Original Article

The Effect of Financial Literacy, the use of Digital Financial Products, and the use of the internet against Financial Inclusion in Indonesia

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Abstract - Financial inclusion has a vital role in increasing economic growth through the use of products from financial services. Public understanding and knowledge about finance is the main capital for economic actors, especially MSMEs, to obtain financial services and benefits from these financial service products. The use of digital-based financial products or Digital Financial Products supported by adequate internet access and services can be a bridge for the public to enter into an inclusive financial system. This study uses the partial least squares (PLS) method to estimate a formative model that analyzes the effect of financial literacy, use of digital financial products, and internet use on financial inclusion. The sample used was 210 respondents from MSME actors in Bandar Lampung City, taken by random sampling technique in March-April 2022. Data collection used a questionnaire that was directly obtained from respondents. The results showed that there was a direct and indirect influence. Financial literacy, the use of Digital Financial Products, and the use of the internet positively influence financial inclusion. Financial literacy also has a positive effect on digital financial products and internet usage. The indirect effect shows that financial literacy has a positive effect on financial inclusion through digital financial products and the use of the internet.

Keywords - Financial literacy, Digital financial products, Internet, Financial inclusion.

1. Introduction

One of the factors that can determine the level of financial inclusion in a country is its population's level of financial literacy. According to the Financial Services Authority (2017), financial literacy is knowledge, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve prosperity. According to (Pulungan and Ndururu 2019; Shen, Hu, and Hueng 2018), the research results found that financial literacy has a positive influence on Financial Inclusion. Based on the results of these researchers, it can be concluded that financial literacy is not only knowledge about financial products but also knowledge about management and decision-making attitudes.

The third National Financial Literacy Survey (SNLIK) conducted by the Financial Services Authority (2019) showed that the financial literacy index reached 38.03% and the financial inclusion index 76.19%. This figure is an increase compared to the results of the 2016 OJK survey, namely the financial literacy index of 29.7% and the financial inclusion index of 67.8%.
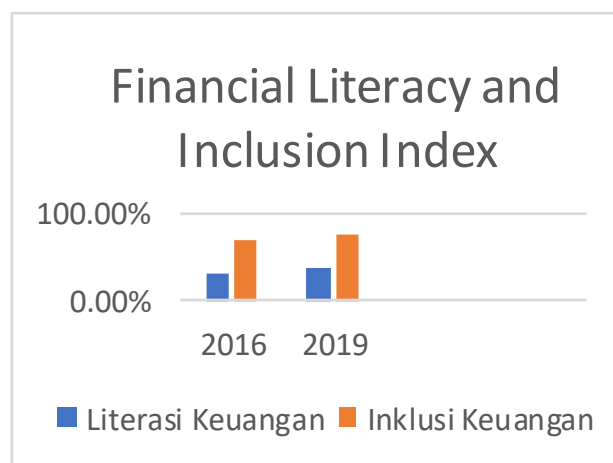

Fig. 1. 1 Index of Indonesian Financial Literacy and Financial Inclusion

From these data, it can be said that Indonesia's literacy rate is still low, although it has increased. Indonesia's financial literacy rate in 2019 was 38.03%, meaning that out of 100 Indonesians, only 38 people were included in the *well-literate category*. From these data, it can be said that the value of financial literacy and financial inclusion has an unbalanced proportion. This has become a phenomenon in Indonesia. The value of financial inclusion, which is higher

than financial literacy, shows that many Indonesians already easily use financial services and products but do not have a good understanding and knowledge of these financial products.

Financial Technology, commonly referred to as Fintech, is a digital financial service that makes it easier for people to make transactions and obtain financing. *Digital finance* and financial inclusion have several benefits for financial service users, financial service providers, governments, and the economy. According to (Ozili 2018), since 2010, the World Bank has been leading this initiative to help reduce poverty in developing economies. According to Bank Indonesia, *Fintech* emerged in line with changes in people's lifestyles, which are currently dominated by information technology users who demand a fast-paced life.

The use of digital financial products has a positive effect on financial inclusion in developing and developed countries (Ozili 2018); this is in line with research results (Kunt et al. 2017) which show that the use of digital payments, age, gender, and income level affect financial inclusion in the world, especially developing and developed countries. Indonesia, which is categorized as a developing country, certainly reflects that the more massive the use of digital financial products, the more financial inclusion will increase. Based on data from Bank Indonesia (2019), the volume and nominal of transactions using electronic money in Indonesia have continued to increase, especially in the last 3 years.

