

## CHAPTER V

### DISCUSSION

#### A. Instrument Data Quality Test

##### 1. Validity Test

###### a. Shari'ah Financial Literacy Ability

After the data is collected from questionnaire and interview now is the validity measurement of the question, here we have 25 questions which related to the shari'ah financial literacy ability of respondent with the total of respondent is 154 persons came from some district from Pekalongan. To measure or to determine whether the question is valid or not we can see from the corrected item correlation, in this research question called valid if the coefficient greater or equal with 0,1330 as:

**Table 5.1**  
Question Validity Test

Question	Corrected item correlation	Information
Q1	0,635	Valid
Q2	0,431	Valid
Q3	0,660	Valid
Q4	0,523	Valid
Q5	0,592	Valid

Source: Researcher Data

Validity test,  $df = (N-2)$  with the total sample 154 and the significant of 0,05. It called valid when t-count is greater than t-table ( $N-2$ ) =  $154-2 = 152$  in significant of 0,05 at the t-table is 0,1330.

From the result of corrected item-total correlation shows Q1: 0,635. Q2: 0,431. Q3: 0,660. Q4: 0,523. Q5: 0,592 the result of t-count is greater than t-table it means all the question is valid.

**Table 5.2**  
Validity Test

Question	Corrected correlation	item	Information
Q6		0,609	Valid
Q7		0,758	Valid
Q8		0,714	Valid
Q9		0,921	Valid
Q10		0,673	Valid

Source: Researcher Data

Validity test,  $df = (N-2)$  with the total sample 154 and the significant of 0,05. It called valid when t-count is greater than t-table ( $N-2$ ) =  $154-2 = 152$  in significant of 0,05 at the t-table is 0,1330. From the result of corrected item-total correlation shows Q6: 0,609. Q7: 0,758. Q8: 0,714. Q9: 0,921. Q10: 0,673 the result of t-count is greater than t-table it means all the question is valid.

**Table 5.3**  
Validity Test

Question	Corrected correlation	item	Information
Q11		0,660	Valid
Q12		0,530	Valid
Q13		0,657	Valid
Q14		0,193	Valid
Q15		0,717	Valid

Source: Researcher Data

Validity test,  $df = (N-2)$  with the total sample 154 and the significant of 0,05. It called valid when t-count is greater than t-table  $(N-2) = 154-2 = 152$  in significant of 0,05 at the t-table is 0,1330. From the result of corrected item-total correlation shows Q11: 0,660. Q12: 0,530. Q13: 0,657. Q14: 0,193. Q15: 0,717 the result of t-count is greater than t-table it means all the question is valid.

**Table 5.4**  
Validity Test

Question	Corrected correlation	item	Information
Q16		0,846	Valid
Q17		0,846	Valid
Q18		0,846	Valid
Q19		0,352	Valid
Q20		0,105	Not valid

Source: Researcher Data

Because Q20 is not valid ( $0,105 < t\text{-table } (0,1330)$ ) than dismiss the Q20 and test the question for the second time only Q16-Q19 and the result as below:

**Table 5.5**  
Validity Test

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q16	6,80	2,250	0,914	-	0,778
Q17	6,80	2,250	0,914	-	0,778
Q18	6,80	2,250	0,914	-	0,778
Q19	6,80	3,000	0,335	-	1,000

Source: Researcher Data

Validity test,  $df = (N-2)$  with the total sample 154 and the significant of 0,05. It called valid when t-count is greater than t-table  $(N-2) = 154-2 = 152$  in significant of 0,05 at the t-table is 0,1330. From the result of corrected item-total correlation shows Q16: 0,914. Q17: 0,914. Q18: 0,914. Q19: 0,335 the result of t-count is greater than t-table it means all the question is valid.

