

The Influence of Sharia Financial Literacy and The Use of Digital Finance On Financial Inclusion with Financial Behavior as an Intervening Variable in Halal Food MSMEs in Palembang City



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ABSTRACT: This research aims to analyze the influence of Sharia Financial Literacy and the Use of Digital Finance on Financial Inclusion with Financial Behavior as an Intervening Variable in Halal Food MSMEs in Palembang City. This research uses a quantitative approach method. The population in this research is Halal Food Business Actors in Palembang City with a sample size of 121 respondents. The data collection technique uses primary in the form of distributing questionnaires using a Likert scale. The data analysis technique in this research uses Outer Model Analysis, Inner Model Analysis, Bootstrapping, Path Coefficient. The results of this research show that: (1) Sharia Financial Literacy has a significant positive effect on Financial Inclusion, (2) Use of Digital Finance does not have a significant positive effect on Financial Inclusion, (3) Sharia Financial Literacy has a significant positive effect on Financial Behavior (4) Use of Finance Digital has a significant positive effect on Financial Inclusion 5) Financial Inclusion has a significant positive effect on Financial Behavior, (6) Financial Behavior is able to mediate Sharia Financial Literacy on Financial Inclusion as shown by the Indirect Effect calculation, (7) Financial Behavior is able to mediate the Use of Digital Finance on Financial Inclusion as shown Indirect Effect calculation.

KEYWORDS: Sharia Financial Literacy, Use of Digital Finance, Financial Inclusion, Financial Behavior

I. INTRODUCTION

The influence of sharia financial literacy and the use of digital finance on financial inclusion is a very relevant topic in the context of sharia economics, especially for halal food culinary MSMEs in Palembang City. In recent years, the halal culinary industry in Indonesia has experienced significant growth, but still faces challenges in increasing financial access and improving economic prosperity for micro, small and medium enterprises (MSMEs).

Sharia financial literacy is knowledge and skills that enable individuals to make better financial decisions, including in managing sharia finances. By increasing sharia financial literacy, halal culinary MSMEs can better manage finances, reduce risks and improve business performance. Apart from that, sharia financial literacy can also influence more balanced and sustainable financial behavior.

The use of digital finance, such as information and communication technology (ICT) in financial services, also has an important role in increasing financial inclusion. This technology allows wider and easier access for MSMEs to use financial services, such as cash management, payments and loans. In this way, halal culinary MSMEs in Palembang City can more easily access the financial resources needed to expand their business and improve economic prosperity.

Financial behavior as an intervening variable plays a key role in linking Islamic financial literacy and the use of digital finance with financial inclusion. Balanced and sustainable financial behavior can be influenced by sharia financial knowledge and skills, as well as the ability to use financial technology. With better financial behavior, halal culinary MSMEs can be more effective in managing finances, reducing costs and increasing income.

In the context of Palembang City, which is one of the big cities in South Sumatra with great potential in the halal culinary industry, it is important to understand how sharia financial literacy and the use of digital finance can increase financial inclusion and financial behavior of halal culinary MSMEs. In this way, the government and financial institutions can develop more effective strategies to support the growth of halal culinary MSMEs in Palembang City.

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II. LITERATURE REVIEW

A. Theory of Planned Behavior (TPB)

Theory of Planned Behavior is a development of Ajzen and Fishbein's Theory of Reasoned-Action which adds a construct that is not yet contained in the Theory of Reasoned-Action, namely behavioural control. Theory of Planned Behavior is used to understand the relationship between intention to perform specific individual behaviours. An individual's performance of a particular behaviour is influenced by his intention to perform that behaviour. Intention influences attitude towards behaviour, subjective norm, and behavioural control.

B. Sharia Financial Literacy

Literacy from English literacy which means literate. Meanwhile, finance is the art of managing money that affects the lives of every person and every organisation.

Financial literacy or in English financial literacy is a person's ability to fully understand finance. Kiyosaki in Nina Septiani states that financial management requires financial knowledge (financial literacy).

