

FINANCIAL LITERACY AND FINANCIAL INCLUSION ON SUSTAINABLE CREDIT DECISIONS THROUGH FINANCIAL BEHAVIOR : A STUDY OF MERAUKE MSMEs

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ABSTRACT

Study This aim For analyze impact financial literacy and financial inclusion to taking sustainable credit decisions through financial behavior of MSMEs in Merauke City. Problems study leave from low financial literacy perpetrator business as well as limited utilization service formal finance, which causes decision credit often taken without careful consideration. Research This use method quantitative with population as many as 3.777 MSMEs. The sampling technique sample done with purposive sampling and quota sampling methods, with amount respondents as many as 120 MSMEs in Merauke City. Data collected through questionnaire Likert scale, then analyzed using Structural Equation Modeling Partial Least Squares (SEM-PLS). The research results show that financial literacy No influential significant to taking decision credit sustainable. Financial inclusion has a significant influence on sustainable credit decisions. Literasi financial does not affect financial behavior. Financial inclusion proven influential positive and significant to financial behavior. Financial behavior has a positive and significant influence on sustainable credit decisions. Furthermore, the results of the mediation test show that financial literacy influential No direct to decision credit sustainable through financial behavior. financial inclusion on sustainable credit decisions mediated by financial behavior is significant. Findings that financial literacy alone is not enough to drive sustainable credit decisions if it isn't reflected in daily financial behavior. Therefore, a financial literacy program is needed that emphasizes not only knowledge but also the development of healthy financial behavior among Merauke's MSMEs.

Keywords : Financial Literacy; Financial Inclusion; Financial Behavior; Sustainable Credit Decisions; MSMEs

ABSTRAK

Penelitian ini bertujuan untuk menganalisis dampak literasi keuangan dan inklusi keuangan terhadap pengambilan keputusan kredit berkelanjutan melalui financial behavior UMKM di Kota Merauke. Permasalahan penelitian rendahnya literasi keuangan pelaku usaha serta terbatasnya pemanfaatan layanan keuangan formal, yang menyebabkan keputusan kredit sering diambil tanpa pertimbangan yang matang. Penelitian ini menggunakan metode kuantitatif dengan populasi sebanyak 3.777 UMKM. Teknik pengambilan sampel dilakukan dengan metode purposive sampling dan quota sampling, dengan jumlah responden sebanyak 120 UMKM di Kota Merauke. Data dikumpulkan melalui kuesioner skala Likert, kemudian dianalisis menggunakan Structural Equation Modeling Partial Least Squares (SEM-PLS). Hasil penelitian menunjukkan bahwa literasi keuangan tidak berpengaruh signifikan terhadap pengambilan keputusan kredit berkelanjutan. Inklusi keuangan berpengaruh signifikan terhadap keputusan kredit berkelanjutan. Literasi keuangan tidak berpengaruh terhadap financial behavior. Inklusi keuangan berpengaruh signifikan terhadap financial behavior. Perilaku keuangan berpengaruh positif dan signifikan terhadap pengambilan keputusan kredit berkelanjutan. Selanjutnya, hasil uji mediasi menunjukkan bahwa literasi keuangan tidak berpengaruh langsung terhadap keputusan kredit berkelanjutan melalui financial behavior. Inklusi keuangan terhadap keputusan kredit berkelanjutan yang dimediasi oleh financial behavior adalah signifikan. Temuan ini menegaskan bahwa pemahaman keuangan belum cukup

mendorong keputusan kredit berkelanjutan jika tidak tercermin dalam perilaku keuangan sehari-hari. Oleh karena itu, diperlukan program literasi keuangan yang tidak hanya menekankan aspek pengetahuan, tetapi juga pembentukan perilaku keuangan sehat di kalangan UMKM Merauke.

Kata Kunci : Literasi Keuangan; Inklusi Keuangan; Prilaku Keuangan; Keputusan Kredit Berkelanjutan; UMKM

INTRODUCTION

The Indonesian economy relies heavily on Micro, Small, and Medium Enterprises (MSMEs), which, according to the Ministry of Cooperatives and SMEs, generate over 60% of the national Gross Domestic Product (GDP) and provides employment for approximately 97% of the country's workforce. MSMEs are spread throughout Indonesia and play a crucial role in supporting local economic resilience, particularly during times of crisis (Dwi Ariani et al., 2024). Despite the significant role of MSMEs, this sector still faces various fundamental obstacles, particularly in terms of financial management, access to financing, and utilization of formal financial services. Low financial understanding (financial literacy) and limited access to financial institutions (financial inclusion) are major obstacles to the growth and sustainability of MSMEs (Hasibuan, 2024).