**Table 5.6**  
Validity Test

Question	Corrected item correlation	Information
Q21	0,597	Valid
Q22	0,160	Valid
Q23	0,174	Valid
Q24	0,607	Valid
Q25	0,599	Valid

Source: Researcher Data

Validity test,  $df = (N-2)$  with the total sample 154 and the significant of 0,05. It called valid when t-count is greater than t-table  $(N-2) = 154-2 = 152$  in significant of 0,05 at the t-table is 0,1330. From the result of corrected item-total correlation shows Q21: 0,597. Q22: 0,160. Q23: 0,174. Q24: 0,607. Q25: 0,599 the result of t-count is greater than t-table it means all the question is valid.

From the table above shows that question number 20 is not valid because the value of corrected item correlation is 0,105 below 0,1330 and other question from the 25 total question exist is valid.

## 2. Reliability Test

Cronbach alpha is used as the measurement technique to test the reliability of the data using application software SPSS version 15.0 and the data called reliable if the reliability of coefficient at least reach 0,60 (Tasya, 2012). The instrument called not reliable if the coefficient of cronbach alpha less than 0,60.

**Table 5.7**  
Validity Test

	Cronbach's Alpha	Result
Shari'ah financial basic knowledge	0,786	Valid
Saving and investment	0,888	Valid
Shari'ah financial institution knowledge	0,775	Valid
Insurance	0,788	Valid
Finance	0,637	Valid

Source: Researcher Data

Reliability test result from the question number 1 to 5 shows cronbsch's alpha at 0,786. When the result of cronbach's alpha is  $>7$  it's mean the data or question is reliable. Reliability test result from the question number 6 to 10 shows cronbsch's alpha at 0,888. When the result of cronbach's alpha is  $>7$  it's mean the data or question is reliable. Reliability test result from the question number 11 to 15 shows cronbsch's alpha at 0,775. When the result of cronbach's alpha is  $>7$  it's mean the data or question is reliable. Reliability test result from the question number 16 to 20 shows cronbsch's alpha at 0,788. When the result of cronbach's alpha is  $>7$  it's mean the data or question is reliable. Reliability test result from the question number 21 to 25 shows cronbsch's alpha at 0,637. When the result of cronbach's alpha is  $>7$  it's mean the data or question is reliable.

### 3. Ordinal Logistic Test

#### a. Fit Model Test

Fit model test used for rating the overall fit model to the data from the hypothesis, likelihood  $L$  from the model is the probability that model of hypothesis used in this research describe the data input. For testing the null hypothesis and alternative,  $L$  is transformed to  $-2\text{Log}L$ . Statistic  $-2\text{Log}L$  commonly called likelihood ratio  $X^2$  statistic (Ghozali, 20113). This test will show the influences of each independent variable in this research those are income, education, work field and financial institution relation to the dependent variable (Rahmawati, 2016). The first analysis by testing the overall model fit. This test done with comparing first value of  $-2 \log$  likelihood ( $-2LL$ ) intercept only with  $-2 \log$  likelihood ( $-2LL$ ) at final model. The existence of reducing value between first  $-2LL$  intercept only with  $-2 \log$  likelihood ( $-2LL$ ) in final model shows that model is fit with the data (Ghozali, 2011).

**Table 5.8**  
Fitting Model

Model	-2 Log Likelihood	Chi – square	Df	Sig.
Intercept Only	169.150			
Final	148.638	20.512	4	0.000

Source: Researcher Data

Table above shows the comparison between value of  $-2LL$  at intercept only model with  $-2LL$  in final model.

From the table known that the first value of -2LL intercept only used by constant only is 169,150 and in the last -2LL, the value of -2LL is decreasing to 148,638. It shows the model with variable adding is better in the prediction of the independent variable influences the variable of dependent in other word the model is fit with the data.

b. Coefficient Determinant

For knowing the much of dependent variable explained by independent variable we use the result of Pseudo R Square, as below:

**Table 5.9**  
Variability Test  
Pseudo R - Square

Cox and Snell	0.125
Nagelkerke	0.154
McFadden	0.080

Source: Researcher Data

The result of R square is 0,080 it's mean the variability of dependent variable which is explained by independent variable is 8% and the rest of it 92% explained by the others variable from the outside of this research model.

