. This means that there is a positive and significant relationship between financial literacy and inclusion on the interest of Islamic Banking students at IAIN Parepare and Muhammadiyah Parepare University. The effect of financial literacy and inclusion on student interest in using Islamic financial institutions is 0.804. The calculated F-value is 62,932 with a significance level of 0.000. Because the P-Value < 0.05 , H_0 is rejected or in other words the coefficients β_1 and β_2 affect Y together so that it can be said that the regression model.

Keywords: Islamic Banking, Financial Literacy, Financial Inclusion, Student Interest, Customers Syariah Banking

INTRODUCTION

Research on measurement of financial literacy and its implications have increased in recent years; however, being focused on vulnerable population sub-group the studies have ignored the better-off section (Jain, 2022). To attain a sustainable financial system, financial literacy must reach all including educated ones who can also be its pro- vider. Students are a fairly large component of society, where those in question are those born from 1996 to 2009. Currently their existence has entered a phase of entering the world of students known as intellectuals or intellectuals by the community. In addition, students are a very valuable asset to advance a nation. Students will not only face increasing complexity in financial products, services and markets. But they are also more likely to have to assume future financial risks than the rest of society.

As we know, knowledge of finance is also known as financial literacy. The earlier financial literacy is introduced, the better. This is because if an error occurs in financial management it can cause financial problems, the most concrete example of which is economic difficulties. Therefore, financial literacy is very important for the community, especially students, to avoid economic difficulties. This study is its usefulness for economic players to have assertive financial strategies and policymakers to enhance the level of financial literacy and provide trustworthy financial guidance (Van Nguyen et al., 2022).

Knowledge in the field of financial management should be possessed by students from an early age. Students who have a low level of financial literacy tend to have negative opinions about finances and make wrong decisions, while students who have good financial literacy tend to be able to make decisions about life and the actions they take. Financial Literacy is a basic need for everyone, both individuals, groups and financial institutions to avoid financial problems. Financial difficulties are not only a function of income alone (low income), financial difficulties can also occur if there is an error in financial management (miss-management) such as misuse of credit and lack of financial planning.

Quantitative research was performed using a survey database of 3,875 respondents collected in Mozambique. Our results document that more than 61% of the respondents did not answer correctly the questions regarding financial literacy, which indicates that the levels of financial literacy in Mozambique are low. Individuals are not qualified to make the most appropriate financial decisions and end up compromising their financial well-being. It was also found that age impacts respondents' financial knowledge, gender influences financial behavior, educational level influences financial knowledge and behavior, and the training area influences financial knowledge, attitude, and behavior. This article contributes by providing information regarding the financial literacy of Mozambique, which is still scarce and providing a scientific basis for decision-makers to improve public policies regarding financial literacy (Cossa et al., 2022). (Kumar et al., 2022) findings reveal that skills directly affect financial decision making and perceived financial well-being, and digital financial literacy emerges as a direct and mediating predictor of financial decision making.

Financial Services Authority (OJK) Financial Literacy is knowledge, skills and beliefs that influence attitudes and behavior to improve the quality of decision making and financial management in order to achieve prosperity. Financial services authorities are very intensive in stimulating the public to know and understand financial service products. Financial literacy is of particular concern to the government. This is because Indonesia still ranks low regarding financial literacy.

After literacy is owned by students, they are also expected to have confidence in certain financial institutions. that adults of younger age have better skills in cash

management, credit management, savings and investment, and financial management compared to older adults (Van Nguyen et al., 2022). The growing development of Islamic financial institutions must be supported by adequate access so that they can be more inclusive and in accordance with the needs of society. Along with the current needs of the community, it is not only adults who use financial services, young people including students have also used a lot of financial services, both sharia and conventional.

Financial inclusion is a process of promoting affordable, timely and adequate access to various regulated financial products and services and expanding their use by all segments of society through the application of existing and innovative approaches that can be customized including financial awareness and financial education with a view to promote financial well-being and economic and social inclusion. Financial inclusion currently needs to be developed especially among students because with the ease of access provided by financial institutions, it is hoped that this will be able to increase and increase student interest in using Islamic financial institutions. Access to and financial services available to financial institutions, products and services has the aim of increasing people's welfare. An example of access to financial inclusion is that students master transactions, payments, savings, and insurance that are used responsibly and sustainably. Interest is a tendency to buy a brand or take action related to a purchase as measured by the level of probability of making a purchase. The study suggests that money management is the most important measure of assessing financial literacy whereas basic knowledge of finance affect other measure i.e., risk management, money management and saving and investment. Thus, ensuring the dissemination of basic knowledge of finance, financial literacy can be ensured. Study also comments on how to increase awareness of basic finance knowledge. This study finding has great application for researchers and institutional authorities (Sharma, 2022).

