

The Role of Social Capital as a Mediator of Relationship Between Financial Literacy and Financial Inclusion of Student

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Abstract. This study aimed to determine the correlation of financial literacy to direct financial inclusion, financial literacy correlation to social capital, financial literacy correlation to financial inclusion indirectly mediated by the role of social capital. The study population were students of the Faculty of Economics and Business UMSU force in 2016, with a sample of 288 students were selected by accidental sampling technique. The method of analysis using descriptive statistical analysis using SPSS and Structural Equation Modeling using AMOS. Research shows that social capital plays a role as a mediator who mediates the relationship between financial inclusion and financial literacy of students.

Keywords: financial literacy, social capital, financial inclusion

1. Introduction

According to data from the Global Financial Inclusion Database (2016), the level of financial inclusion particularly financial services account ownership of Indonesian young generation, only 36% is still far below neighboring countries such as Malaysia (80.7%), Singapore (96.4%) and Thailand (78, 1%). Other data says the level of financial literacy of students or the younger generation also remained at a low level of 28% and the level of financial inclusion in the younger generation only 44%[1], Though known maximum financial inclusion helps increase economic efficiency, to the stability of the financial system, support the potential of a new banking market, an increase in the Human Development Index, and reduce inequalities that create wealth and poverty penurungan[2], Several studies have also demonstrated the fact that the level of financial literacy youth / student still low[3][4], [5] when they already get educated about finance at school or college, so that the role of education can not be fully expected, but the government and policy makers must involve other factors, one of which is social capital as a factor that is closest to the young generation of environment (family, friends, communication entwined and interactions formed between sessama). Social capital is solidarity, confidence and form which gives the facility of running a business as a factor derived from social relations involving family, friends, colleagues and so on[6]Environment assessed able to support the improvement of financial literacy of young generation to remember that young people need the social environment and the community to acknowledge its existence. Now many association community which involves young people to share information and knowledge, improve skills appropriate hobby and passion, one of which is a community of Investor Shares Beginner (ISP) which can be used as a medium to increase financial literacy younger generation in order to achieve financial inclusion of students in maximum.

1.1 Research Problems

The research problems are:

- a. How can financial literacy correlation to student financial inclusion?
- b. How the correlation of financial literacy to social capital?
- c. How social capital correlation to student financial inclusion?
- d. How can financial literacy correlation to student financial inclusion through the role of social capital as a mediator?
- e. Is social capital can play a role as a mediator of the relationship between financial literacy with student financial inclusion?

1.2 Hypothesis

The hypotheses are:

- a. Financial literacy is positively correlated significantly to financial inclusion students.
- b. Financial literacy is positively correlated significantly to the social capital.
- c. Social capital is positively correlated significantly to financial inclusion students.
- d. Financial literacy is positively correlated significantly to student financial inclusion through social capital role as mediator.
- e. Social capital proved to act as a mediator with the relationship between financial literacy student financial inclusion.

2. Theory

2.1 Financial Literacy

Financial literacy is the knowledge about the basic economic and financial concepts, along with skill to utilize his knowledge as well as other financial skills to manage financial resources effectively independent for the sake of future financial wellbeing [7] Another definition states that financial literacy is awareness, confidence, knowledge, and understanding of consumers / investors about various financial issues to help the financial decision [8]

2.2 Social Capital

Social capital is the sacrifices made by a person or group who believed in a knowledge, understanding, norms, rules and expectations concerning the role of interpersonal and social networks that are implemented collectively. Social capital is also the solidarity, trust, and provide facilities in the business process as a factor derived from social relations involving family, friends, colleagues. Social capital also involves the sacrifice of individuals consisting of time, labor and consumption as a cooperative effort with other parties[6], [9]

2.3 Financial Inclusion

Financial inclusion is a state that shows that financial products and services can be accessed, used and useful with a good quality service for the whole society so as to improve the welfare of the community. Financial inclusion is also the promotion process is easy access to reach the public, timely and in accordance with the need for financial products and services that can be distributed for use by all levels of society with a particular approach and innovative, build financial awareness of society in order to achieve financial wellbeing and achievement of inclusion of economic and social comprehensive[10], [11]