Table 1.1 Total Increase in Volume and Nominal of Electronic Money Transactions

Period	2017	2018	2019
Volume	943,319,933	2,922,698,905	5,226,699,919
Nominal	12,375,469	47,198,616	145,165,468

Siahaan (2017) argues that encouraging digital financial products is one of the drivers of increasing national financial inclusion. The factor that causes the use of *digital financial products to* be increasingly used is the emergence of various types of e-commerce in Indonesia. The definition *of e-commerce* is a business process using electronic technology that connects a company's consumers in the form of electronic transactions. Thus, in principle, a business with *e-commerce is a paperless commerce* scriptless business (155780-ID-newspaper-digital-as-media-converter nd). In other words, *e-commerce* is a place where sellers and buyers can transact online, where the payment system and receipt of funds are done digitally. Several digital payment methods include *internet banking, mobile banking, e-money, credit cards, and debit cards.*

According to the APJII survey (2019), Indonesia shows that our society's internet usage or penetration has reached 64.8%, which is 171.17 million people from 264.16 million Indonesian population in 2018. Thus, this digital and internet-based financial service will be very easily accessible to the Indonesian people. This is in line with research (Al-Rfou 2013), which shows that internet use and internet quality significantly influence financial inclusion. However, not all internet users can automatically directly access inclusive financial services. Other factors cause this to happen, including the ease and speed of internet access in a country that is inadequate and the level of public knowledge of technology, especially the internet, is low. Michelle (2016) states that agency banking, mobile banking, and the internet do not affect financial inclusion in the banking industry in Kenya. Shen, Hu, and Hueng (2018) also found the same thing regarding internet use in China, where internet use did not significantly affect financial inclusion.

Research conducted by (Natalia et al. 2020) found that financial literacy did not positively affect the financial inclusion of MSME actors. Different research results certainly cannot be separated from the research object and the indicators used in the study. As well as research (Michelle 2016) found that in developing countries, especially in the African region, internet use does not have a significant effect on financial inclusion.

2. Literature Review
2.1. Intermediation Theory
Financial intermediation discusses one of the functions of financial service institutions, especially banking, where banks have the main task of being the dominant supporter in a country's economy with the task of intermediating funds from those who have excess funds to those who lack funds (American Finance Association Financial Intermediaries and the Saving-Investment). Process) Author(s): John G. Gurley and Edward S. Shaw Published by: Wiley for the American Stable Financial Association URL: http://www.jstor.org/stable/2976705 Accessed: 2016)

The intermediation function of banking financial institutions is closely related to financial inclusion. The public's decision to buy financial products, whether in terms of fund products (savings, deposits, investments, etc.) or financing products (KPR, KUR, KKB, etc.), automatically drives the intermediation function.

With the development of technology, especially in *financial technology*, making choices or public references to financial products easier. For example, to open an account at a bank, people do not have to go to a branch office. Still, it can be done anywhere with the application *of digital financial products* supported by internet connectivity. Thus, the benefits of financial inclusion supported by financial literacy, *digital financial products,* and the use of the internet can positively affect the intermediary function in the financial world, especially banking.

2.2. Financial Inclusion

Financial inclusion is a financial system that serves and offers savings, credit, payment, and risk management products to people with various needs (Kunt et al., 2017). Another definition related to financial inclusion, according to (Sarma 2012), financial inclusion is a process that ensures easy access, availability, and the formal financial system for all economic actors.

Financial inclusion is a term that refers to a situation where financial products and services can be accessed, used, and provided benefits and good quality services to improve welfare (Saputra and Dewi 2017). The Financial Services Authority Regulation (2016) defines financial inclusion as the availability of access to various financial institutions, products, and services following the needs and capabilities of the community to improve people's welfare.

2.3.1. Financial Inclusion Measurement

OECD (2016) has developed questions on a questionnaire that can measure the level of financial inclusion. This questionnaire has been used in several countries with different circumstances and characteristics of respondents. Questions are designed with a focus on four things, namely:

- **Product holding**
  Four indicators identify the financial products currently owned by respondents, namely savings or retirement products, payment products, current accounts, or e-money (excluding credit), insurance, and credit or mortgage products.
- **Product awareness**
  In addition to having financial products, awareness of products as needed is also important.
- **Product choice**
  Financial inclusion is very beneficial for consumers if financial products are monitored properly.
- **Looking for alternatives to formal financial services**
  The final indicator identifies communities that may not have access to formal financial services.