C. The Use of Digital Finance

According to Bank Indonesia, financial technology is a breakthrough in technological advances with the use of technology in the financial system, where this use is able to produce new products, services, technologies, and business models that can have an impact on financial system stability, monetary stability, and related to the smoothness, reliability, efficiency, and security of the payment system.

D. Financial Inclusion

Financial inclusion is defined by Sarma as a process that ensures easy access, availability and utilisation of the formal financial system for all economic actors. According to Allen, the influence of financial inclusion can bring many welfare benefits to individuals. Governments that have policies to develop financial inclusion can increase the perception of people who feel that financial services (banking) are within their reach.

E. Financial Behavior

According to Ricciardi, financial behaviour is a discipline in which the interaction of various disciplines is inherent and continuously integrates so that the discussion is not carried out in isolation. The three aspects that influence a person's financial behaviour are psychology, sociology, and finance.

III. RESEARCH METHODS

This research is about the influence of sharia financial literacy and the use of digital finance on financial inclusion with financial behavior as an intervening variable in Halal Food MSMEs in Palembang City. In field research, this means carrying out a survey or going into the research object. The location chosen is very strategic and easy to reach. The object of this research is Halal Food MSME Entrepreneurs in Palembang City.

The data collection technique in this research uses a questionnaire distribution technique. A questionnaire is a data collection technique by giving questions or written statements to respondents to answer. The respondents in this research are Halal food MSME entrepreneurs in Palembang City.

Questionnaires are researchers collecting data indirectly with respondents. Questionnaires are used for respondents to answer questions without help from researchers. This research used a closed questionnaire. A closed questionnaire means that there is already an answer to the question that the respondent just has to select by ticking it.

IV. RESULTS

Setting and participants Setting, population and sample

This research design was prepared to determine the background, problem formulation, objectives, benefits, literature review, and research hypothesis. The next stage carried out in the research is preparing research data and testing hypotheses so that conclusions can be drawn according to the results obtained, problems and research hypotheses.

The analytical method used in this research is the Structural Equation Model (SEM) with the Partial Least Square (PLS) approach used in this research to test the existing research hypothesis. Structural Equation Model (SEM) is a statistical technique used to build and test statistical models in the form of cause and effect models. Structural Equation Model (SEM) is a technique that includes confirmation aspects of factor analysis, path analysis, and regression analysis as cases in the Structural Equation Model (SEM). Taking the researchers into consideration, this research used a Structural Equation Model (SEM) based on Partial Least Square Modeling (PLS-SEM) with the help of statistical tools, namely SmartPLS 3.0.

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Data collection and analysis Data collection

This research uses the number of indicators multiplied by 7. So the number of indicators in this research is 16 indicators. So the number of indicators is 16 times 7, namely 112 people. Of the 112 people divided into 12 sub-districts consisting of Ilir Barat II, Gandus, Seberang Ulu 1, Kertapati, Jakabaring, Seberang Ulu II, Plaju, Ilir Barat I, Bukit Kecil, Ilir Timur I, Kemuning, Ilir Timur II, Kalidoni, Ilir Timur Tiga, Sako, Sematang Borang, Sukarami, and Alang-alanglebar. The researchers stated the criteria for the minimum sample size in this study as follows:

1. Respondents are Halal Food MSMEs in Palembang City who have used a financial digital marketing system for at least 1 year.
2. Respondents are Halal Food MSMEs in Palembang City who have been running their businesses for at least the last 5 years

Data analysis SEM-PLS Data Analysis

Data processing techniques using Partial Least Square (PLS) which require the following stages of a research model:

1. Outer Model Analysis Convergent Validity

Convergent Validity assessment is based on the correlation between item scores or component scores estimated with PLS software. An individual reflexive measure is said to be high if it correlates >0.70 with the construct being measured. However, for research in the initial stages of developing a measurement scale, a loading value of 0.5-0.6 is considered sufficient. This research will use a loading factor limit of >0.70 .