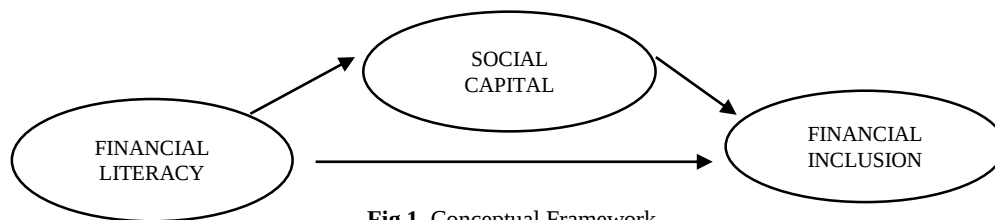


Fig.1. Conceptual Framework

3. Research Methods

This research is descriptive quantitative and a ekplanatory research that explains the correlation between variables presented in this study. The population were students of the Faculty of Economics and Business UMSU which had already getting education on financial management (class of 2016) and has a social environment that varies with the number of 1033 people. Samples was taken 288 students by accidental sampling technique. Technique of collecting data through questionnaires and documentation. Data were analyzed using descriptive statistical analysis using SPSS and Structual Equation Modeling (SEM) using AMOS.

4. Discussion

4.1 Characteristics of Respondents

Profile of respondents in this study are categorized into several groups: gender, ownership savings, long-term investment holdings, to know all the financial products and services, the amount of the allowance, the income of parents, communication with parents and the environment. Here is information that can be presented, namely:

Table 1. Characteristics of Respondents Research

No.	Category	Element	Frequency
1	Gender	Man	29.2%
		Woman	70.8%
2	ownership savings	Yes	73.8%
		Not	26.2%
3	Long-term investment holdings	Yes	26.9%
		Not	73.1%
4	Know the financial products and services with good	Yes	38.8%
		Not	61.2%
5	Income parents	1000000-2000000	13.8%
		2000000-3000000	22.3%
		3000000-4000000	26.5%
6	Total allowance	500000-1000000	55%
		1000000-2000000	45%
7	Communication with parents and the environment	Well	60%
		Not	40%

Source: Results of Data Analysis (2018)

4.2 Descriptive Analysis

The following is a presentation of the respondents to the social capital variables, literacy finance and financial inclusion, namely:

Table. 2 Descriptive Analysis of Respondents

Variables	Sub Variables	% Average Score	Category
Social capital	Collection Action	78%	Well
	Trust	80%	Well
	bridging	82%	Well
	bonding	75%	Well
Financial Literacy	behavior	65%	Not good
	Attitude	80%	Well
	skills	70%	Well
	Knowledge	55%	Not good
Financial inclusion	Welfare	80%	Well
	Quality	78%	Well
	Usage	75%	Well
	Access	82%	Well

Source: Results of Data Analysis (2018)

Categories in the table based on the grouping range of values is divided into 5 scale of measurement, so that the interval value obtained was 16%. Then the range of values obtained was 20% -36% (very good), 36% -52% (not good), 52% -68% (less good), 68% -84% (good), 84% -100 % (very good). The result is known in general social capital and financial inclusion students of the Faculty of Economics and Business UMSU fall into either category, only against the financial literacy they generally fall into the category of medium or average because it is known the financial knowledge they have not been up or not well followed by behavior they manage their personal finances are also included in the unfavorable category. But there is the role of social capital that be the deciding factor that mediates the knowledge and skills of students in managing their personal finances to be supporting the success of financial inclusion among the students of the Faculty of Economics and Business UMSU.