2.4. Financial Literacy

According to (Atkinson and Messy 2012), financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors needed to make good financial decisions and ultimately achieve the individual's financial well-being. According to (Chen and Volpe 1998), Financial literacy is knowledge to manage finances.

Based on a survey conducted in 2013, the level of financial literacy of the Indonesian population is divided into four parts, namely:

- Good understanding is knowledge and confidence about financial service institutions and products, including features, benefits and risks, rights and obligations related to financial products and services, and skills in using products and services.
- Sufficiently literate, knowledgeable, and confident about financial service institutions and products and services, including features, benefits and risks, rights, and obligations related to financial products and services.
- Lack of literacy only knows financial service institutions, products, and services.
- Not literate, do not have knowledge and confidence in financial service institutions and financial products and services, and do not have skills in using financial products and services.

2.5. Digital Finance

According to (Shen, Hu, and Hueng 2018), digital finance is a new business model that utilizes the capabilities of the internet and technology to achieve a wider range of financial activities such as third party payments, online lending, direct sales of funds, crowdfunding, online insurance, and so on. Banking.

According to Bank Of Indonesia Regulation (2017) categorizes *financial technology* into empathy as follows:

- Crowdfunding and peer to peer (P2P) lending
- Market aggregator
- Risk management and investment
- Payment, settlement, and clearing

2.6. Internet

Research conducted by (Cheng et al. 2012) said that ICT (Information Communication and Technology) has a positive impact that can be felt very quickly because ICT has now become a basic need of society, such as electricity, air, and transportation.

(Andrianaivo and Kpodar 2011) , explaining the impact of ICT:
- Direct influence:
  1. Contribute to domestic production and job creation
  2. increase in government revenue
  3. Affect the payment system.
- Indirect influence:
  1. Expand the market.
  2. Increase in company productivity.
  3. Stimulate capital increase.
  4. Increased financial inclusion

2.6. Hypothesis

According to Nazir (2005), a hypothesis is a temporary answer to a research problem, the truth of which must be tested empirically. The hypothesis states what relationship we are looking for or what we want to study.

- The Effect of Financial Literacy on Financial Inclusion

    Financial knowledge provides individuals with the knowledge and skills needed to assess whether the financial product is suitable for them to use and can improve their financial status and financial inclusion. (Rooij, Lusardi, and Alessie 2011) Identifying that financial literacy affects financial *decision-making*, where people who are less literate will be less interested in investing in stocks. (Hutabarat, 2018) says that financial literacy has a real and collective influence on financial inclusion. And (Shen, Hu, and Hueng 2018) also explain financial literacy's positive and significant influence on financial inclusion. Based on the research results above, the authors provide a hypothesis that there is a significant influence between financial literacy and financial inclusion.

H1: Financial literacy has a positive effect on financial inclusion.

- The Effect of Financial Literacy on the Use *of Digital Financial Products*

    Good financial literacy supports people to easily use digital-based financial products such as *mobile banking*, internet banking, and others related to useful and useful functions that can help and facilitate financial activities. This is evidenced by research (Königsheim, Lukas, and Nöth 2017) which finds that financial knowledge is significantly positively related to *Digital Financial Products.* (Gerrard, Cunningham, and Devlin 2006) Also assessed is that people do not use digital financial products such as internet banking or mobile banking for financial reasons. Thus, it can be said that high knowledge of finance becomes a strong basis for someone to use *Digital Financial Products* to assist and facilitate their financial transactions. From some of these statements, a hypothesis can be drawn that financial literacy significantly influence*s the use of digital financial* products.

H2: Financial literacy has a positive effect on the use of Digital Financial Products

- The Effect of Financial Literacy on Internet Use

    The internet is one of the important and almost irreplaceable instruments in every human activity not involved in financial activities or transactions. Lama and Lamb (2017) found that financial knowledge can be considered a potential risk factor for online shopping transactions. The results of this study indicate that financial literacy significantly affects internet use. (Rooij, Lusardi, and Alessie 2011) also found that they showed a higher literacy level that was more likely to read newspapers and magazines, pay attention to finances, and get internet information. From this statement, a hypothesis can be drawn that there is a significant influence between financial literacy and internet use.