Financial Services Authority (OJK) as institution independent that regulates and supervises sector service finance in Indonesia has role strategic in push improvement literacy and financial inclusion (Sari & Fahamsyah, 2025) . OJK in general active emit various educational policies and programs finance to improve understanding public to products and services finance. One of the step What OJK is doing concretely is with publish OJK Regulation (POJK) No. 76/POJK.07/2016 concerning Improvement financial literacy and financial inclusion in the Financial Services Sector for Consumers and/ or Society (Prihatni et al., 2024). Regulation This push institution finance For more active in do education and providing more access inclusive to society, including MSME actors.

Results of the National Survey of financial Literacy and Inclusion (SNLIK) conducted by the OJK there is increase significant in financial literacy from 2019 to 2022 from 38.03% to 49.68%. Financial inclusion also show increase from 76.19% in 2019 to 85.10 % in 2022. The year 2024 shows financial literacy soaring sharp to 65.43% while financial inclusion rather more low at 75.02% compared to 2022. In 2025, literacy increased slightly to 66.46%, and inclusion also increased to 80.51% (Otoritas Jasa Keuangan, 2025) . Although number This show trend positive, still there is enough gap large, especially in the regions remote and eastern regions of Indonesia, such as Papua and South Papua, including Merauke Regency. In the context of Currently, MSMEs in the Merauke region are facing obstacle in access service finance Because limitations infrastructure, distance geographical, and the lack of socialization

from institution formal finance.

MSMEs play an important role in strengthening the dynamics of regional economic growth, including in Merauke City, which is Indonesia's leading region in the region east. One of the constraint main issues faced MSME actors are low literacy financial literacy encompasses an individual's understanding, skills, and confidence in managing finances in a careful and efficient manner (Tamara & Maharani, 2024). Many MSMEs have not yet understand product finance in a way deep, so that often take decision credit without take into account risk, interest expense, or ability pay back. This is can cause failure in debt management that impacts sustainability business.

Financial inclusion seeks to ensure that every individual and business actor has access to financial services, especially underserved groups (unbanked), has access to various formal financial services and products effectively, affordably, and sustainably (Prymostka et al., 2020). The level of financial inclusion in Merauke are still classified as low, where MSME actors have not fully get access to service formal finance such as bank credit, institutions finance micro, or cooperative save borrow. Limitations access This can caused by various factors, starting from location geographical, limitations infrastructure finance, up to lack of information and education from institution finance.

On the other hand, the decision credit No can determined by aspects rational, but also greatly influenced by financial behavior of the perpetrator business That Alone (Ganes et al., 2023) . In context Financial Behavior, factors like perception risk, habits consumption , orientation time, and control self participate form method individual take decision finance (Amidjono, 2021) . Therefore that, approach financial behavior become important For understand in a way more holistic How MSME actors in Merauke make decision related loan or credit financial behavior refers to how individuals or business actors manage, spend, save, and make decisions regarding money. Financial Theory Behavior states that financial decisions are not completely rational, but are also influenced by attitudes, emotions, and habits (Iqbal & Prapanca, 2024).

Retrieval sustainable credit decisions means that decision For take credit done with calculation term long, pay attention ability pay, goal business, as well as impact social and environmental (Dwi Puspasari et al., 2020) . In terms of This, MSME actors who have level financial literacy high and get support access good finances, as well as own behavior wise finances, tend to more capable make decision supporting credit sustainability and growth business they in a way sustainable.

In research This important known that financial literacy and financial inclusion interact with Financial Behavior MSME actors in influence decision they For take credit that is not only

profitable in a way term short, but also capable support sustainability business in term long. Research this also becomes relevant in frame support government programs in increase financial inclusion and empowerment of MSMEs in the Eastern Indonesia region, especially Merauke, which has potential big However Not yet optimally developed from side management healthy finances. With background behind said, research This expected capable give contribution theoretical and practical in formulation policy as well as educational and mentoring programs for MSMEs, especially in strengthen capacity perpetrator business in manage finance.