According to Pandia, Islamic financial institutions have a function to accelerate the distribution of funds from Surplus Spending Units (SSU) to Deficit Spending Units (DSU). This function is known as the financial intermediary function (financial intermediation). In addition to these functions, there are other functions or roles that are almost identical to it, namely as agent of development. Student decision-making in using Islamic financial institutions is very necessary because of Basically a good decision can make a good plan for the future. Financial inclusion is considered as a way for everyone to enjoy prosperity by accessing all existing financial services, it must start with concrete steps. The findings extend effects of general ability to include greater awareness of economic functions, and improved use of economic information which improves lifetime financial wellbeing (Lin & Bates, 2022). to promote better financial well-being and avert future financial distress. (Ansari et al., 2023)

Parepare City is one of the big cities in South Sulawesi which has several well-known campuses, including; IAIN Parepare, Habibie Institute of Technology, Makassar State University, Parepare Muhammadiyah University. Particularly at IAIN Parepare and Muhammadiyah University Parepare there is an Islamic banking study program in which each subject studies not far from knowledge of financial institutions, financial products, and how to specifically manage finances to better understand how to manage finances. This study program plays a very important role in seeking to increase Islamic financial literacy in students because students are the front door in conducting and providing other financial education to other students within the IAIN Parepare and Muhammadiyah University Parepare environments. So, Based on preliminary research conducted by researchers on active Islamic banking students at IAIN Parepare and Muhammadiyah Parepare University or those who are studying Islamic banking, the problem that researchers get is that there is still a lack of awareness of students in using Islamic

financial institutions, this is due to the inherent use of conventional banks as well as non-sharia financial institution services among students. Not only that, another phenomenon that occurs is that after students are proficient in financial service institutions, not all of them can access financial services easily. This has been proven by conducting pre-research on these students, including:

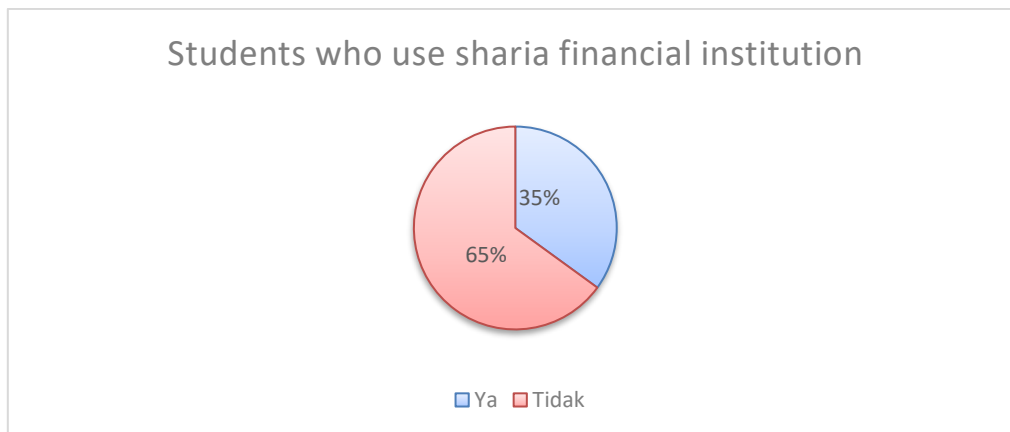


Figure 1. Users of Islamic financial institution services to active students

Financial literacy is seen as key instrument to ensure financial inclusion (Sharma, 2022). 28 students have used services or become customers at Islamic banks and have Islamic bank account books, while 65% or as many as 52 students have not used or become customers at Islamic banks but are still using services. conventional banks as daily transactions. From this initial research it can be interpreted that this is an indication that Islamic banking students at IAIN Parepare and Muhammadiyah University Parepare are still not interested in using Islamic financial institutions. This is actually inversely proportional to what students should apply if they already know about the understanding that has been obtained so far, namely prioritizing the use of Islamic financial institutions. Based on the background above, there is an assumption about the importance of current students knowing financial literacy and financial inclusion in using Islamic financial institutions as the nation's successor. The findings extend effects of general ability to include greater awareness of economic functions, and improved use of economic information which improves lifetime financial wellbeing.