Convergent Validity Value			
Variable	Indicator	loading Factor	Information
Sharia Financial Literacy (X1)	X1.1	0.706	Valid
	X1.2	0.840	Valid
	X1.3	0.839	Valid
	X1.4	0.875	Valid
	X1.5	0.857	Valid
	X1.6	0.827	Valid
	X1.7	0.834	Valid
	X1.8	0.841 0.756	Valid
Use of Digital Finance (X2)	X2.1		Valid
	X2.2	0.851	Valid
	X2.3	0.813	Valid
	X2.4	0.875	Valid
	X2.5	0.722	Valid
	X2.6	0.808	Valid
	X2.7	0.878	Valid
	X.8	0.836	Valid
Financial Inclusion (Y)	Y.1	0.776	Valid
	Y.2	0.830	Valid
	Y.3	0.879	Valid
	Y.4	0.838	Valid
	Y.6	0.822	Valid
	Y.7	0.830	Valid
	Y.8	0.823	Valid
	Financial Behavior (Z)	Z.1	0.853
Z.2		0.786	Valid
Z.3		0.858	Valid
Z.4		0.884	Valid

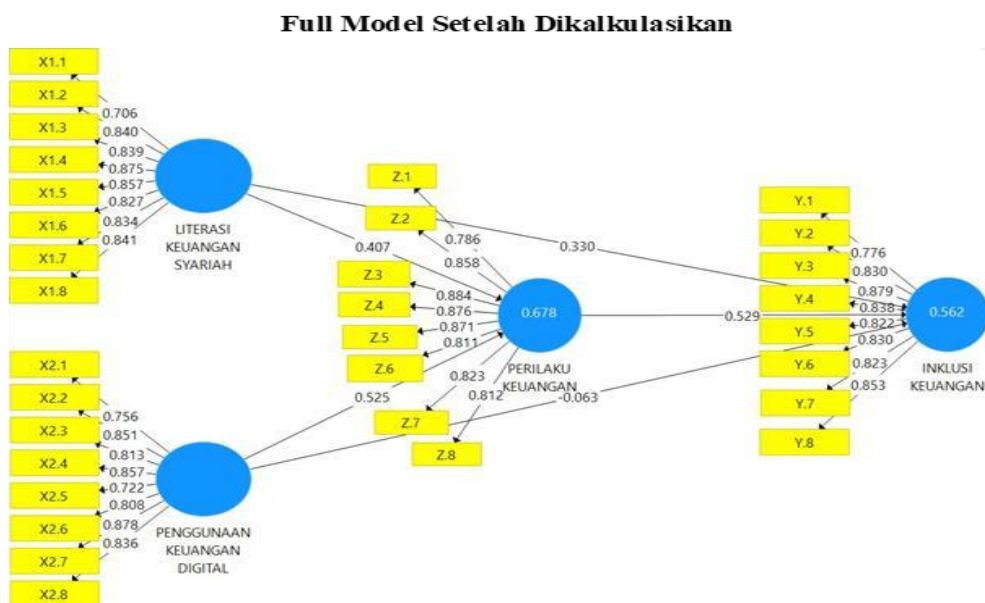
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Z.5	0.876	Valid
Z.6	0.871	Valid
Z.7	0.811	Valid
Z.8	0.823	Valid

Source: SmartPLS 3.0 Output, 2024

Based on table , it is concluded that the results of data processing with a loading factor value >0.70, this shows that the Outer Model value or correlation between constructs and variables has Convergent Validity because the value loading factor >0.70.

The following is a picture of the test results of the SmartPLS output measurement model as follows:



Based on Figure 1.2, it shows that it can be seen that all loading factor data has a value of more than 0.5 so it can meet validity. b. Discriminant Validity

The discriminant validity value is the cross loading factor value which is used if a variable is discriminant with compare the loading value on a variable which must be greater than the loading value of other variables.

Average Variance Extracted (AVE) Value

	<i>Average Variance Extracted (AVE)</i>	Criteria	Information
Financial Behavior (Z)	0.707	>0.50	Valid
Financial Inclusion (Y)	0.692	>0.50	Valid
Sharia Financial Literacy (X1)	0.687	>0.50	Valid
Use of Digital Finance (X2)	0.667	>0.50	Valid

Source: SmartPLS 3.0 Output, 2024

Composite Reliability

Composite Reliability meets the requirements if the composite reliability value is >0.70 and for Explanatory Research >0.60-0.70 is still acceptable.