c. Ordinal Regression Test Result



By using the ordinal logistic regression test we will know which the variables is influence shari'ah financial literacy. And the result is shows as below:

**Table 5.10**  
Ordinal Logistic Regression Test

	Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval		
						Lower Bound	Upper Bound	
Threshold	[literacy = 0]	-.805	.707	1.298	1	.255	-2.191	.580
	[literacy = 1]	3.112	.763	16.653	1	.000	1.617	4.607
Location	income	.782	.374	4.365	1	.037	.048	1.516
	education	.331	.161	4.239	1	.040	.016	.647
	workfield	-.148	.175	.710	1	.399	-.491	.196
	relation	.277	.206	1.805	1	.179	-.127	.682

Source: Researcher Data

From above data, income have the significant influences to the shari'ah financial literacy as the dependent variable with the score of significant 0,037 education have the positive significant influences to the dependent variable with score 0,040 from the overall respondent work field does not have significant influences 0,399 where the other independent variable relation to the financial institution also does not have any significant influences to the dependent variable with only 0,179.

Based on the result of ordinal logistic test, see (table 5.10) the independent variable that give the significant influences is income and education where work field and relation of financial institution give no

significant relation with the shari'ah financial literacy according to the table than here the equation that we have:

$$\text{Logit (p1)} = - 0,805 + 0,782 + 0,331 - 0,148 + 0,277$$

$$\text{Logit (p1 + p2)} = 3,112 + 0,782 + 0,331 - 0,148 + 0,277$$

$$p1 = \frac{\text{Exp} (- 0,805 + 0,782)}{1 + \text{Exp} (- 0,805 + 0,782)} = \frac{0,997}{(1 + 0,997)} = 0,997$$

$$p1 + p2 = \frac{\text{Exp} (3,112 + 0,782)}{1 + \text{Exp} (3,112 + 0,782)} = \frac{44,945}{(1 + 44,945)} = 44,945$$

$$p2 = p3 - p1 = 44,945 - 0,997 = 43,968$$

$$p1 = \frac{\text{Exp} (- 0,805 + 0,311)}{1 + \text{Exp} (- 0,805 + 0,311)} = \frac{2,276328252 \times 10^{-10}}{(1 + 2,276328252 \times 10^{-10})} = 2,276328252 \times 10^{-10}$$

$$p1 + p2 = \frac{\text{Exp} (3,112 + 0,311)}{1 + \text{Exp} (3,112 + 0,311)} = \frac{1,000000001}{(1 + 1,000000001)} = 1,000000001$$

$$p2 = p3 - p1 = 1,000 - 2,276 = -1,276$$

The relation of *odds* and independent variable explained as below:

Increasing in 1 unit of income will decreasing low category of shari'ah financial literacy probability 0,997 and decreasing sufficient category of shari'ah financial literacy probability 44,945.

Increasing 1 unit of respondent education will decrease low category from the shari'ah financial literacy probability 2,276E x10<sup>-10</sup> and decreasing sufficient category of shari'ah financial literacy 1,000E

Exp = exponential (e) = 2,71828

d. Parallel line test

According to Ghozali (2011) the use of parallel line test is to measure if the variable is include in one parameter or not, and called suitable if  $p > 0,05$  and the result shows as the parallel line table below (table 5.11).

**Table 5.11**  
Parallel Line Test

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	148.638			
General	145.091	3.547	4	.471

Source: Researcher Data

From the test of parallel line we have 0,471 as the result and p here greater than 0,05 it is mean that the model is suitable and able to use.

## B. Discussion

### 1. Shari'ah Financial Literacy Level of Rural People in Pekalongan

To measure the level of respondent shari'ah financial literacy we need to use the equation whether they are including in the low, moderate or high literate and the equation shows in (table 5.12):

**Table 5.12**  
Score Conversion

Score	Conversion Formula	Category
1d	$X > M_i + 1$ (SDi)	High
2n	$M_i - 1 \leq X \leq M_i + 1$ (SDi)	Moderate
3e	$X < M_i - 1$ (SDi)	Low

Source: Rahmawati (2016)

From the above equation we got maximum ideal 96, minimum ideal 24, SDi 12 and Mean ideal 60 than the result shows respondent shari'ah financial literacy is high  $> 72$ , low  $< 48$  and moderate  $48 \leq x \leq 72$ .