LITERATURE REVIEW

Since the seminal work of Bernheim (1995) highlighting the importance of financial knowledge in explaining differences in saving behavior, there has been a plethora of research on measuring financial literacy (Sekita et al., 2022). Financial literacy has been gaining importance in academia and for the establishment of public policies, as it allows individuals to make better informed financial decisions impacting positively their financial well-being and, consequently, improving countries' economic growth. Financial literacy assumes that individuals combine financial knowledge and financial attitudes that can generate positive financial behavior (Cossa et al., 2022). Financial literacy, one of the two pillars of the financial system, refers to a set of skills and knowledge that allows an individual to make informed decisions through their understanding of finances (Jain, 2022)

According to UNESCO (The United Nations Educational, Scientific and Cultural Organization) literacy is a skill, where what is meant by skill in this case is reading and writing skills regardless of the context in which the skill is obtained and who gets it. financial literacy (financial literacy) which means financial literacy, according to the Indonesian National Strategy for Financial Literacy guidebook, what is meant by financial literacy is a

series of processes or activities to increase knowledge (knowledge), belief (confidence) and skills (skills) consumers and the general public so that they are able to manage their finances better. this study is its usefulness for economic players to have assertive financial strategies and policymakers to enhance the level of financial literacy and provide trustworthy financial guidance (Van Nguyen et al., 2022).

Based on this understanding, it can be concluded that the use of financial products and services by the wider community is expected to be able to change or improve people's behavior in financial management, not just knowing and understanding financial service institutions and financial products and services, so that this can improve their welfare. Islamic financial literacy is one's financial knowledge, skills and attitudes in managing finances according to Islamic teachings. In addition, Islamic financial literacy is an obligation for every Muslim because it has a positive impact both in this world and the hereafter. Salehudin et al, expressed the same opinion that Islamic financial literacy is a person's ability to combine a set of financial knowledge, awareness and skills and attitudes in managing financial resources according to Islamic teachings. In addition, Islamic financial literacy is an obligation for every Muslim citizen because it has an impact on the realization of Al-Falah (success) in this world and the hereafter.

Islamic Financial Literacy provides benefits, namely Adding a high level of awareness of financial knowledge brings a positive influence in everyday decisions and encourages higher levels of savings which ultimately improve the quality of life in the long run and Able to understand the basic concepts of economics and finance, so that they can apply them appropriately.

Financial inclusion is recognized as a key enabler of the 2030 Sustainable Development Goals agenda of the United Nations (Murshed et al., 2023). Financial inclusion, which requires granting an affordable, adequate and widespread access to a sufficient range of financial products and services, has often been considered one of the corner-stones of social development, as it can contribute to poverty reduction, narrow the income gap, lead to wiser financial decisions, help to enlarge savings, increase the productive investment and foster a greater gender equality. Information and communication technologies have shown a major potential to contribute to financial inclusion, giving birth to digital financial inclusion (Gallego-Losada et al., 2023). Financial inclusion is the result of users' accessibility to financial services. The increase in mobile device users indicates a surge in digitally savvy consumers' usage of digitised services (Ong et al., 2023). Financial inclusion (FI) refers to the presence, accessibility, and utilization of financial services for all people (Sheng et al., 2022).

RESEARCH

This research uses a type of quantitative research using statistical analysis. The research data were obtained from students of the Islamic Banking study program at the Parepare State Islamic Institute and Parepare Muhammadiyah University. Population is a generalized area consisting of objects or subjects that have a certain quantity (amount) and characteristics (characteristics) determined by researchers to be studied and then conclusion is drawn. The informants of this study were active students of Islamic banking at IAIN Parepare and Muhammadiyah University Parepare for 2018-2021 with a total of 144 respondents. etc., of course there is a yardstick used. For the required data, the researcher uses a measuring instrument called the research instrument. The scale used in this study is the Likert scale. The Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. With a Likert Scale, the variables to be measured are translated into variable indicators. Then these indicators are used as a starting point for compiling instrument items which can be in the form of questions or statements. The answers

to each instrument item using the Likert Scale have a gradation from very positive to very negative, which can be in the form of words including: Very Important (SP), Important (P), Undecided (R), Not Important (TP), Very Not Important (STP). For assessing customer expectations, the answer can be given a score, for example: Very Important (SP) = 5, Important (P) = 4, Undecided (R): 3, Not Important (TP): 2, Very Unimportant (STP): 1. As for customer perception assessment, the answer can be given a score, for example: Very Good (SB): 5, Good (B) : 4, Undecided (R): 3, Not Good (TB) : 2 , Very Not Good (STB): 1.