Literature Review

Financial Literacy

Literacy can be defined as an individual's capacity to access, understand, and process economic information to support rational decision making related to financial planning (Ismali et al., 2024), asset accumulation, debt management, and retirement planning (Nasution et al., 2024). Financial literacy refers to an individual's understanding of financial concepts and risks, combined with the skills, willingness, and confidence to make effective financial choices (Potrich & Vieira, 2018). Indicator financial literacy (Farahdilla & Shintia Dewi, 2022) that is Understanding about draft base finance (interest, inflation, risk), Ability make budget finance, ability choose product finance, Awareness to risk finance and methods mitigation, attitude wise to expenses and debt.

Financial Inclusion

Financial inclusion is understood as providing individuals and businesses with access to suitable and affordable financial products and services that address their needs in areas such as transactions, payments, savings, credit, and insurance, delivered in a responsible and sustainable way (Ahmed Hassan, 2024). Financial inclusion based on OJK No. 76/POJK.07/2016 states that financial inclusion is the availability of access to various service (Suaebah et al., 2021) products. Indicator financial inclusion. Access to service formal finance (banking, cooperatives), Use product finance (accounts) savings, credit, e-wallet), Ease and convenience in access service finance, trust to institution finance, Availability information easy finance understood.

Financial Behavior Theory

Finance Behavior Theory is science that is not inseparable based on the relationship various type knowledge and integrated (Fadli et al., 2025). Finance Behavior is knowledge or understanding that describes aspect cognitive like emotions, traits, preferences, and so on that show behavior individual behavior individual the in a way No direct capable influence individual certain (Rai et al., 2019). Financial Behavior describe trend somebody in arrange his finances that can influenced by factors psychological, social, and economic (Iqbal & Prapanca, 2024). Indicator Financial Behavior (Ganes et al., 2023) Habit saving and debt, Orientation term

long vs. term short in finance, investment decisions based on emotion or information, tolerance to risk finance and response to information finance (optimistic / pessimistic) (Nathadiharja, 2024).

Sustainable Credit Decision Making

A credit granting decision is a documented authorization issued by a qualified credit analyst that specifies the approved loan amount, along with the type and value of the collateral provided (Masdiantini et al., 2023). Credit Decision Indicators Sustainable (Dwi Puspasari et al., 2020). Ability evaluate needs and goals loans, considerations regarding interest, tenor, and fees loan, Ability pay off loan appropriate time, Usage credit For objective productive / business, and evaluation impact term long from decision loan.

Hypothesis

Literacy variable has a significant positive effect on credit decisions (Dwi Puspasari et al., 2020) . Financial literacy own positive influence but No significant to decision taking credit which means if level financial literacy the more tall so decision taking credit it is also getting bigger Good but No has an important meaning (Rizky Rahmania & Noerman Ningtyas, 2022) . MSMEs with good financial literacy will better understand credit requirements, loan risks, and how to use them for productive purposes, enabling them to make sustainable credit decisions.

H1: There Is An Influence Of Financial Literacy On Sustainable Credit Decision Making.

The financial inclusion variable has a positive effect on credit decisions (Dwi Puspasari et al., 2020) . Financial inclusion has a positive and significant impact on credit decisions, as increased access to financial products, services, and services improves the quality of the decision making process related to debt utilization (Rizky Rahmania & Noerman Ningtyas, 2022). The easier it is for MSMEs to access financial services (banks, cooperatives), the greater their opportunity to obtain information that supports informed and responsible credit decisions.

H2: There Is An Influence Of Financial Inclusion On Sustainable Credit Decision Making.

Research by (Ganes et al., 2023) state financial literacy influence financial behavior individuals, in particular in managing debt, saving, and controlling expenditure. (Farida et al., 2021) also proves that individual with financial literacy tall more discipline in plan financial management and avoiding consumer debt. MSMEs with good financial understanding will demonstrate wiser and more structured financial behavior in managing business finances.

H3: There is an Influence of Financial Literacy on Financial Behavior .

