



## The Role of Financial Literacy in Reducing Poverty: Experience from Indonesia

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### ABSTRACT

Poverty reduction is one of the successes of the government in implementing its policies or strategies. This study aims to determine the implementation of government strategies by increasing public knowledge, skills, and confidence in financial literacy as an effort made to encourage Indonesians to be better able to manage finances so that it will have an effect on increasing people's welfare which will affect reducing poverty as seen in minimum calorie intake below 1400 kcal per capita and poverty depth index. This study uses secondary data, which is examined with quantitative descriptive methods and data analysis using descriptive statistics. The level of financial literacy of the Indonesian people from time to time continues to increase. This indicates the level of knowledge, greater public capacity, and trust in financial institutions. This condition is expected to have implications for the poor who need capital to get out of their poverty cycle.

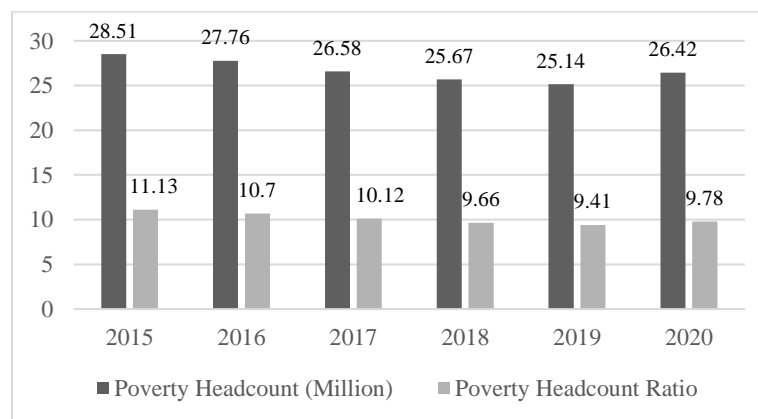
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### 1. INTRODUCTION

Poverty is one of the big problems in developing countries. Even though the number of poor people in Indonesia continues to decline in absolute terms, it does not mean that poverty is no longer a crucial issue in the economy. Poverty continues to overshadow the national economy, considering that Indonesia is very open to foreign relations. The economic crisis experienced by Indonesia's partner countries could be one of the causes of increasing poverty in Indonesia. The decline in economic growth in partner countries causes a decrease in demand for export products in Indonesia. It will impact domestic production and a decrease in demand for labor, and even layoffs (PHK). The Covid 19 pandemic has more or less affected the conditions of poverty in Indonesia. The slowdown in various economic activities due to the PSBB policy and social distancing has led to an increase in Indonesia's unemployment rate. Many economic activities are forced to lay off and even terminate their work relations with their employees due to social distancing policies. The effect is that the unemployment rate increases and decreases the community's ability to meet the needs of a decent life. According to World Bank (2020), before the Covid-19 outbreak, Indonesia's economy could survive consistently and meet the requirements to reach a country with middle and upper-income status. In 2020, Indonesia's total population will reach 270.2 million people, and around 9.78% or 26.42 million people still live below the poverty line, with a total as of March 2020 amounting to IDR 454,625.00.



Source: Central Bureau of Statistics (BPS), 2015-2020

**Figure 1.** Development of Number and Percentage of Poor Population in Indonesia

To reduce poverty, the poor must have better access to financial institution services. The various credit programs offered by the government through banking will be more easily absorbed by the poor. Therefore, financial literacy is an important part of breaking the poverty chain. Financial literacy has become one of the government's focuses in creating public welfare in Indonesia. Through financial literacy, the government believes it can be easier to achieve financial system stability, social welfare, and inclusive development. Therefore, since 2013 the government has established a National Strategy for Indonesian Financial Literacy (SNLIK) (OJK, 2017). The SNLKI scheme has succeeded in increasing the financial literacy of the Indonesian people. The report booklet (2019) concluded that there had been an increase in financial literacy in Indonesia in 2019 when compared to the previous year, which reached 38.03 percent. This value is higher when compared to 2016, which only reached 29.7 percent, and in 2013, when the SNLKI was just implemented, it only reached 21.84 percent (OJK, 2017). Increasing financial literacy in Indonesia can be an indicator that more and more Indonesian people understand finance, which will affect increasing welfare and reducing poverty.