Composite Reliability Value

	<i>Composite Reliability</i>	Criteria	Information
Financial Behavior (Z)	0.951	>0.70	Valid
Financial Inclusion (Y)	0.947	>0.70	Valid
Sharia Financial Literacy (X1)	0.946	>0.70	Valid
Use of Digital Finance (X2)	0.941	>0.70	Valid

Source: SmartPLS 3.0 Output, 2024

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Based on the table, it shows that all variables have a composite reliability value of >0.70 . These results indicate that each variable has met composite reliability so it can be concluded that all variables have a high level of reliability.

Cronbach's Alpha

Cronbach's Alpha is used to test reliability where good results have a Cronbach's Alpha value greater than 0.70 so you can see the table as follows:

Cronbach's Alpha value

	<i>Cronbach's Alpha</i>	Criteria	Information
Financial Behavior (Z)	0.941	>0.70	Valid
Financial Inclusion (Y)	0.936	>0.70	Valid
Sharia Financial Literacy (X1)	0.934	>0.70	Valid
Use of Digital Finance (X2)	0.928	>0.70	Valid

Source: SmartPLS 3.0 Output, 2024

Based on table 4.20, it shows that the Cronbach's Alpha value of each research variable is >0.70 , so it can be concluded that each variable has a high level of reliability.

2. Inner Model Analysis

a. R-Square (R^2) Testing

The R-Square value is used to explain whether latent endogenous effects have a substantive effect. R-Square values of 0.67, 0.33, and 0.19 indicate a strong, medium, and weak model. The higher the R^2 value means the better the prediction model of the proposed research model. However, R^2 is not an absolute parameter in measuring the accuracy of the prediction model because the basic theoretical relationship is the most important parameter to explain the causal relationship. As in table 4.24 as follows:

R-Square Value

	<i>R-Square</i>	Model Power
Financial Behavior (Z)	0.678	Currently
Financial Inclusion (Y)	0.562	Currently

Source: SmartPLS 3.0 Output, 2024

Based on the table, it shows that the R-Square value of Trust (Z) is $0.613 < 0.67$, meaning it has a moderate coefficient of determination and Consumer Behavior can be explained by Sharia Financial Literacy, Use of Digital Finance, and Financial Inclusion and the rest can be explained by other factors. Meanwhile, Financial Inclusion (Y) is $0.562 > 0.67$, meaning that the moderate coefficient of determination can be explained by Sharia Financial Literacy, Use of Digital Finance, and Financial Behavior and the remaining amount can be explained by other factors.

Findings

Based on data from 121 respondents from Halal Food MSME Entrepreneurs in Palembang City, using a statement (questionnaire) the condition of the respondents was obtained based on gender, age, highest level of education, number of employees, annual income and length of business since its founding. This classification was carried out on respondents in this research with the aim of knowing clearly the categories of respondents as research objects.

A description of the specific data in this study is presented based on the characteristics of the respondents. The description of the respondent's general data is presented based on the respondent's characteristics.

V. DISCUSSION

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The research results obtained a t-statistic value of $3.275 < t$ table of 1.98 and a p-value of $0.001 > 0.05$, then the t statistic value $<$ table then with a significance level > 0.05 , namely 0.330, it was decided to reject H_1 and accept H_0 , then Based on test results, it shows that Sharia Financial Literacy has an effect on Financial Inclusion in Halal Food MSMEs in Palembang City.

The Influence of Using Digital Finance on Financial Inclusion in Halal Food Culinary MSMEs in Palembang City

The research results obtained a tstatistic value of $0.538 >$ ttable of 1.98 and a p-value of $0.591 < 0.05$, so the tstatistic value was $<$ ttable, so with a significance level < 0.05 , namely -0.063, it was decided to accept H_2 and reject H_0 , So based on the test results, it shows that the use of digital finance has no effect on financial inclusion.

The Influence of Sharia Financial Literacy on Financial Inclusion in Halal Food Culinary MSMEs in Palembang City

Based on the research results, the tstatistic value is $5.462 <$ ttable, it is 1.98 and the p-value is $0.000 > 0.05$, then the

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tstatistic value is $< t_{table}$, so with a significance level > 0.05 , namely 0.407, it is decided to reject H3 and accept H0, then Based on test results, it shows that Sharia Financial Literacy has an effect on Financial Behavior.