Data analysis technique is a process used to manage research results in order to obtain a conclusion. Statistics is knowledge about data collection, data classification, data presentation, data management, drawing conclusions and making decisions based on certain problems. Based on the objectives of this study, the data analysis technique used in this study consisted of several parts, namely validity test, reliability test, normality test, multiple correlation test and regression analysis closely related to regression, one sample t test, multiple linear regression test. Partial Test (t test), Simultaneous F Test and Coefficient of Determination Test.

RESULT AND DISCUSSION

This research uses a type of quantitative research using statistical analysis. The research data were obtained from students of the Islamic Banking study program at the Parepare State Islamic Institute and Parepare Muhammadiyah University. Population is a generalized area consisting of objects or subjects that have a certain quantity (amount) and characteristics (characteristics) determined by researchers to be studied and then conclusion is drawn. The informants of this study were active students of Islamic banking at IAIN Parepare and Muhammadiyah University Parepare for 2018-2021 with a total of 144 respondents. etc., of course there is a yardstick used. For the required data, the researcher uses a measuring instrument called the research instrument. The scale used in this study is the Likert scale. The Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. With a Likert Scale, the variables to be measured are translated into variable indicators. Then these indicators are used as a starting point for compiling instrument items which can be in the form of questions or statements. The answers to each instrument item using the Likert Scale have a gradation from very positive to very negative, which can be in the form of words including: Very Important (SP), Important (P), Undecided (R), Not Important (TP), Very Not Important (STP). For assessing customer expectations, the answer can be given a score, for example: Very Important (SP) = 5, Important (P) = 4, Undecided (R): 3, Not Important (TP) : 2, Very Unimportant (STP): 1. As for customer perception assessment, the answer can be given a score, for example: Very Good (SB) : 5, Good (B) : 4, Undecided (R): 3, Not Good (TB) : 2 , Very Not Good (STB): 1.

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CONCLUSION

Based on the analysis described in this thesis, who discuss regarding the influence of financial literacy and inclusion on the interest of Islamic Banking Students of IAIN Parepare

and Muhammadiyah Parepare University in using Islamic financial institutions, the following conclusions can be drawn:

1. Financial Literacy, showing that from the sample calculation value above, an average financial literacy is found = 43.2% of what is expected. Ideally the expected score for the respondent's answer to the statement is 3257 or 75.40% of the ideal score. Thus financial literacy is in the good category.
2. Financial inclusion, showing that from the sample calculation value above, it was found that the average financial inclusion = 28.8% of what was expected. Ideally the expected score for the respondent's answer to the statement is 2880 or 144.01% of the ideal score. Thus financial inclusion is in the good category.
3. Interest in Using Islamic Financial Institutions, shows that from the sample calculation value above it is found that the average financial literacy is 21.6% of what is expected. Ideally the expected score for the respondent's answer to the statement is 2160 or 76.40% of the ideal score. Thus financial literacy is in the good category.
4. The correlation coefficient is 0.804 with a significance of 0.000. Because the significance of $0.000 < 0.05$ then H_0 rejected and H_1 accepted. This means that there is a positive and significant relationship between financial literacy and inclusion on the interest of Islamic Banking students at IAIN Parepare and Muhammadiyah University Parepare and Muhammadiyah University Parepare in Using Islamic Financial Institutions. The table above also shows that the effect of financial literacy and inclusion on students' interest in using Islamic financial institutions is 0.804. The results of the data above show that there is an influence of Financial Literacy and Inclusion on the Interests of Islamic Banking Students at IAIN Parepare and Muhammadiyah University Parepare in Using Islamic Financial Institutions.
5. The calculated F-value is 62,932 with a significance level of 0.000. Because the P-Value < 0.05 , H_0 is rejected or in other words the coefficients β_1 and β_2 affect Y together so that it can be said that the regression model can be used or used to predict interest in using Islamic financial institutions. The test results show that Financial Literacy and Inclusion jointly (simultaneously) influence the Interest of Islamic Banking Students of IAIN Parepare and Muhammadiyah University in Using Islamic Financial Institutions.
6. Variable Test Results (X1) Literacy and Variable (X2) Inclusion have a positive and significant influence on the Interests of Islamic Banking Students of IAIN Parepare and Muhammadiyah Parepare University in using Islamic Financial Institutions. The magnitude of the influence of financial literacy and inclusion on the interest of Islamic Banking students at IAIN Parepare and Muhammadiyah Parepare University and using Islamic financial institutions is 64.6%. The coefficient of determination shows the magnitude of the effective contribution of the Interest of Islamic Banking Students of IAIN Parepare and Muhammadiyah University in Using Islamic Financial Institutions.

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