According to Indonesian Financial Services Authority (OJK) (2017), financial literacy is related to knowledge, ability, and public trust in financial institutions. The level of financial literacy owned by the community will support the economic growth of a country and reduce poverty (SNLIK, 2016). This is because people who have good financial literacy will find it easier to understand the financial sector and take advantage of financial products and services supporting poverty reduction. Besides, people who understand finance will be able to protect themselves from potential losses in the financial sector (SNLIK, 2016). Furthermore, UNDP (2012) explained that financial inclusion, which has been targeted in various countries through financial literacy, can be achieved through financial literacy. This is because people with literacy will know how to use their money and the purpose of owning financial products and services to achieve financial inclusion. The financial literacy index in urban areas (41.41%) was higher than the literacy index in rural areas (34.53%) based on regional strata. Meanwhile, if viewed from the poverty level, it turns out that the poverty rate in the village is higher than the poverty rate in the city. Seeing this phenomenon, the authors are interested in further research on a) How is the Development of Poverty in Indonesia both from the number of poor people and the poverty line; b) How is the development of Financial Literacy in Indonesia;

## 2. THEORETICAL REVIEW

### 2.1 Definition of Poverty

Poverty is a condition in which individuals cannot meet basic needs consisting of clothing, food, and shelter. People who have an average per capita expenditure per month below the poverty line can be categorized as poor. From the results of Pratama's (2014) research, poverty can be seen from two sides. First, in terms of income, extreme poverty or absolute poverty is a lack of income for basic needs or the minimum required calorie needs. Second, in terms of human quality of poverty in general (overall poverty) or relative poverty, there is a lack of income to meet non-food needs, such as clothing, energy, and shelter.

### 2.1 Poverty Measures

According to BPS, to measure poverty, three indices are used as a reference between other:

- [1] Headcount index where poverty is seen from the percentage of the population below the Poverty Line (GK). ( $HCI - P_0$ )
- [2] The Poverty Depth Index is a measure of the average gap in each poor person's expenditure against the poverty line, where the higher the index value, the farther the population's average expenditure is from the poverty line. ( $PovertyGapIndex - P_1$ )
- [3] The Poverty Severity Index is a description of the distribution of expenditure among the poor, where the higher the index value, the higher the expenditure inequality among the poor. From the 3 (three) indices above, the following is the calculation formula: ( $PovertySeverityIndex - P_2$ )

$$P_a = \frac{1}{n} \sum_{t=1}^q \left[ \frac{z - y_i}{z} \right]^2$$

Information:

$a = 0, 1, 2$

$z =$  poverty line

$y_i =$  Average monthly per capita expenditure of people who are below the poverty line

$q =$  The number of people who are below the poverty line

$n =$  Total population

### 2.2 Definition of Financial Literacy

According to the Organization for Economic Co-Operation and Development or OECD (2016), financial literacy is a combination of awareness, knowledge, abilities, attitudes, and behaviors needed in making financial decisions (OJK, 2017). The same is the case with the OECD; according to OJK (2017), financial literacy is defined as knowledge, skills,

and beliefs that influence attitudes and behavior in improving the quality of decision-making and financial management to achieve prosperity. Financial literacy consists of several abilities and knowledge about finances that a person has to manage or use a certain amount of money to improve his standard of life and aim to achieve prosperity (Mitchell, 2013). From various kinds of literature, it can be concluded that financial literacy is a major factor in managing finances and making decisions because it includes knowledge of financial concepts, skills in applying to understand, belief in industry and yourself to participate in finance which has a positive effect on attitudes and individual behavior.

### 2.3 Financial Literacy Indicators

In SNLIK (2016), it is explained that financial literacy has five indicators, namely:

- [1] Knowledge related to financial concepts is the basis for financial literacy because knowledge can attract individuals to participate in finance.
- [2] Skills support individuals in managing their finances to be managed more effectively and minimize existing risks by applying their financial knowledge.
- [3] Confidence is also needed in applying the knowledge they have to make financial plans for the future, and confidence in financial service institutions and their products and services.
- [4] A wise attitude in setting goals, making decisions, and doing long-term financial planning.
- [5] Behavior is related to individual attitudes in managing their finances.

