The Effect of Financial Inclusion and Financial Literacy Against Sharia Banking Stability at Bank Syariah Indonesia

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Abstract

The existence of financial inclusion, access to formal financial services such as savings, credit, and other products is very helpful for marginalized and low-income groups to improve welfare. Because financial markets are the heart of the economy that can contribute to people's economic welfare. This type of research uses quantitative methods with descriptive statistical research properties. Methodology used documentation methods and literature study. The data used is secondary data, namely financial statements. The processing of this research data uses the SPSS 20 program. The results showed that partial financial inclusion has a significant effect on banking stability. Partial financial literacy does not have a significant effect on banking stability. Simultaneously, financial inclusion and financial literacy affect the stability of Indonesia's sharia banking in 2019-2021. The results of the coefficient of determination test can be found that the value of Adjusted R Squared is 0.220 or 22.0%. This shows the ability of the independent variable in the study to explain the dependent variable by 22.0%, while the rest is explained by other variables by 78.0% which are not included in the study.

Keywords: *Financial Inclusion; Financial Literacy; Banking Stability*

How to Cite:

INTRODUCTION

Bank is a financial sector that plays a lot of role in a country's economy as a financial intermediary sector. Banks within the meaning of Article 1 paragraph (2) of Law No. 10 of 1998 amending Law No. 7 of 1992 concerning *Banking* are commercial organizations that collect money from citizens in the form of savings and distribute it to public services in the form of *credit* and / or other ways to improve the standard of living of people. In 2008, shari'ah banking institutions were increasingly trusted with the birth of Law Number 21 of 2008 concerning shari'ah banks, with the protection of this regulation is expected to trigger the development of the Islamic banking industry. . (Alfiyani &; Ariningrum, 2012).

Along with financial *inclution*, formal financial service portals such as savings, *credit*, means of payment, pension fees and a host of other goods will greatly benefit low-income people, as

well as be disadvantaged in growing their welfare. In fact, the financial *market* is an economic center that can contribute to the economic feasibility of citizens with goods and services that are useful to citizens. Based on *the* Bank Indonesia website, *financial inclusion* was introduced to global citizens after the 2008 crisis and has increased until now. *Financial inclution* is based on the lower class of citizens. The number is quite large and affected by the crisis. Proponents of financial *inclusion* aim to protect the lower classes by using them for *economic* activities without financial support or food available to them.

The Financial Inclusion Program in Indonesia was officiallyimplemented in2014. This program wasinitiated by BI with the aim of increasingthe number of citizen services in the use of financial services (Bank Indonesia, 2013). In fact, the application of inclusive finance has been applied by Indonesia in various forms suchas providing credit to people's businesses (KUR) and increasing microfinance institutions in the form of Credit Cooperatives, Application and Lending (KSP) and BMT.

On Per P residen rule No. 82 of 2016 concerning the National Financial Inclusion Strategy (SNKI) is 75 percent for financial inclusion, while the purpose of financial understanding is contained in Presidential Regulation No. 50 of 2017 concerning the National Plan for User Protection of 35 percent.

The results of the 2016 National *Financial Literacy* Survey show that the level of financial *inclusion* of citizens in Indonesia is only 67.82%, especially   banking citizens, while the level of financial product literacy   is only 29.66%. Indonesia is still controlled by banking institutions (Buana Retno Dewi, 2017).

From the end of 2018 to the beginning of 2019, the *Survey work* program of the National Council for Financial Inclusion (DNKI) carried out a financial inclusion *surveywith* national representatives to measure the services of people with formal financial services in Indonesia towards financial inclusion at the end of 2018. *The survey* found that adults are more likely touse the goods and services offered by the formal financial sector than people whose accounts are registered in personal names. Up to 70.3 percent of adults have purchased goods orservices offered by the formal financial sector, but only 55.7 percent havean account (OJK 2017-2018, t.t.).

METHODS
Population, Sample, and Data Collection Techniques

Population in this   *research* is the annual publication report of Bank Syariah Indonesia for 2019-2021. The approach used is saturated *samp* e. Saturated samp el is a way of using samp el for eachtype of *population* used as samp *le*.   The dataset technique used in this *research* is secondary data, which is data obtained indirectly oryou *research* archives that contain past events. The variable used is the variable depenedent of personal stability obtained from BSI's public records in 2019-2021.

Data Analysis Techniques

Partial Hypothesis Test (Test t)

Partial hypothesis testing is commonly called the t test, this test is carried out to understand the impact of each independent variable on the dependent variable separately. If t_{counts}

> t_{table}, it can be concluded that the regression equation model that can be formed is included in the *fit* criteria. The t-test (partial) basically shows how far the influence of one individual explanatory/independent variable in explaining the variation of the dependent variable tested at a significant level of 0.05 (Ghozali 2022).

Simultaneous Test (Test F)

F testing is called simultaneous testing, which is a test carried out to understand the impact of the independent variable as a whole on its dependent variable. If $t_{counts} > t_{table}$, it can be concluded that the regression equation model that can be formed is included in the *fit* criteria. This significance test is basically carried out to prove Financial *Inclusion* and Financial Literacy against the stability of Islamic banking.

The statistical test F test aims to determine whether or not there is a simultaneous influence (together) given by the independent variable (X) on the dependent variable (Y), namely to determine whether there is an effect of financial inclusion and financial literacy on stability, which is tested with a significance level of 0.05.

Determination Coefficient Test (R^2)

The value in the coefficient of determination test shows the presentation of the impact of the *independent* variable t on the *dependent* variable t. In simple terms, the value of the coefficient of determination is calculated by squaring the value of the correlation coefficient (R) to (R^2). If the value of the coefficient of determination (R square) is close to number 1, then the independent variable is getting closer to the correlation with the dependent variable so that it can be said that the use of the regression model can be justified. The value of the coefficient of determination is between zero and one (0-1). If the value of the coefficient of determination is closer to one, the regression model is better and the independent variable is said to have a large impact on the dependent *variable*, and vice versa (Suliyanto, 2011: 62).