H3: Financial Literacy has a positive effect on internet use.

- The Influence of the Use *of Digital Financial products* on Financial Inclusion

    Digital technology is an ideal medium to reach consumers in a wide area. With advances in technology, people can trade online at the cost of capital the smaller one. Transactions are carried out online by utilizing *digital payments and* capital and credit requirements that can be easily searched through *crowdfunding* and *online loans.* (Rooij, Lusardi, and Alessie 2011) provide an opinion that *digital finance* positively affects financial inclusion in developing and developed countries. (Stella 2019) also provides the same view on *digital finance,* which has a vital role in society's financial inclusion. Thus, the digital revolution, especially in the financial world, can assist the government in increasing inclusion and improving the welfare of all levels of society.

    From this statement, a hypothesis can be drawn that *digital* financial products have a significant effect.

H4: The use of digital financial products has a positive effect on financial inclusion

- Effect of Internet Use on Financial Inclusion

    Availability of information on financial products and services obtained through internet services. This technology can expand information and reduce barriers and time gaps. Many banks have used the internet as a medium for transactions and promotions. (Andrianaivo and Kpodar 2011) Said that the factors that influence the use of internet banking are internet use and the quality of internet connections. The study found that there is a significant relationship between internet use and digital payment usage, wherein using digital payment services or products means increasing financial inclusion. In addition, he also stated that there was a positive and significant interaction between ICT and financial inclusion. So from these empirical findings, a hypothesis can be drawn that there is a relationship or influence of internet use on financial inclusion.

H5: Internet use has a positive effect on Financial Inclusion

3. Research Methods

The method in this research is quantitative. The data used in this study are primary data and secondary data. The collection method in this research is through surveys and literature studies. The independent variable in this study is Financial Literacy (X1). The objective variable in this research is the use *of digital financial products* (X2), (Y2), Internet Use (X3), (Y3), and Financial Inclusion (Y1).
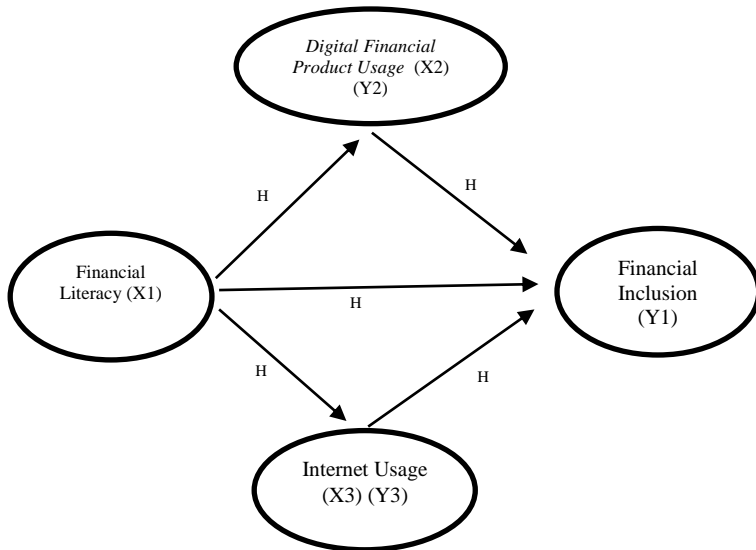

Fig. 1.2 Thinking Framework

Each variable has its variable indicator. Following the research conducted by (Shen, Hu, and Hueng 2018), indicators on financial literacy variables, use of digital financial products, and internet use, and according to (OECD 2016), indicators of financial inclusion variables, respectively, are as follows:

Table 1.2 Variable Indicators

Variable	Variable Indicators
Financial Literacy (X1)	*Education* (LK1)
	Income (LK2)
	Bank Commercial Financial Product (LK3)
	Bank Commercial Loan (LK4)
	Credit Card (LK5)
	Commercial Insurance (LK6)
	Share (LK7)
Digital Financial Product Usage **(X2), (Y2)**	*Internet Financial Product* (DFP1)
	Internet Loan (DFP2)
	Internet Consumer Product (DFP3)
	Crowd Funding (DFP4)
Internet Usage (X3), (Y3)	*Online Duration* (PI1)
	Internet Dependency (PI2)
	Third-Party Payment (PI3)
Inklusi Keuangan (Y1)	*Product Holding* (IK1)
	Product Choice (IK2)
	Product Awareness (IK3)
	Seeking Alternatives (IK4)

4. Results and Discussion

4.1. SEM-PLS Analysis

The data processing in this study used the SEM-PLS analysis method with the Smart PLS 3.0 application. The data obtained from filling in the respondent's questionnaire is 1 in a data tab of the CSV type (Comma Separated Values) for later analysis in the SEM-PLS Smart PLS 3.0 application.