Financial inclusion contributes to improving people's financial behavior, especially in the informal sector, because access to financial products encourages saving behavior and business planning (Nasution et al., 2024) . Research findings (Nasution, 2025) show that

financial inclusion influences financial behavior because it can provide benefits for individual well-being, one of which is through easy access to formal financial services, such as banking, available around them. Financial inclusion can be understood as providing communities with access to a wide range of financial institutions, products, and services that are appropriate to their needs and capacities, with the purpose of enhancing overall welfare. Micro, small, and medium enterprises (MSMEs) that obtain broader financial access and make greater use of these services generally display more dynamic and strategic financial behavior.

H4: There Is An Influence Of Financial Inclusion On Financial Behavior

Research result (Fahrozi & Uyun, 2023) explaining Behavioral Finance The theory explains that individual financial behavior is influenced by psychological factors, biases, and habits in financial management. Healthy financial behaviors, such as saving, managing debt, and making rational decisions, will contribute to business sustainability, including the use of credit. Several studies, among others, (Lesley Munyaneza, 2025) show that bias in credit decision making can disrupt the quality of credit decisions (e.g., overconfidence, status quo bias), supporting the importance of healthy financial behavior in credit decision making. (Nasution, 2025) Financial inclusion is one factor influencing financial behavior. The greater the provision of financial inclusion, the better financial behavior will be.

Financial Behavior supports that financial decisions are not purely rational, but are influenced by behavioral patterns. If someone has good financial behavior (e.g., disciplined debt repayment, long-term financial planning, informed decision making), then when they are faced with the opportunity to take out credit, they will tend to choose sustainable options (not consumer debt or high-risk debt). Several studies have shown that biases in credit decision making can impair the quality of credit decisions (e.g., overconfidence, status quo bias) supporting the importance of healthy financial behavior in credit decision making (Lesley Munyaneza, 2025).

H5 : There is Influence Financial Behavior Regarding Sustainable Credit Decision Making

Literacy provides knowledge, attitudes, and an understanding of financial concepts (interest, risk, budgeting). However, knowledge alone does not automatically lead to good decisions; what determines the effectiveness of that knowledge is its application in real-life behavior. The study financial Literacy as a Mediator of Personality shows that financial literacy can act as a mediator in various financial relationships (Anand et al., 2020).

H6: There is an Indirect Effect of Financial Literacy on Sustainable Credit Decision Making Through Financial Behavior .

Access to formal financial services (banks, cooperatives, fintech) does not automatically enable MSMEs to make wise credit decisions, unless that access is truly utilized

through healthy financial behavior (Liu, 2023) . Financial inclusion increased, the impact to quality decision financial new will seen If perpetrator business own habit manage good finances (Reddy et al., 2024).

H7: There is an Indirect Effect of Financial Inclusion on Sustainable Credit Decision Making Through Financial Behavior .

Methodology Study

Research Location is in the Merauke region, Papua Province, with focus on MSMEs in Merauke City. Population in study This is There are 3.777 MSMEs in Merauke City, Papua Province. The sample will be taken use method Purposive sampling with a quota sampling approach because the population data is only known in total, without detailed strata. To maintain representativeness, the researcher set the criteria for respondents to be active MSME actors in Merauke City, have or are currently taking out credit, and are willing to complete the questionnaire. Calculation of the Sample Taken use formula Slovin with a margin of error of 9% is approximately 120 respondents. To maintain representativeness, the quota distribution is set at 60% for trade businesses, 30% for service businesses, and 10% for production/agricultural businesses, in accordance with the estimated distribution of MSMEs in Merauke City.

Data obtained from questionnaire will analyzed use Structural Equation Modeling (SEM) with Partial approach Least Squares (PLS) for test connection between variables study (Rai et al., 2019). SEM analysis in this study used Smartpls 4 software. In SEM analysis using smartpls, the analysis results consist of two major parts, namely the measurement model analysis and the structural model. The measurement model analysis was conducted to determine the validity and reliability of the instruments used to measure each variable. The structural model analysis was conducted to determine the prediction model, the size of the influence, and the acceptance and rejection of the proposed hypothesis (Hair, Jr. et al., 2022) . Validity and reliability testing were seen from three coefficients, namely Alpha Cronbach , ρ_a and ρ_c For ensure that instruments used can measure variables with appropriate. In the (Savira et al., 2024) structural model analysis , there are several statistical results that will be presented, namely the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and hypothesis testing (path analysis).