RESULT AND DISCUSSIONS
Results of **Partial** Hypothesis Test **(Test t)**
Table 1. Test Results t (Partial)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Itself.
	B	Std. Error	Beta		
(Constant)	29.866	16.667		1.792	.082
1 Financialinclusion	.693	.283	.385	2.446	.020
2 Literasikeuangan	.238	.189	.198	1.258	.217

a. Dependent Variable: banking stability
Source: Data processed using *SPSS*

Based on table 1 above, it can be concluded that the results of the hypothesis test through the t test are as follows:

    1) *Financial Inclusion*

        The results of the t test show a significant value (sig) for the effect of X1 on Y is 0.020 < 0.05 and the $_{calculated}$ t value of 2.446 is greater than > t_{table} (2.034) so that it can be concluded that there is an influence of financial inclusion on banking stability.

    2) Financial Literacy

        The results of the t test show a significant value (sig) for the effect of X2 on Y is 0.217 > 0.05 and the$_{calculated}$ t value (1.528) is smaller < t_{table} (2.034) so it can be concluded that financial literacy has no effect on banking stability.

Simultaneous Test Results **(Test F)**

Table 2. F Test Results (Simultaneous)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	1558.987	2	779.493	4.644	.017[b]
	Residual	5539.226	33	167.855		
	Total	7098.212	35			

a. Dependent Variable: stabilitasperbankan

b. Predictors: (Constant), literasikeuangan, financialinclusion

Source: Data processed using *SPSS*

Based on table 4.6 above, it can be seen that the significance value (sig) for the effect of the independent variable on the dependent variable is 0.017 < 0.05 and the$_{calculated}$ F value is 4.644 > F_{table} (2.46), so it can be concluded that there is an influence of financial inclusion and financial literacy together affect banking stability.

Determination Coefficient Test Results (R^2)

Table 3. Test Coefficient of Determination (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.469[a]	.220	.172	12.95590

a. Predictors: (Constant), financial literacy, financial inclusion

b. Dependent Variable: banking stability

From the results of Table 4.7 explains that the value of the relationship (R) is 0.469. From the output, a coefficient of determination (R Square) of 0.220 was obtained which contained an explanation that the ability of the independent variable to explain the dependent variable was 22.0%, while the rest was explained by other variables of 78.0% which were not included in this study.

DISCUSSION

The Effect of *Financial Inclusion* on Stability at BSI in 2019-2021

Financial Inclusion has a significant value of 0.020 < 0.05 and a $_{\text{calculated}}$ t value of 2.446 greater > 2.034 so that it can be concluded that there is an impact of financial inclusion on banking stability. then it can be concluded that H $_{\text{o}}$ is rejected and H$_{\text{a}}$ is accepted so that financial inclusion variables partially have an impact on the stability of Indonesia's Islamic banking in 2019-2021.

Financial inclusion is a stage to ensure accessibility, procurement of services and be able to get the function of the official financial system for all citizens. BI describes financial inclusion as a government regulation to provide financial services so that they can be used by all citizens, especially middle and lower class citizens. All citizens are expected to be able to use the official financial sector to complete important needs such as saving comfortably, instant transfers, applying for capital and being able to participate in *insurance*. Financial inclusion will raise the level of economic development, equalize income so as to overcome *poverty* and increase the level of financial stability. Wagland & Taylor, 2009, p. 16)

The Effect of Financial Literacy on Stability at BSI in 2019-2021

Financial Literacy has a significant value of 0.217 > 0.05 and a$_{\text{calculated}}$ t value of 1.528 smaller < 2.034 so that financial literacy does not have an impact on banking stability, it can be concluded that H $_{\text{o}}$ is accepted and H$_{\text{a}}$ is rejected so that the variable of financial understanding does not have an impact on BSI's stability in 2019-2021.

This study shows that the popular shari'ah financial education model for business people has been well implemented, but the intensity of direct socialization is still not optimal. The level of understanding of shari'ah finance for business people is still minimal.

The Effect of Financial Inclusion and Financial Literacy Simultaneously on Stability at BSI in 2019-2021

In accordance with the results of hypothesis testing that has been carried out, it is known from the simultaneous test (Test F) that the calculated F value is 0.017 < 0.05 and the $_{\text{calculated}}$ F value is 4.644 > F$_{\text{table}}$ 2.46, so it can be concluded that the impact of financial inclusion and financial literacy simultaneously has an impact on banking stability.

This shows that it simultaneously states that there is an impact of financial inclusion and financial literacy on the stability of Indonesia's Islamic banking in 2019-2021. And the R Square table shows that financial inclusion and financial literacy have an impact of 22.0% on banking stability while the remaining 78.0% is influenced by variables or other factors.

CONCLUSION

Financial inclusion has an impact on stability in BSI, it can be noted that the significant value of 0.020 < 0.05 and the calculated t value of 2.446 is greater > 2.034 so that it can be concluded that there is an impact of financial inclusion on banking stability.

Financialiteration has no impact on stability in BSI, it can be noted that the significant value of 0.217 > 0.05 and the $_{\text{calculated}}$ t value of 1.528 is smaller < 2.034 so that financial literacy does not affect banking stability.

Financial inclusion and financial understanding affect stability at BSI, it can be noted that the calculated F value is 0.017 < 0.05 and the $_{\text{calculated}}$ F value is 4.644 > F$_{\text{table}}$ 2.46, so it can be concluded

that the impact of financial inclusion and financial literacy simultaneously affects banking stability.

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