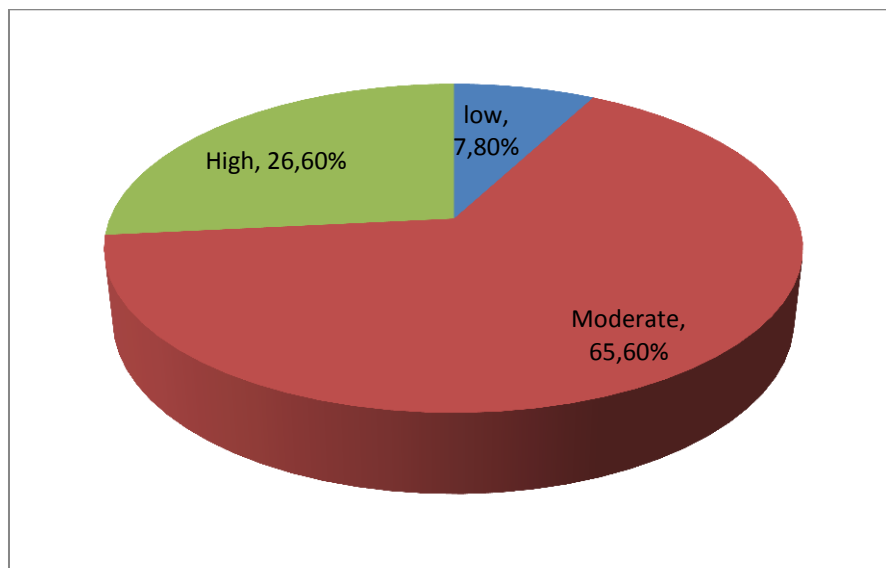
**Table 5.13**  
Frequency of Shari'ah Financial Literacy

Category	Total x	Frequency	Percentage
Low	$< 48$	12	7,8
Moderate	$48 \leq x \leq 72$	101	65,6
High	$> 72$	41	26,6

Source: Researcher Data

The table shows from the total of 154 respondents in this research most of them categorized at the level of moderate or we call sufficient literate which only few of people from the total of respondent categorized as low literate, than we can conclude from the table that respondent with the low shari'ah financial literacy is 12 people, 101 people categorized as

moderate and 41 categorized as high literate and the percentage is from total 100% or 154 respondent 7,8% categorized as the low shari'ah literate people, 25,6% categorized as the moderate or sufficient shari'ah literate people and 65,6% categorized as the high shari'ah literate people and the data will be present by diagram below:



**Figure 5.1**  
Diagram of Shari'ah Financial Literacy in Pekalongan

In the chart shows that respondent mostly categorized as a sufficient literate but in fact in the direct interview section with the respondent they do not really understand what does shari'ah literacy mean and pretend to hide their ignorance, for some reason they tough it is better for hiding their ignorance rather than showing what they really are in term of shari'ah literacy understanding.

Financial literacy according to circulated letter of financial services authority (OJK) No 1 /SEOJK.07 /2014 general requirement point 2 said financial literacy is ability of understanding knowledge and skill to maintain or explore financial resources for achieving of welfare (Pocket book of Education and Consumer Protection, 2015), if the shari'ah financial literacy level classified based on strategy of Indonesian national financial literacy OJK mean respondent as Pekalongan people classified as sufficient literate which they have an knowledge and believe to the financial literacy institution and their product or services (Rahmawati 2016).