Of the five indicators of financial literacy, Indonesia's population is divided into four parts. This can be seen in the results of the survey conducted by OJK 2013, among others:

- [1] *Well, literate* 21.84% of the population has knowledge and belief related to financial service institutions and financial service products, including features, benefits and risks, rights and obligations regarding financial products and services, and skills in using financial products and services.
- [2] *Sufficient literate* 75.69% of the population has knowledge and confidence about financial service institutions and financial products and services that include features, benefits and risks, rights, and obligations regarding financial products and services.
- [3] *Less literate* 2.06% of the population has only knowledge of financial service institutions, financial products, and services.
- [4] *Not literate* 0.41% of the population 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.

## 3. RESEARCH METHODOLOGY

### 3.1 Types and research methods

The method used in this research is quantitative descriptive, which is research that intends to make systematic, factual, and accurate facts and characteristics of certain populations (Prayoga, 2018). The type of research used is literature study. Data collection can be collected by collecting a number of readings related to the research's problem and purpose to uncover theories relevant to research as research reference material (Daniel and Warsiah, 2009).

### 3.2 Sources and types of data

In this study, the data used are secondary data obtained from the Indonesian Central Statistics Agency (BPS) and the Financial Services Authority (OJK).

- [1] Secondary data collection related to poverty in Indonesia, namely: Number of poor people by Province (thousand people) 2015-2019; The number of poor people seen in the poverty line (Rupiah / Month / Per capita); The number of poor people can be seen from calorie intake and poverty depth () in Indonesia for the period 2015-2019 $P_1$
- [2] Secondary data collection related to financial literacy, namely: Development of financial literacy in Indonesia; Financial literacy index in Indonesia

### 3.3 Data Analysis Methods

Descriptive statistical analysis is aimed at existing data sets. Next Hasan (2001) explaining descriptive statistics or inferential statistics is part of statistics studying how to collect data and present data so that it is easy to understand. Descriptive statistics are only concerned with describing or providing information about data or situations, or phenomenon, with the word descriptive statistics function to explain the condition, symptom or problem.

## 4. RESULTS AND DISCUSSION

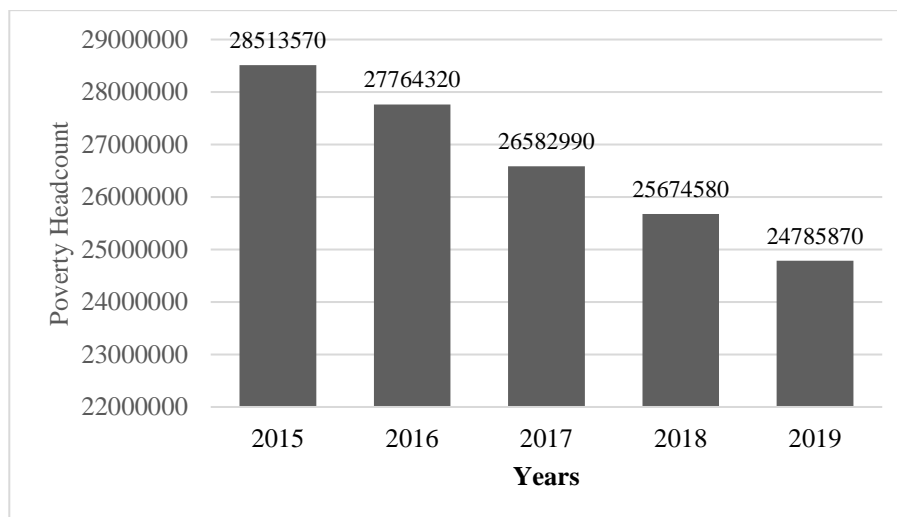
This section describes the development of poverty in Indonesia, the development of financial literacy, and the role of financial literacy in reducing poverty levels in Indonesia. The following is the full explanation.

## 4.1 Poverty Development in Indonesia

Poverty has always been a problem in developing countries, including Indonesia. The economic crisis in 1998 impacted increasing poverty in Indonesia, both in absolute and relative terms. Poverty can be seen from many aspects such as the number of poor people, the poverty line, calorie intake, and the development of the poverty depth.