RESULTS AND DISCUSSION

Loading Factor Results

Loading factor test show that all over indicators on variables financial literacy, financial inclusion, financial behavior, and sustainable credit decisions own value above 0.5. This is signify that all valid indicators in reflect constructs being studied. All statement items have loading values factor greater than 0.5 so it can be concluded that all questions in this research

questionnaire are valid and can be continued to further testing.

Reliability

All over variables study own Cronbach's Alpha and Composite Reliability values are higher big from 0.7, so that can concluded that instrument study This reliable. This means that the indicators used consistent in measure each construct and can trusted For used in analysis more carry on.

Structural Model Analysis (Inner Model)

Collinearity (VIF)

Collinearity testing is performed to detect relationships or correlations between variables in a study. Each variable should not have a high correlation with each other. In collinearity testing, to determine whether each variable does not have a high correlation, the VIF value is used. (Hair, Jr. et al., 2022) It is recommended that the VIF value be no more than 5 to ensure that the variables are not highly correlated. Table 5 shows the VIF values for each relationship between variables. All VIF values are below 5, indicating no collinearity between the variables. Thus, each independent variable (financial literacy , financial inclusion, financial behavior) is able to explain the dependent variable independently, without excessive overlap . This strengthens the reliability of the structural model in the study.

Explanatory Power Testing

In table 6 it can be seen that the R- square value for financial behavior is 0.158. This means that the financial literacy and financial inclusion variables are able to explain the variance in financial behavior by 15.8%. The remaining 84.2% is explained by other factors. For sustainable credit decisions, the R- square value is 0.410, meaning that the variables financial literacy, financial inclusion, and financial Behavior is able to explain the variance in sustainable credit decisions by 41%, then 59% is explained by other factors.

Effect size

Table 7 shows the effect values size of each relationship between exogenous variables and endogenous variables. Strength of the effect moderate size is shown in the relationship between financial inclusion and sustainable credit decisions (0.058), financial inclusion and financial behavior (0.128) and financial behavior towards sustainable credit decisions (0.343). Strength of the effect weak size is shown in the relationship between financial literacy and sustainable credit decisions (0.015) and financial literacy and financial behavior (0.01). Thus, it can be concluded that the role of Financial Behavior is the main key in mediating the influence of inancial Literacy and Financial Inclusion on Sustainable Credit Decisions.

Predictive Power Testing

Predictive testing Power testing is performed to test the predictive power of the model

used. The measure used is the Q^2 value, also known as predictive power relevance. To achieve good predictive power from the model, the Q^2 value must be greater than 0. Table 8 shows that all Q^2 values are above 0, so it can be said that the model has predictive power and can be generalized to other similar data sets (Hair, Jr. et al., 2022).

Hypothesis Testing

The criteria for determining the significance of the relationship or influence between variables is by looking at the t- statistic and p- value. The t- statistic or calculated t-value must be greater than 1.96 with a significance level of 0.5 or 5% (Hair, Jr. et al., 2022). Based on this provision, the significance of the direct influence of each variable is as follows:

- a. The effect of financial literacy on sustainable credit decisions is insignificant, with a t-value of $1.217 < 1.96$ and a p- value of $0.224 > 0.05$. It can be concluded that financial literacy has no effect on sustainable credit decisions. This means that MSMEs' level of financial understanding, such as capital management, loan interest rates, and risk management principles, does not necessarily encourage them to make wiser and more sustainable credit decisions. This contrasts with research on credit (Dwi Puspasari et al., 2020) financial literacy has a significant positive effect on decisions, while the research results (Rizky Rahmania & Noerman Ningtyas, 2022) Financial literacy has a positive but insignificant effect on credit decisions, meaning that higher levels of financial literacy lead to better credit decisions, but this is not significant. The analysis revealed a positive but insignificant effect on credit decisions.

This situation can be explained by the fact that even though MSMEs possess financial knowledge, this knowledge is not automatically implemented in their decision making practices. Credit decisions are more often driven by practical factors, such as urgent business capital needs, ease of loan procedures, proximity to financial institutions, and prior empirical experience in accessing credit. Thus, financial literacy tends to be knowledge based and has not yet been internalized into behavior based practices. Decision making. Improving financial literacy alone is not enough to encourage MSMEs to make sustainable credit decisions. Financial literacy needs to be integrated with the formation of financial Good behavior, such as maintaining financial records, evaluating credit risk, and disciplined cash flow management, demonstrates that MSME empowerment programs should not only focus on financial education but also focus on changing wiser financial behaviors to sustainably improve the quality of credit decisions.