The Influence of Using Digital Finance on Financial Behavior in Halal Food Culinary MSMEs in Palembang City

The research results obtained a tstatistic value of $6.123 < t_{table}$ of 1.98 and a p-value of $0.000 > 0.05$, so the tstatistic value $< t_{table}$ then with a significance level > 0.05 , namely 0.000, it was decided to reject H4 and accept H0, then Based on test results, it shows that the use of digital finance has an effect on financial behavior.

The Influence of Financial Inclusion on Financial Behavior in Halal Food Culinary MSMEs in Palembang City

The results of the research obtained a tstatistic value of $3.471 < t_{table}$ of 1.98 and a p-value of $0.001 > 0.05$, then the tstatistic value $< t_{table}$ then with a significance level > 0.05 , namely 0.001, it was decided to reject H5 and accept H0, then based on test results, it shows that Financial Behavior has an effect on Financial Inclusion.

The Influence of Sharia Financial Literacy on Financial Inclusion through Financial Behavior as an Intervening Variable in Food Culinary MSMEs in Palembang City

The results of the research obtained a tstatistic value of $3.408 > t_{table}$ of 1.98 and a p-value of $0.001 < 0.05$, then the tstatistic value $< t_{table}$ then with a significance level < 0.05 , namely 0.001, it was decided to accept H8 and reject H0, then based on the test results, it shows that Sharia Financial Literacy indirectly through Financial Behavior as a mediating variable has a significant effect on Financial Inclusion. This model is included in "Partial Mediation" or mediation occurs, where the Sharia Financial Literacy variable is able to influence Financial Inclusion through Financial Behavior, then Financial Behavior mediates the relationship between Sharia Financial Literacy and Financial Inclusion

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Based on the research results, the tstatistic value was $3.155 > t_{table}$ of 1.98 and the p-value was $0.001 < 0.05$, so the tstatistic value was $< t_{table}$, so with a significance level of < 0.05 , namely 0.002, it was decided to accept H8 and reject H0. So, based on the test results, it shows that the use of Digital Finance indirectly through the use of Digital Finance as a mediating variable has a significant effect on Financial Inclusion. This model is included in "Partial Mediation" or mediation occurs, where the variable Use of Digital Finance is able to influence Financial Inclusion through Financial Behavior. , then Financial Behavior mediates the relationship between the Use of Digital Finance and Financial Inclusion.

VI. CONCLUSIONS

Sharia Financial Literacy has a significant positive effect on Financial Inclusion in Halal Food MSMEs in Palembang City, the use of Digital Finance has no significant positive effect on Financial Inclusion in Halal Food MSMEs in Palembang City, Sharia Financial Literacy has a significant positive effect on Financial Behavior in Halal Food MSMEs in the City Palembang, Use of Digital Finance has a significant positive effect on Financial Behavior in Halal Food MSMEs in Palembang City, Financial Behavior has a significant positive effect on Financial Inclusion in Halal Food MSMEs in Palembang City, Financial Behavior mediates the relationship between Sharia Financial Literacy and Financial Inclusion in Halal Food MSMEs in Palembang City,

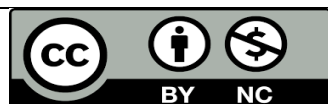
Financial Behavior mediates the relationship between the Use of Digital Finance and Financial Inclusion in Halal Food MSMEs in Palembang City. Based on the results that the use of digital finance has no effect on financial inclusion, it is hoped that we will provide and develop digital financial products that are tailored. the characteristics of MSMEs in the halal food sector, such as online payment systems, digital cash management and digital financing. Based on the researcher's direct experience in this research process, there were several limitations experienced and there could be several factors that future researchers could pay more attention to in further perfecting their research because this research itself certainly has shortcomings that need to continue to be corrected in future research. Several limitations in this research include: The number of respondents was only 121 people and only Halal Food MSMEs in Palembang City, of course this is still insufficient to describe the real situation.

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