### 4.1.1 Development of the Number of Poor People in Indonesia

People are said to be poor when they cannot fulfill their basic needs, namely clothing, food, shelter. Indonesia is ranked fourth with the most populous country, amounting to 268 million in 2019. The large population of Indonesia requires the government to have a greater economic growth source so that it can create many fields for the workforce every year. On the other hand, the government's ability to provide employment is very limited in number, so it is only natural that the number of poor people increases every year. The following is the development of the number of poor people in Indonesia:



Source: Indonesian Central Bureau of Statistics

**Figure 2.** Development of the Number of Poor People in Indonesia, 2015-2019

From the observations, it turns out that the number of poor people in rural areas is greater than the number of poor people in urban areas. The percentage of poor people in urban areas in September 2018 was 6.89 percent, decreasing to 6.69 percent in March 2019. Meanwhile, the percentage of poor people in rural areas in September 2018 was 13.10 percent, decreasing to 12.85 percent in March 2019. Compared to September 2018, the number of poor people in March 2019 in urban areas fell by 136.5 thousand people (from 10.13 million people in September 2018 to 9.99 million people in March 2019). Meanwhile, rural areas fell by 393.4 thousand people (from 15.54 million people in September 2018 to 15.15 million people in March 2019). This is due to limited employment opportunities in the village, making it difficult for the community to meet their everyday living needs. In general, to escape poverty, rural people go to the cities with the hope of getting a more decent job. However, people who move to cities do not always get more decent jobs. This is because people have moved to cities without being equipped with adequate education and skills, which has resulted in a net increase in poverty in urban areas. The government makes many efforts to reduce poverty in villages, such as Smart Indonesia Cards, Healthy Indonesia Cards, Rastra, Non-Cash Food Assistance, and other social assistance policies, which are expected to reduce Indonesia's poverty.

### 4.1.2 Poverty Line in Indonesia

According to BPS (2000), the Poverty line (GK) is the sum of the Food Poverty Line (GKM) and the Non-Food Poverty Line (GKNM). People who have an average expenditure per capita per month below the poverty line are categorized as poor. Food Poverty Line (GKM) is the value of minimum food expenditure, equivalent to 2100 kilocalories per capita per day. Commodity packages for basic food needs are represented by 52 types of commodities (grains, tubers, fish, meat, eggs and milk, vegetables, nuts, fruits, oils and fats, and others). The Non-Food Poverty Line (GKNM) is the minimum need for housing, clothing, education, and health. Commodity packages for non-food basic needs are represented by 51 commodities in urban areas and 47 types of commodities in rural areas. The development of poverty in Indonesia is quite encouraging and positive. The reason is that when the poverty line rises, the number of poor people has been reduced. The number of poor people in March 2019 was 25.14 million people, decreased by 0.53 million people in September 2018 and decreased by 0.80 million people in March 2018.

**Table 2.** The number of poor people seen from the 2015-2019 poverty line

Year	Income	Number of Poor Population (Thousands of People)
2015	IDR. 344,809	28 513.57
2016	IDR. 361,990	27 764.32
2017	IDR. 387,160	26 582.99
2018	IDR. 410,670	25 674.58
2019	IDR. 440,538	24 785.87

Source: Indonesian Central Bureau of Statistics

In the 2015-2019 period, the Central Statistics Agency noted that the poverty line has increased in succession. In 2015 amounting to IDR. 344,809 until 2019, amounting to IDR. 440,538. This means that this figure is the minimum income limit that the community must meet to obtain a standard of living, both for food and non-food needs in a country or region. If Indonesia's average household has four to five family members, the national average poverty line is IDR. 1,990,170 - per capita per month. The number of poor people in 2015-2019 has decreased every year. The number of poor people from 2015 to 2019 has decreased by 3,727.7 thousand people.

#### 4.1.3 Number of Poor People Judging from Calorie Intake and Depth of Poverty

The proportion of the population with a minimum calorie intake below 1400 kcal indicates 70% of the figure, 2100 kcal. This measurement is carried out to see the population's size, which has low energy consumption and needs to be included in priorities to improve food and nutrition. In sustainable development, substantial efforts are needed to reduce poverty and find solutions to eliminate hunger malnutrition.

**Table 3.** The proportion of Population with Minimum Calorie Intake Below 1400 Kcal / Capita / Day by Province (Percent)