- b. The effect of financial inclusion on sustainable credit decisions is significant. This is evidenced by a t-value of $2.115 > 1.96$ and a p- value of $0.034 < 0.05$. Therefore, it can be concluded that financial inclusion influences credit decisions. The direction of the effect is

positive with an original value of 0.034. The sample size is 0.209. This means that the better access MSMEs have to formal financial services, such as the availability of credit products, ease of procedures, and reach of financial institutions, the higher the likelihood of them making wiser and more sustainable credit decisions. This in line with study (Rizky Rahmania & Noerman Ningtyas, 2022) Financial inclusion has a positive and significant impact on credit decisions, where increased access to financial products, services, and services will improve the quality of the decision making process related to debt. This can understood that access broad finance give alternative financing for MSMEs, so that they can compare choice credit, assess risk, and choose scheme appropriate financing need business. Improvement financial inclusion in Merauke will contribute significant to quality decision MSME credit . Therefore that, a strengthening strategy is needed service easy finance accessible, affordable, and appropriate with characteristics of MSMEs, in order to create ecosystem more financing sustainable .

- c. The influence of financial literacy on financial behavior is not significant. This is because the t-value is $0.889 < 1.96$ and the p-value is $0.374 > 0.05$. Therefore, it can be said that financial literacy has no effect on financial This means that the level of financial understanding possessed by MSMEs in Merauke is not automatically reflected in their daily financial behavior, for example in managing cash flow, making plans, or differentiating between business and personal funds . This different with Research by (Ganes et al., 2023) states that financial literacy influences individual financial behavior, especially in managing debt, saving, and controlling expenses. Improvement Financial literacy just No Enough For repair behavior MSME finance. Need existence mentoring practical, training based studies cases, as well as strengthening access financial incentives literacy can implemented in a way real in activity business .
- d. The impact of financial inclusion on financial behavior is significant. This is evidenced by the calculated t-value of $3.499 > 1.96$ and the p-value of $0.000 < 0.05$. It can be said that financial inclusion has an effect on financial behavior. The impact shown by financial inclusion is positive because the original value The sample is 0.351. This indicates that the better access MSMEs have to formal financial services, the better their financial behavior, such as cash flow management, financial recording, and utilization of financial products as needed. This finding is in line with previous research. The results of research on (Nasution, 2025) financial inclusion influence financial behavior because it can provide benefits for individual welfare, one of which is through easy access to formal financial services, such as banking, which are available around them. The implication is that policies to increase MSME access to formal financial institutions need to be continuously strengthened because it can shape wiser

financial behavior and support business sustainability.

- e. Financial impact The effect of financial behavior on sustainable credit decisions is significant . This is because the t-value is $4.992 > 1.96$ and the p- value is $0.000 < 0.05$. Financial behavior influences sustainable credit decisions. The resulting influence is positive because the original value The sample size is 0.49. The better the financial behavior of MSMEs, such as debt management, cash flow planning, and expenditure control, the wiser the decisions they make in accessing sustainable credit. This consistent with studies (Lesley Munyaneza, 2025) The fact that some biases in credit decision making (e.g., overconfidence and status quo bias) can impair the quality of credit decisions supports the importance of sound financial behavior in credit decision making. Improving the literacy capacity of everyday financial practices in MSMEs will encourage more responsible credit decisions and support business sustainability.
- f. The influence of financial literacy on sustainable credit decisions mediated by financial behavior is not significant. This is because the t-value is 0.886 and the p- value is 0.376. It can be said that financial Behavior does not mediate the influence of financial literacy on sustainable credit decisions. This means that although financial literacy can improve MSMEs' understanding of basic financial concepts, it has not been able to drive significant changes in financial behavior that lead to sustainable credit decisions. The results of this study are in line with (Anand et al., 2020) Financial literacy provides knowledge, attitudes, and understanding of financial concepts (interest, risk, budget). However, knowledge alone does not automatically produce good decisions; what is decisive is the use of that knowledge in real behavior . The study Financial literacy as a mediator of personal shows that financial literacy can play a role as a mediator in various financial relationships. Several studies in areas with characteristics of low financial literacy, where financial literacy does not automatically form good financial behavior because cultural factors, practical experience, and dependence on financial access are more dominant than theoretical knowledge. Interventions that only focus on increasing financial knowledge are not effective if they are not accompanied by the formation of consistent financial behavior in daily practice.
- g. The influence of financial inclusion on sustainable credit decisions mediated by financial behavior is significant. This is because the t-value is $2.878 > 1.96$ and the p-value is $0.004 < 0.05$. It can be said that financial Behavior mediates the influence of financial inclusion on sustainable credit decisions. This mediation effect is partial mediation because, in the direct effect, financial inclusion influences sustainable credit decisions. This means that the higher the level of financial inclusion of MSMEs, the better the financial behavior they exhibit, ultimately encouraging more sustainable credit decisions. This finding aligns with studies (Liu, 2023) showing that access to formal financial services (banks, cooperatives, fintech)