- Measurement Model Evaluation Results (*Outer Model*)

Table 4.1 Outer Loading and AVE. Values

Variable	AVE	Indicator	Outer Loading Value	Description
Financial Literacy	0,802	LK1	0,851	Valid
		LK2	0,500	Invalid
		LK3	0,794	Valid
		LK4	0,753	Valid
		LK5	0,654	Invalid
		LK6	0,817	Valid
		LK7	0,573	Invalid
Digital Financial Product Usage	0,624	DFP1	0,864	Valid
		DFP2	0,640	Invalid
		DFP3	0,826	Valid
		DFP4	0,876	Valid
Internet Usage	0,709	PI1	0,811	Valid
		PI2	0,779	Valid
		PI3	0,822	Valid
Fianacial Inclusion	0,647	IK1	0,730	Valid
		IK2	0,735	Valid
		IK3	0,860	Valid
		IK4	0,829	Valid

4.2. Convergent validity

Convergent validity aims to determine the validity of each relationship between the indicator and its construct or latent variable. An indicator with a *loading factor* or *outer loading value* meets *convergent validity* if it has an *outer loading value* > 0.7 (Ghozali, 2016). Convergent validity can also be expressed using the average variance extracted (*AVE*) value. The AVE value is at least greater than 0.5.

Based on Table 4.1, it is known that there are indicator variables that have an *Outer Loading value* < 0.7, namely the DFP2, LK2, LK5, and LK variable indicators, so that they do not interfere with further analysis, these variable indicators are not included in the next stage of testing. Otherwise, based on the *Average value Variance Extracted* (AVE), all variables have an AVE value > 0.5. This shows that the latent variable can explain more than 50% of the variance of the indicators. So from Table 4.2, it can be said that all indicators and constructs in the model have met.

Valid Convergent test criteria*,* which means and is used in research and can be analyzed further.

4.3. Discriminant Validity

The discriminant validity of the measurement model was assessed based on *cross-loading* measurement with the construct. An indicator is declared to meet the requirements *of discriminant validity* if the value of the *cross-loading* indicator on the variable is the largest compared to other variables (Ghozali, 2016).

The following is the *cross-loading value* of each research indicator.

Table 4.2 Cross Loading Value

	Financial Literacy	*Digital Financial Products*	*Internet Usage*	*Financial Inclusion*
LK1	**0.915**	0.414	0.668	0.485
LK3	**0.744**	0.489	0.472	0.561
LK4	**0.826**	0.372	0.458	0.446
LK6	**0.873**	0.41 0	0.578	0.452
DFP1	0.534	**0.896**	0.476	0.649
DFP3	0.381	**0.878**	0.317	0.576
DFP4	0.424	**0.913**	0.275	0.67 0
PI1	0.503	0.361	**0.812**	0.362
PI2	0.613	0.265	**0.786**	0.288
PI3	0.464	0.344	**0.816**	0.579
IK1	0.443	0.404	0.599	**0.73 0**
IK2	0.406	0.82 0	0.213	**0.742**
IK3	0.522	0.497	0.446	**0.856**
IK4	0.465	0.4 00	0.434	**0.824**

Based on Tab1e 4.2, it is known that each indicator has a *cross-loading value* on the largest variable it forms compared to the *cross-loading value* on other variables. Thus, the indicators used in this study meet the requirements and have good discriminant *validity* in compiling their respective variables.