No.	Province	Year				
		2015	2016	2017	2018	2019
[1]	Aceh	11.3	13.42	10.29	9.39	9.61
[2]	North Sumatra	12.62	13.82	7.88	6.87	6,06
[3]	West Sumatra	8.64	7.34	6.6	6.93	7,19
[4]	Riau	10.86	13.22	9.78	10,19	10.2
[5]	Jambi	13.97	14.64	8.64	8.93	9.8
[6]	South Sumatra	10,1	10.62	4.51	6.81	6.97
[7]	Bengkulu	10.3	9,56	8.67	6.31	7.27
[8]	Lampung	15.43	14.74	8.41	8.89	9.99
[9]	Kep. Bangka Belitung	7.99	9.99	6.6	8.23	6.22
[10]	Kep. Riau	8,03	10.07	8.59	11.32	8,48
[11]	DKI Jakarta	14.16	14.53	7.76	7.05	6.61
[12]	West Java	11.08	11.26	6.57	7.04	7.04
[13]	Central Java	14.74	15	8.92	8.51	10.05
[14]	In Yogyakarta	12.48	9.43	2.15	2.34	5.72
[15]	East Java	11.5	10.14	6.67	6.83	7.23
[16]	Banten	9.72	8.7	5.29	4.74	4.42
[17]	Bali	5.98	5.28	3.94	3.14	3.39
[18]	West Nusa Tenggara	10.66	8.69	5,6	3,6	1.65
[19]	East Nusa Tenggara	26.79	20.42	8.93	14.84	15.73
[20]	West Kalimantan	16.63	16	13.63	13.84	15.08
[21]	Central Kalimantan	11.75	11.79	9,59	9.07	9.41
[22]	South Borneo	9,17	8.86	4.41	6,07	5.44
[23]	East Kalimantan	19.56	19.16	14.64	15.94	13.17

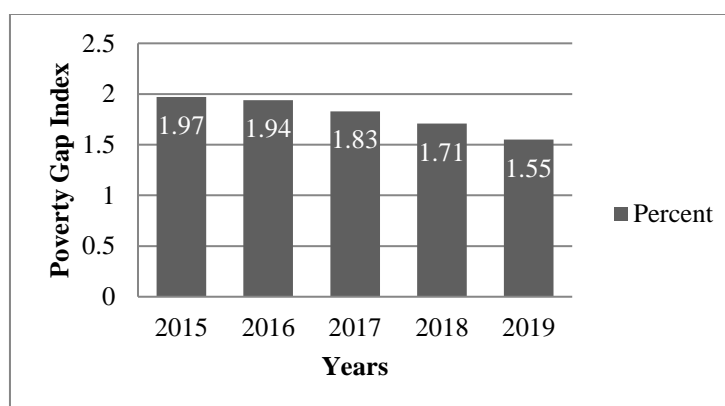
No.	Province	Year				
		2015	2016	2017	2018	2019
[24]	North Kalimantan	29.26	22.74	18.2	15.97	12.89
[25]	North Sulawesi	12.77	13.18	5.92	7.56	8.96
[26]	Central Sulawesi	14.82	13.76	8.28	10.44	11.8
[27]	South Sulawesi	13, 84	14.34	8.11	9.44	9
[28]	Southeast Sulawesi	13.68	12.93	7,19	6.99	8.78
[29]	Gorontalo	8.7	12.19	5.28	8.31	5.32
[30]	West Sulawesi	14.11	10.92	11.24	13.38	9.69
[31]	Maluku	27.2	25.78	20.99	25.86	29.06
[32]	North Maluku	32.59	31.39	24.62	25.82	27.95
[33]	West Papua	29.74	28.18	23.27	18.68	20.65
[34]	Papua	27.91	29.31	24.79	27.48	25.43
[35]	<b>Indonesia</b>	<b>12.96</b>	<b>12.69</b>	<b>7.9</b>	<b>8.23</b>	<b>8.47</b>

Source: Indonesian Central Bureau of Statistics

From the data above, it is known that the proportion of the population having a calorie intake below 1400 kcal has fluctuated. In dealing with population intake below 1400 kcal, the Ministry of Agriculture issued 37 Horticultural Product Import Recommendations (RIPH) to maintain the food supply. Bali Province has the smallest proportion of 3.39% among all provinces in Indonesia. In contrast, the largest proportion is Maluku Province at 29.06%. The 1952 'Four Healthy Five Perfect' Guidelines were revised in 1990 to become 'General Guidelines Balanced Nutrition 'or PUGS, and in 2014 it was refined back to 'My Dinner Plate, 'which states that a portion in one meal must have a balanced component between staple foods, side dishes, vegetables, and fruits.

#### 4.1.4. Development of Poverty Depth Level

Although the number of poor people has decreased in absolute terms, this does not mean that the quality of poverty is getting better. To see this condition, the poverty depth index is used.



