

## SUMMARY

MINTO YUWONO. Strategies to Increase the Interest of Farmers using the Products and Services from Formal Financial Institutions to Attain Financial Inclusion. Supervised by BUDI SUHARJO, BUNASOR SANIM and RITA NURMALINA.

Low levels of financial inclusive Indonesia compared to other ASEAN countries, one of which is contributed by the absence of ownership savings low-income groups (the bottom of pyramid) on financial institution formal, or as a result of low access to products and services formal financial institutions such as banks, insurance are, pension funds, pawnshops, stock market. The community group is from about 62 per cent of Indonesian society, including farmers with small land area.

Efforts to improve inclusive finance in lower-income societies, including small farmers' groups, will be difficult to produce if only driven by the supply side. While the demand side, which includes behavior in financial management, perception and preference for financial products and services and psychographical aspects related to motivation and interest in formal finance has not received adequate attention. Increasing community inclusive finance is not sufficient to be approached only from the supply side through the provision and ease of access of various financial institution products and services according to the needs of the community, but the constraints on the demand side of certain groups need to be deeply expressed. To design a Strategy to increase the adoption or acceptance of such community groups to the innovation of financial services offered, relevant information is required and at the same time getting inputs to improve the current policies or strategies.

This study aims to measure the level of financial inclusion and to identify the level of knowledge of farmers related to inclusive finance that includes access, usage levels and the quality of their use. Studying needs, problems and expectations as well as factors affecting farmers' interest in financial products and services especially services And examine the influence of factors that play a role in increasing the interest of farmers using products or services of financial institutions. Testing of research model is done by using Structural Equation Modeling (SEM). Meanwhile, to get other information done with descriptive analysis. The research location includes several centers of agriculture in Java covering 3 Provinces namely West Java, Central Java and East Java.

The result of Structural Model of Increasing Interest on LKD-LAKU PANDAI shows LKD has significant and negative influence to Access, LKD has significant and positive influence to Interest, Comm has significant and negative influence to Desire, Interest has significant and positive influence to Desire and Desire have significant and positive influence on Access . For inclusive financial improvement model shows that latent access variables significantly and positively affect the Usage and Quality have no significant effect on Usage.

The first hypothesis to test the effect of LKD on Access can explain the value of the influence coefficient or loading factor of -0.37 with t arithmetic -2.16. Absolute value t arithmetic greater than t table with alpha 5% of 1.96 means LKD has a significant and negative impact on the access.

The second hypothesis to examine the effect of LKD on interest can explain value of the effect coefficient or loading factor of 0.79 with t arithmetic 8.16. Absolute value t arithmetic greater than t table with alpha 5% of 1.96 means LKD has a significant and positive effect on the interest.

The third hypothesis to examine the influence of LKD on desire can explain value of the influence coefficient or loading factor of -0.18 with t arithmetic -1.19. Absolute value t arithmetic smaller than t table with alpha 5% of 1.96 means LKD no significant and negative impact on the desire.

The fourth hypothesis to test the effect of communication on interest can explain value of influence coefficient or loading factor of 0.01 with t count 0.42. Absolute value of t count is smaller than t table with alpha 5% of 1.96 means that communication does not have a significant and negative effect on the interest.

The fifth hypothesis testing the effect of communication on desire can explain value of the effect coefficient or loading factor of -0.06 with t arithmetic -2.53. Absolute value t arithmetic greater than t table with alpha 5% of 1.96 means communication has a significant and negative effect on the desire.

The sixth hypothesis testing the effect of awareness on interest can explain the value of the effect coefficient or loading factor of -0.10 with t arithmetic -0.95. Absolute value t arithmetic smaller than t table with alpha 5% of 1.96 means awareness does not have significant effect on the interest.

The seventh hypothesis testing the effect of interest on desire can explain value of the effect coefficient or loading factor of 1.26 with t arithmetic 7.12. Absolute value t arithmetic greater than t table with alpha 5% of 1.96 means the interest has a significant and positive effect on the desire.

The eighth hypothesis testing the influence of desire on access can explain value of effect coefficient or loading factor of 0.90 with t arithmetic 6.01. Absolute value t arithmetic greater than t table with alpha 5% of 1.96 means desire has a significant and positive effect on the access.

The ninth hypothesis can show that the latent access variables significantly and positively affect the Usage with the coefficient of 0.61 and t count 4.53 greater than t table (1.96). This indicates that farmers do not pay much attention to the quality of LKD services to be able to use LKD products, because the most important thing for farmers is their ability to access LKD products. Farmers consider that the introduction of digital financial institutions is more important in the delivery of information on how to use LKD products.

Result of Structural of Interest Improvement Model to LKD-LAKU PANDAI shows LKD has significant and negative influence to Access, LKD has significant and positive influence to Interest, Comm has significant and negative influence to Desire, Interest has significant and positive influence to Desire and Desire has significant and positive influence on Access. For inclusive financial improvement model shows that latent access variables significantly and positively affect the Usage and Quality have no significant effect on Usage.

Keywords: inclusive finance, digital financial services, financial literacy, farmer interest, formal financial products or services.