In addition to comparing the cross-loading values, *discriminant validity* can also be assessed by comparing the *Average Variance Extracted* root values (AVE). Following the *Fornell Larcker Criteria* that if the square root value of AVE for each construct is greater than the correlation value between constructs and other constructs in the model, then the model is said to have a good discriminant validity value (Henseler et al., 201

Table 4.3 Fornell Larcker Criteria Values

	Digital Financial Products	**Financial Inclusion**	**Financial Literacy**	**Internet Usage**
Digital Financial Products	0.896			
Financial Inclusion	0.708	0.790		
Financial Literacy	0.503	0.580	0.842	
Internet Usage	0.402	0.517	0.653	0.805

Table 4.3 above shows that all values of the square root of AVE or *Fornell Larcker Criteria* of each construct are greater than the correlation between constructs and other constructs. So it can be said that all the constructs in the estimated model have met the criteria for the *Discriminant Validity test.*

4.4. Reliability Test
The reliability test was conducted to know the instrument's consistency as a measuring instrument so that the results of a measurement can be trusted. The reliability of a model can be seen in 2 ways, namely the *Cronbach's Alpha* value and the *Composite Reliability value*.

Table 4.4 Cronbach's Alpha Value and Composite Reliability

	Alpha Cronbach	*Composite Reliability*	*Information*
Digital Financial Products	0.877	0.924	Trusted
Financial Inclusion	0.800	0.868	Trusted
Financial Literacy	0.861	0.906	Trusted
Internet Usage	0.728	0.846	Trusted

Table 4.4 shows that the value of *Cronbach's Alpha* and *Composite Reliability* of all variables is above 0.7. Thus, it

- Structural Model Evaluation Results (*Inner Model*)
  Evaluation of the structural or *inner model* used to predict latent relationships between variables. Following (Jogiyanto 2009), in this study, the authors measure the structural model with the value of the *Coefficient of Determination* (R^2), *Predictive Relevance* (Q^2), and *Goodness Fit Index (GoF)*. This shows that the relationship between constructs is robust (robust). So that hypothesis testing can be done.

4.4.1. Coefficient of Determination (R^2)

Analysis of Variance (R^2) or Determination Test is used to determine the effect of the independent variable on the dependent variable. Jogiyanto (2009) provides criteria for the value of R^2 in three classification categories, namely the value of R^2 0.67 as substantial (strong), 0.33 as moderate, and 0.19 as weak. The following is the value of the coefficient of determination (R^2) from the results of the SEM-PLS data.

Table 4.5 Coefficient of Determination Value *(R^2)*

	R Square (R^2)	*category*
Digital Financial Products	0.253	moderate
Financial Inclusion	0.585	moderate
Internet Usage	0.426	moderate

Table 4.5 above shows that the variable using *Digital Financial Products* has an R^2 of 0.253; this means that the construct *of Digital Financial Products* can be explained by the financial literacy variable of 0.253 or 25.3%, while other variables outside the model explain the remaining 74.7%. Study. The Financial Inclusion variable has an R-value of 0.585. This means that the Financial Inclusion construct can be explained by Financial Literacy, Use *of Digital Financial Products*, and Internet Use of 0.585 or 58.5%. In comparison, the remaining 41.5% is explained by other variables outside Research Model. The variable of Internet use has an R-value of 0.426, which means that the construct of Internet use can be explained by the Financial Literacy

can be said that the four variables have reliable reliability because they meet the *Reliability test criteria*.

variable of 0.426 or 42.6%. Other variables outside the research model explain the remaining 57.4%. From the results of R2 above, it can be seen that the existing category of coefficient of determination is moderate, and none is weak, so the analysis can be continued.

4.4.2. Predictive Relevance (Q^2)

Predictive Relevance (Q^2) or often called *predictive sample reuse, was* developed by Stone (1974) and, Geisser (1975), Ghozali & Latan (2015). This technique can represent the synthesis of *cross-validation* and *fitting functions* with predictions of *observed variables* and estimates of construct parameters. The value of $Q^2 > 0$ indicates that the observed values have been built well with a relevant predictors model. While the value of $Q^2 < 0$ indicates no predictive relevance. The calculation formula for Q^2 is as follows:

$$Q^2 = 1-(1-R_1^2)(1-R_2^2)\dots\dots(1-R_p^2)$$

With the value of R2 in accordance with table 4.6, then:

$$Q^2 = 1-[((1-(0,253)^2)((1-0,585)^2)((1-0.426)^2)]$$
$$Q^2 = 1-[(0.935)(0.658)(0.818)]$$
$$Q^2 = 1-0.503$$
$$Q^2 = 0.496$$

The calculated Q^2 value is 0.496 or $Q^2 > 0$. This indicates that the model has *predictive relevance*.