does not automatically enable MSMEs to make wise credit decisions unless this access is truly utilized through healthy financial behavior. And studies (Reddy et al., 2024) Although financial inclusion increased, the impact to quality decision financial new will seen If perpetrator business own habit manage Good financial management. In other words, broader access to financial services not only provides opportunities to utilize credit but also directs business actors to be more selective and rational in managing loans. The mediation that occurs is partial, as financial inclusion still directly influences credit decisions. This demonstrates that financial inclusion not only provides access to financial products and services but also helps shape wiser financial behavior, resulting in more responsible and long-term credit decisions.

CONCLUSION

Financial literacy No influential significant to decision credit sustainable and to financial behavior. This is show that understanding finance MSME actors in Merauke have not yet Enough strong For push behavior healthy finances or support decision proper credit. Inclusion finance influential significant to decision credit sustainable and financial behavior. Greater access wide to service finance allows MSME actors to more easy get credit at a time push behavior more finances good. Financial behavior proven influential significant to decision credit sustainable. This means that the more Good financial behavior MSME actors, increasingly big opportunity credit utilized in a way productive and sustainable. Financial behavior No mediate connection between financial literacy and sustainable credit decisions, but mediate in a way partial connection between financial inclusion and sustainable credit decisions. This is confirm that access adequate finances capable strengthen financial behavior, which ultimately increase quality decision credit. In overall, findings study This emphasize that financial inclusion and financial behavior more play a role compared to financial literacy in determine quality decision credit sustainable development of MSMEs in Merauke. This study has limitations in its sampling technique, which only used purposive and quota sampling, so the results are not fully representative of the MSME population in Merauke. The limited sample size and the use of a Likert type questionnaire also open up the possibility of response bias. Furthermore, the variables studied are still limited to financial literacy, inclusion, and behavior, and the study location is only in Merauke City, so the results may not be applicable to other areas. For further research, it is recommended to use more representative sampling techniques with a larger sample size for stronger and more generalizable results. Other variables such as government support, digital finance, or cultural factors could also be added. The research could be expanded to other regions and combined with qualitative approaches to gain a deeper understanding.

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TABEL

Table 1. Historical Data on Financial Literacy and Inclusion in Indonesia Based on SNLIK Results for 2019-2025

Year	Index financial literacy	Index financial inclusion	Source / Notes
2019	38.03%	76.19%	SNLIK 2019 Results
2022	49.68%	85.10%	SNLIK 2022 Results
2024	65.43%	75.02%	SNLIK 2024 Results
2025	66.46%	80.51%	SNLIK 2025 Results

Table 2. Estimation of Sample Distribution Proportions

Category	Estimate Proportion	Sample
Trading	60%	72

Service	30%	36
Production / Agriculture	10%	12
TOTAL	100%	120

Table 3. Loading Factors

Variables	items	Loading Factor
Financial Literacy	X1_1	0.785
	X1_2	0.816
	X1_3	0.858
	X1_4	0.856
	X1_5	0.762
Financial Inclusion	X2_1	0.743
	X2_2	0.799
	X2_3	0.749
	X2_4	0.745
	X2_5	0.785
Financial Behavior	Z_1	0.781
	Z_2	0.757
	Z_3	0.766
	Z_4	0.702
	Z_5	0.818
Sustainable Credit Decision	Y_1	0.768
	Y_2	0.759
	Y_3	0.774
	Y_4	0.748
	Y_5	0.818