Based on the OJK letter above financial literacy is include the understanding, believe and skill to maintain the financial resource but here respondent of this research which include as a sufficient literate people who does not have the skill to maintain financial resources yet, than based on the letter of OJK obligated also to the corporation and financial institution both shari'ah and conventional to educate people and or consumer to the importance of financial literacy but especially in Pekalongan the education of financial literacy is limited more for shari'ah financial literacy education, therefore to achieve the welfare of the society the good understanding of shari'ah financial literacy and financial literacy is needed directly from government and or financial institution.

## **2. Financial Literacy and Income**

Hypothesis 1 said there is significant relationship between income and the shari'ah financial literacy of people in Pekalongan , the result of data test shows income coefficient is 0,782 with the significant level of 0,037. From the result shows that the level of significant is less than 0,05 which mean the income as an independent variable have any positive significant relation to shari'ah financial literacy as the dependent variable and hypothesis 1 is proven.

This result is constant with the previous study which is said that financial literacy increases trough with the income increases (Scheresbergh, 2013) in Margaretha and Sari, 2015), there is a significant influence between financial literacy and the income of people (Margaretha and Sari, 2015). Significant result from this research proofed small and middle enterprises people with the lower income have the shari'ah financial literacy chance with the better category (Rahmawati, 2016).

Most of the respondent are in low and middle income and most of their income only sufficient for their daily need and it is the main problem that they deliver to the researcher when the interview section even though they had an income they do not have any spare for saving and investment they done some contract in bank but for borrowing not for saving and it is the fact from huge number of respondent.

### **3. Financial Literacy and Education**

Hypothesis 2 said there is positive significant relationship between education and the shari'ah financial literacy of people in Pekalongan , the result of data test shows that education coefficient is 0,331 at the level of significant 0,040.

From the result shows that level of significant is less than 0,05 which mean the education as an independent variable have the positive significant relation to shari'ah financial literacy as the dependent variable, hypothesis 1 is proofed and automatically accepted. The result of test is suitable with some of previous study, more the education of people will influence to the more understanding of financial literacy (Nidar and Bestari, (2012) in Margaretha and Sari, (2015). Financial literacy and education have the significant relationship (Margaretha and Sari, 2015) variable education level positively affect on financial literacy (Amaliyah and Witiastuti, 2015), the Educational background has the significant influences with the shari'ah financial literacy (Rahmawati, 2016).

Even though the result is positive significant but most of people do not really know the differences of shari'ah and non-shari'ah institution the contracts and product that they have and how to use the product they only have an account for accepting their monthly salary or only money transfer tool, based on that the additional education related to shari'ah financial literacy is needed not only for increasing they shari'ah market



share but also the welfare of society especially rural people in Pekalongan.

#### **4. Financial Literacy and Work Field**

Hypothesis 3 said that there is positive and negative relationship between work field and the shari'ah financial literacy of people in Pekalongan , the result of data test shows work field have the coefficient at  $-0,418$  in significant  $0,399$  and it is higher than  $0,05$  not in line with the previous study and hypothesis is not accepted. Financial literacy level is influenced by work field (Bushan and Medhury, 2013) in Rahmawati, (2016). Education and work field has a relation with some of the financial indicators, because in some point it is suggest the important things and some doesn't. The social research center (2011).

From the interview finding because of their work field they have some relation to the financial institution such as teacher, village governance which is include as a state servant or a seller relatively they have some relation to financial institution because of their work concentration.

#### **5. Financial Literacy and Financial Institution Relationship**

Hypothesis 4 said that there is positive significant relation between financial institution relationship and the shari'ah financial literacy of people in Pekalongan , the result of data coefficient is  $0,277$  in significant  $0,179$  from the result shows that one of level of significant is more than  $0,05$  which mean the relation of financial institution as an independent

variable have a positive relation but not significant to shari'ah financial literacy as the dependent variable which mean hypothesis 1 is not proofed and automatically rejected. This is in line with the previous study that said the respondent relationship trough financial institution has the significant influence to shari'ah financial literacy (Rahmawati, 2016).

In fact here the most variable that influencing people to know the financial institution and product contrast with the result of data test because the significant is 17% or below 20%.