4.4.3. Match Index (GoF)

The Goodness of Fit Index was used to validate the overall structural model. This index is a single measure to validate the measurement and structural models' combined performance. This GoF value is obtained through the *average commonality index* (AVE) square root multiplied by the model mean value R^2. GoF values range from 0 to 1 with the interpretation of values: 0.1 = small GoF, 0.25 = moderate GoF and 0.36 = large GoF (Ghozali and Latan, 2015). GoF calculation formulas are as follows :

$$GoF = \sqrt{AVE \times R^2}$$

With the AVE value in table 4.1 and the R^2 according to table 4.5, then:

$$GoF = \sqrt{0,695 \times 0,421}$$
$$GoF = \sqrt{0,292}$$
$$GoF = 0,540$$

GoF Nilai value count is 0.540. Thus, it can be said that the calculated GoF value is included in the large GoF category, where increasing the GoF value means that the description of the model is appropriate.

- *Hypothesis test*

     The test statistic used is the t statistic or t-test; the application of the resampling method allows the data to be freely distributed, does not require the assumption of a normal distribution, and does not require a large sample.

The t-test or partial test is used to determine the effect of the independent variable on the variable part. The T-test was carried out using a comparison between the results *of the path coefficients* indicated by the T- *statistics* with the T-table. If the T - *statistic value* is higher than the value of the T-table, it means that there is an influence between the independent variables and partially on the variables. For the 95% confidence level and the significant value *(α)* 5%, the T-table value for the two-*tailed hypothesis* is > 1.96 (Jogiyanto, 2009). Another method compares the probability value (P_value) to the significant value (α). If the P_ value is less than the value of, then there is an influence between the independent variables partially on certain variables.
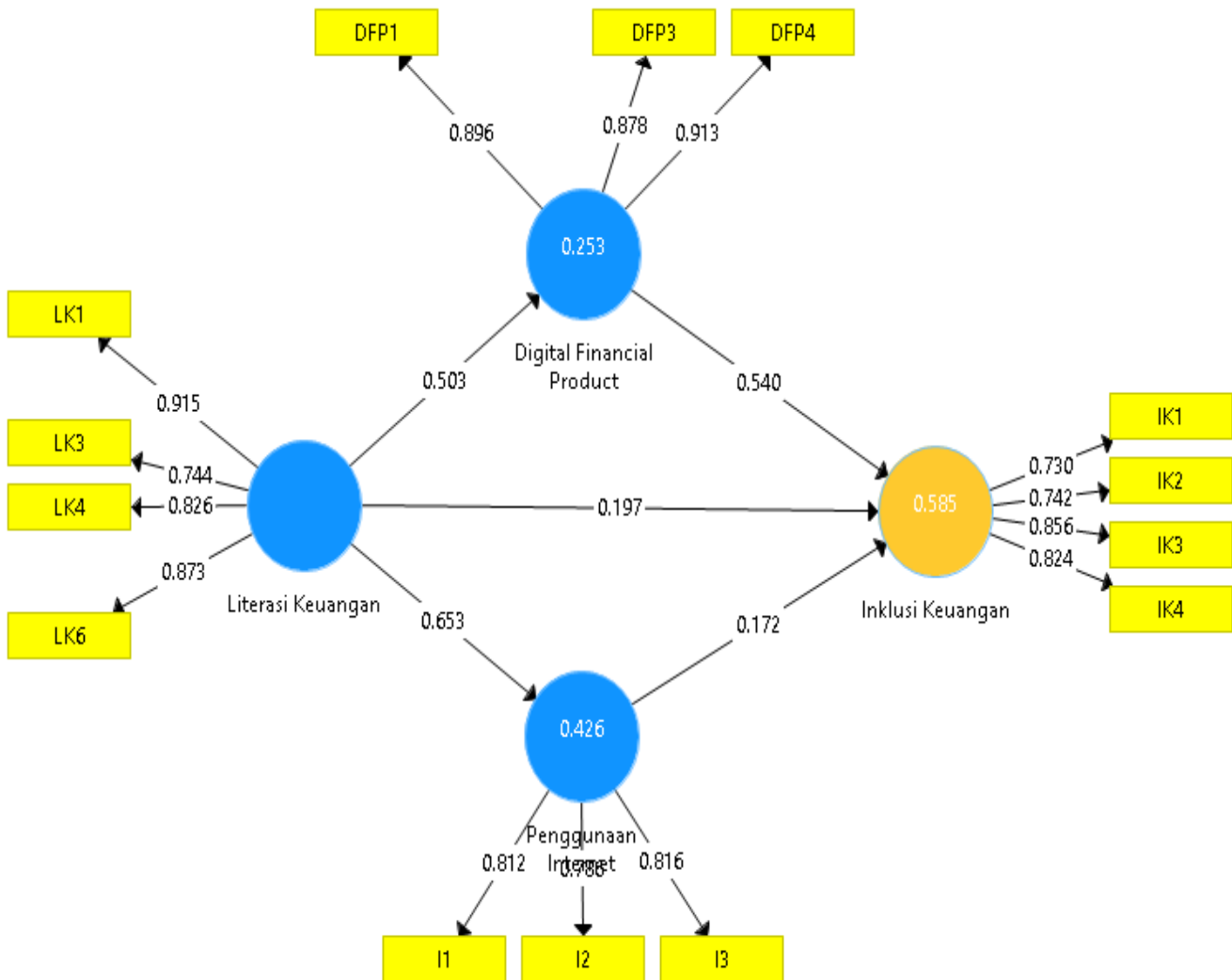