4.3 Analysis of Structural Equation Modeling (SEM)

The results of the data analysis through the analysis of structural equation modelling obtained the following information:

Table 3. Regression Weight

Relationship Between Variables			Estimate	P	Results
Financial Literacy	→	financial inclusion	.770	0,000	highly significant
financial Literacy	→	social capital	1,000	0,000	highly significant
social capital	→	financial inclusion	1,000	0,000	highly significant

Source: Data Processing (2018)

To test the role of social capital as a mediator variable in relation to the financial inclusion of financial literacy of students seen in the following analytical results:

Table 4. Direct Relationship Between Output Variables

	financial Literacy	social capital
social capital	1,000	.000
financial inclusion	.770	1,000

Source: Data Processing (2018)

Table 5. Output Direct Relationships Between Variables

	financial Literacy	social capital
social capital	.000	.000
financial inclusion	.910	1,000

Source: Data Processing (2018)

The data in Table Regression weight can be used to answer the hypothesis of this study, i.e:

- Financial literacy has a positive correlation significantly to the social capital owned by a student with a p-value (0.000) and the value estimate (1000).
- Student financial literacy has a positive correlation significantly to achieve financial inclusion in students with a p-value (0.000) and the value estimate (0.770).
- Social capital possessed by the students positively correlated significantly to achieve financial inclusion in students with a p-value (0.000) and the value estimate (1000)
- Direct link financial literacy to the achievement of financial inclusion in the student had a correlation value is lower than the correlation value is formed on an indirect relationship financial literacy of students which is mediated by the role of social capital possessed by students towards financial inclusion of students, so that social capital is properly expressed as the mediator who mediates the relationship between financial literacy of students with student financial inclusion.

4.4 Discussion

Known based on research[3], [12]that the students of the Faculty of Economics and Business UMSU has a low level of financial literacy, and behavior of Hedon means pleased with luxury lifestyle and use of excessive money. But the role of social capital, namely neighborhood friends, community and family as factors that mediate the role of their knowledge and skills in financial management to be reflected in the behavior of their finances so as not fully level of financial literacy owned relies on education is given on campus, but there are other factors the influence of social capital underlying such behavior because it acts as a mediator that influence or example in managing finances.

Students who have a good knowledge and skills in managing finances well will have an impact on the social environment, friends, family, namely the existence of a positive communication and positive behavior in the use of funds held when interacting with the environment and the people around him.[13]states that social capital has an important role to mediate and support the improvement of one's knowledge and skills in financial management which is reflected in their behavior so that it reflects its financial literacy. Financial Literacy is known to have a significant positive correlation to the achievement of financial inclusion students of the Faculty of Economics and Business UMSU, means the knowledge and skills of a good student will make a strong impact and significantly affect student financial inclusion. There is a suggestion that someone richer, better educated and more adults are able to support

financial inclusion due to the influence of education and income are better / higher[14] Education is important in addressing the imbalances and help consumers / customers to accept, adapt and use financial products and services to improve their accessibility to financial services [15] [16] Access to financial products and services will be very easy and affordable with no limit on the student if they are able to manage a good financial result has knowledge capital and financial skills are good as well, because it is known there is a positive and real impact / strong between the beliefs of bank loans, financial literacy and access to formal credit [17]

Social capital has a significant positive effect on the financial inclusion of students, which means that the social environment, the interaction of the students on the surrounding environment with the community, friends, environment and especially his family are a reflection of interpersonal communication that is reflected in his behavior will make a strong impact and significantly affect accessibility to financial products and services available. Social capital possessed by students proved to be a mediator who mediates the relationship between financial literacy of students reflected on positive financial behavior will be able to provide convenience to the student in reaching financial products and services with ease.[13] Another opinion is [18] declare a partial social capital influence between social intermediation and access to the financial sector.

5. Conclusion

Financial literacy correlates positively and significantly related to social capital possessed by students and financial inclusion at the Faculty of Economics and Business UMSU. Relationships financial literacy directly to financial inclusion does not have a major impact and significant than the indirect linkage financial literacy of students to financial inclusion through the role of social capital, so that proven social capital can play a role as a mediator that mediates the relationship between financial literacy of students with financial inclusion in college student.

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