Table 4. Convergent Validity and Reliability

Variables	Cronbach's Alpha	Composite Reliability	Rho_a
X1	0.813	0.886	0.894
X2	0.863	0.835	0.878
Y	0.882	0.856	0.867
Z	0.864	0.867	0.845

Table 5. Collinearity (VIF)

Connection	VIF
Financial Behavior -> Sustainable Credit Decisions	1,187
Financial Inclusion -> Financial Behavior	1,142
Financial Inclusion -> Sustainable Credit Decisions	1,289
Financial Literacy -> Financial Behavior	1,142
Literacy -> Sustainable Credit Decisions	1,154

Table 6. Coefficient of Determination

Variables	R- square
Financial Behavior	0.158
Sustainable Credit Decision	0.410

Table 7. Effect Size

	f- square
Literacy -> Sustainable Credit Decisions	0.015
Financial Inclusion -> Sustainable Credit Decisions	0.058
Financial Literacy -> Financial Behavior	0.01
Financial Inclusion -> Financial Behavior	0.128
Financial Behavior -> Sustainable Credit Decisions	0.343

Table 8. Predictive Power

	Q ² predict
Financial Behavior	0.099
Sustainable Credit Decision	0.16

Table 9. Direct and Indirect Effects (Mediation)

Connection	Original sample	M	SD	t	P values
Literacy -> Sustainable Credit Decisions	0.100	0.106	0.082	1,217	0.224
Financial Inclusion -> Sustainable Credit Decisions	0.209	0.221	0.099	2.115	0.034
Financial Literacy -> Financial Behavior	0.099	0.121	0.111	0.889	0.374
Financial Inclusion -> Financial Behavior	0.351	0.355	0.1	3,499	0,000
Financial Behavior -> Sustainable Credit Decisions	0.49	0.484	0.098	4,992	0,000
Financial Literacy -> Financial Behavior -> Sustainable Credit Decisions	0.048	0.058	0.055	0.886	0.376
Financial Inclusion -> Financial Behavior -> Sustainable Credit Decisions	0.172	0.172	0.06	2,878	0.004

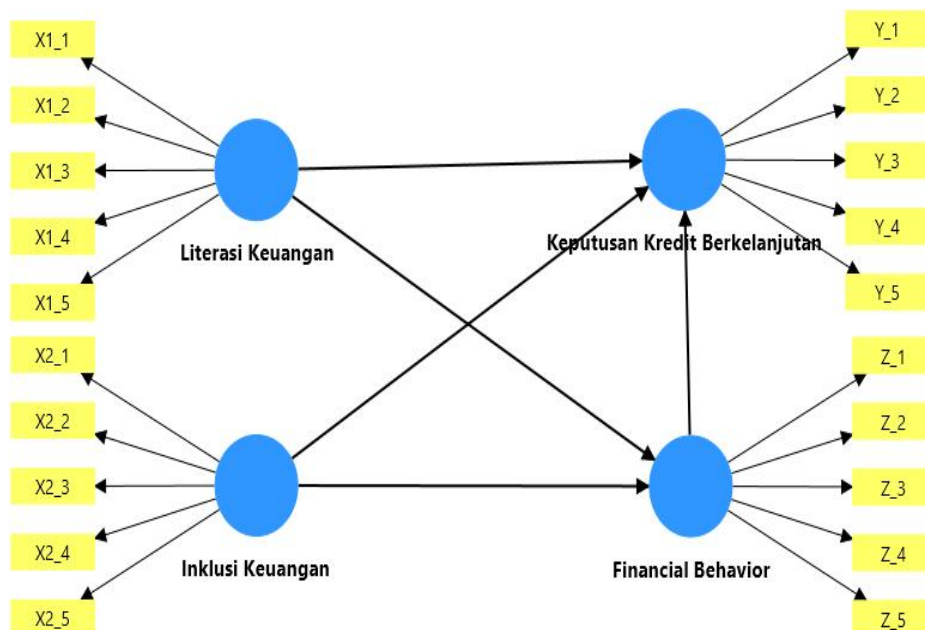


Figure 1. Research Model