Fig. 4.1. Bootstrapping Model

There are 7 results in this study. Namely, 5 *direct effects (direct effects)* and 2 indirect effects (indirect effects *)*. From the bootstrap method with PLS, the results of hypothesis testing are as follows:

Table 4.6 Hypothesis Testing Results

	Road Coef.	T Statistics	P-value	Conclusion
Direct Effect (*Direct Effect*)				
Financial Literacy -> Financial Inclusion	0.197	8,980	0.000	Significant. Hypothesis accepted
Financial Literacy -> use *of Digital Financial Products*	0.503	7.231	0.000	Significant. Hypothesis accepted
Financial Literacy -> internet usage	0.653	13,379	0.000	Significant. Hypothesis accepted
Use *of Digital Financial Products ->* Financial Inclusion	0.540	9.706	0.000	Significant. Hypothesis accepted
Internet usage -> Financial inclusion	0.172	2,535	0.012	Significant. Hypothesis accepted
Indirect Effect (*Specific Indirect Effect – Mediation Effect*)				
Financial Literacy -> Use *of Digital Financial Products ->* Financial Inclusion	0.112	6.579	0.000	Significant.
Financial literacy -> Internet use -> Financial inclusion	0.272	2.456	0.014	Significant.

5. Conclusion and Suggestions

5.1. Conclusion

The conclusions of this study are:

- Financial literacy, the use *of Digital Financial Products*, and the use of the internet positively influence financial inclusion. Sufficient knowledge of finance will give people confidence and make the right decisions to use financial products that automatically increase the value of financial inclusion, especially for MSME actors in Bandar Lampung City.
- Financial literacy has a positive influence on *Digital Financial Products* and internet usage. Public knowledge related to finance directly becomes an important factor for people to use digital financial products and the internet. This illustrates that if the public lacks information related to finance, they are also reluctant to use the internet or digital financial products because there is an information gap regarding the benefits and how to use them.
- The use *of Digital Financial Products* and the use of the internet are the links for the influence of financial literacy on financial inclusion. This can be interpreted that the use of the internet, and the use of *Digital Financial Products* can be a promotional media for increasing financial knowledge and indirect financial inclusion. The limitations of public access to the financial inclusion system and the low level of financial literacy can be overcome by increasing the ease of access and affordability of digital financial products and the use of the internet.

5.2. Suggestion

- There is limited literature and theoretical support on the use *of digital financial products* and the use of the internet, which indirectly affect financial literacy on financial inclusion. Therefore, more extensive research is needed to get a better result and picture the future of dating.
- The financial inclusion target launched by the government will be easily overcome if our society, especially MSME actors, gets good provisions related to literacy or information and financial products.
- To facilitate public access, especially MSME actors, in utilizing digital products, financial service providers must be more active in marketing *digital financial products,* which will directly impact financial inclusion and, of course, can increase productivity and profits for MSME actors.

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