Source: Indonesian Central Bureau of Statistics

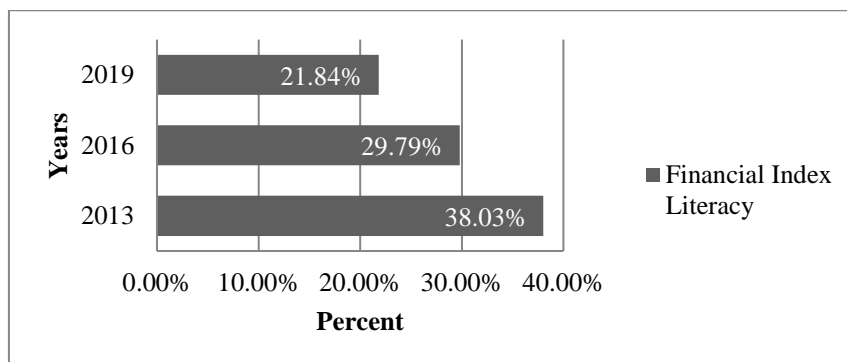
**Picture 1.** Development of the Depth of Poverty in Indonesia

The Poverty Depth Index in Indonesia has always decreased every year. This decrease in value is a good thing because the poverty depth index's decrease explains that the poor's average expenditure in Indonesia tends to get closer to the poverty line. The expenditure inequality of the poor is also getting narrower. The poverty depth index, which is a measure of each poor person's average expenditure gap against the poverty line, has increased from 1.50 in September 2019 to 1.61 in March 2020. The poverty severity index, which describes the distribution of expenditure among the poor, also increased from 0, 36 to 0.38. The Covid-19 pandemic not only makes poor people vulnerable to poverty, but it also makes the poor even deeper and worse. The dynamics of the poverty rate in March 2020 is an early indication of the impact of the Covid-19 pandemic on the welfare of the population in Indonesia. The hope is that these conditions will not get worse in the next few months. The government's extraordinary response has been very precise, one of which is the existence of a social safety net in the context of stimulating the economic impact of Covid-19. On the other hand, the public is asked to continue implementing the Covid-19 health and prevention protocol. Thus, the government's efforts and optimism coupled with public awareness to work together to restore economic conditions do not appear to be mere rhetoric during the Covid-

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#### 4.2 Development of Financial Literacy in Indonesia in the last five years

In 2013 the Financial Services Authority (OJK) surveyed on a national scale or commonly referred to as the 2013 National Financial Literacy Survey, and in 2016 OJK in its scope became the 2016 National Survey on Financial Literacy and Inclusion. This survey was conducted to formulate and refine strategies so that people who are not literate can become well literate (financial literate). This strategy is expected to become a guideline for Financial Service Business Actors in preparing programs to increase financial literacy and inclusion. This survey is also needed as a measuring tool to evaluate the effectiveness and efficiency of the financial literacy and inclusion programs that have been jointly pursued by both OJK and the financial services industry.



Source: Indonesian Financial Services Authority

**Figure 2.** Financial Literacy Index in Indonesia

From 2013 to 2019, the financial literacy index has increased. This shows that the knowledge, skills, and beliefs that influence people's attitudes and behavior in improving decision-making and financial management are getting better to achieve prosperity. When viewed from the financial sector, literacy towards banking is much higher than that of other financial institutions.

**Table 6.** Sectoral Financial Literacy Index 2013-2019 (%)

Component	Year		
	2013	2016	2019
Banking	21.80	28.90	36.12
Insurance	17.80	15.80	19.40
Pension fund	7,10	10.90	14.13
Capital market	3.80	4.40	4.92

Financial institutions	9.80	13.00	15.17
Pawn shops	14.90	17.80	17.81
Micro Finance Institution	-	-	0.85

Source: compiled from the Indonesian Financial Services Authority

From the OJK survey consisting of 12,773 respondents in 34 provinces, it is revealed that in the last three years, there has been an increase in public financial understanding (literacy) by 8.33 percent, as well as an increase in access to financial products and services or financial inclusion by 8.39 percent. Inclusion of financial services in general during the nine years of OJK, some data developments show that financial literacy and inclusion have increased. However, efforts are still needed to optimize the existing potential. Acceleration from upstream to downstream is needed to be able to compete with neighboring countries in ASEAN. Although the trend continues to increase, data shows that Indonesia's financial literacy rate is still below Thailand and Malaysia, with inclusion rates of 82 percent and 85 percent, respectively. Indonesia can implement three aspects: go digital, go rural, and go sectoral. All three are needed to ensure that there is no imbalance in public financial literacy.

### 4.3 The role of financial literacy in reducing poverty

Poverty is a condition in which a person is unable to access economic activities properly. The cause is the limited level of education, skills, and the cultures that surround it. Conditions like this have forced a person to surrender to his situation because to develop a business is constrained by limited access to capital. Poor people will surely think that the only ones who have access to the banking sector are rich people so that when they have funds, they keep it under the mattress, in the folds of clothes, and so on. With literacy, the poor must get to know banks, bank products, and know transactions with banks. If this group can take advantage of bank products, they are indirectly taught to make more regular, timely, and other financial reports. With the increase in society's financial literacy, the community will be better able to allocate existing funds in the financial services sector, which will be useful for the present and the future. The following is the level of public knowledge about the financial services industry.

**Table 7.** Indonesian Public Knowledge Regarding Financial Service Institutions in 2013 and 2016

No.	Financial Services Institutions	Year	
		2013	2016
[1]	National	99.90%	99.80%
[2]	Bank	99.50%	99.80%
[3]	Insurance	60.20%	60.30%
[4]	Pension fund	19.00%	22.40%
[5]	Financial institutions	27.90%	49.80%
[6]	Pawn shops	54.60%	58.20%
[7]	Capital market	6.20%	15.70%

Source: Indonesian Financial Services Authority (2017)

From the data in Table 7, it can be seen that in 2016 public knowledge of financial service institutions has increased when compared to 2013. Bank financial services institutions own the largest value; namely, 99.8% in 2016, and the Capital Market of 15.7% owns the smallest value. This is because the banking industry is available in all Indonesian regions and makes it easier for people to carry out financial transactions. At the same time, the public does not widely know the characteristics of the capital market industry. Apart from that, public knowledge regarding the benefits and risks of financial products and services is very significant, namely 86% and 36.1%. This is in line with the community's readiness to manage finances; people tend to choose to avoid risks in both saving and investing. Knowledge in society can be developed into financial skills or individuals' ability to apply knowledge in everyday life. It can be proven that people can do simple calculations correctly by 93.6%, but people themselves do not have confidence in themselves that they can calculate correctly.

**Table 8.** Public Confidence in Financial Service Institutions in 2016

No.	Financial Services Institutions	Percentage
[1]	Banking	90.50%
[2]	Pawnshops	42.20%



[3]	Insurance	37.10%
[4]	Financial institutions	27.00%
[5]	Pension fund	17.40%
[6]	Capital market	9.00%

Source: Indonesian Financial Services Authority (2017)

Table 8 shows public confidence in financial service institutions in 2016 with the largest percentage occupied by banks at 90.5%, followed by Pegadaian at 42.2%, Insurance at 37.1%, Financing Institutions at 27.0%, Funds Pension at 17.4%, and lastly the Capital Market at 9.0%. The benefits of financial literacy have an impact on increasing levels of financial inclusion. They will reduce gaps and low-income trap rigidity to improve the community's welfare, which in turn will lead to a reduction in the level of poverty. In the 2019 SNLIK results, the development trend of financial inclusion increased in 2013, 2016, and 2019 amounting to 59.74%, 67.8%, 76.19%. This is supported by the financial inclusion indicator, namely the usage dimension, which has increased from 2015 to 2018 while the accessibility dimension has fluctuated values. An increase in financial literacy will have a positive effect on financial inclusion. This is one of the driving factors that can reduce poverty in Indonesia.

## 5. CONCLUSION

Based on the explanation in the results and discussion sections, four main conclusions are obtained, namely as follows.

- [1] Poverty in Indonesia in 2015-2019 has decreased, followed by increasing incomes and a decreasing number of poor people. This affects the poverty line, which has increased.
- [2] From 2013 to 2019, it can be seen from the index value that financial literacy has increased, which shows that people's knowledge, skills, and confidence in financial literacy are getting better.
- [3] Financial literacy impacts increasing levels of financial inclusion, leading to a reduction in poverty in Indonesia. This is because financial literacy is the foundation of society in managing their finances appropriately.
- [4] The poverty reduction can be proven by the population's proportion with a minimum calorie intake below 1400 kcal per capita and a decrease in the poverty depth index for 2015-2019.

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