

# Financial inclusion and mutual funds investment decision

*by* Mutamimah Mutamimah

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# Financial inclusion and mutual funds investment decision

Mutamimah<sup>1</sup>, Pungky Lela Saputri<sup>2</sup> and Maya Indriastuti<sup>3</sup>

<sup>1,2</sup>) Dept. of Management, Faculty of Economic, Universitas Islam Sultan Agung Semarang, Indonesia

<sup>3</sup>) Dept. of Accounting, Faculty of Economic, Universitas Islam Sultan Agung Semarang, Indonesia

## Abstract

This study analyses mutual fund investment decisions based on financial inclusion. Multiple regression analysis and the sobel test were used to analyse the data. The population in this study is all mutual fund investors in Central Java. Purposive sampling was used in the sampling method. The results show that financial literacy and financial technology have no effect on mutual fund investment decisions but have a positive influence on financial inclusion, while financial inclusion has a positive effect on mutual fund investment decisions. Thus, financial inclusion can mediate the influence of financial literacy and financial technology on mutual fund investment decisions.

## Keywords

financial literacy, financial technology, financial inclusion, mutual funds investment decision

## INTRODUCTION

The capital market is a meeting place for issuers who need funds for business development with people who have excess funds for investment. Issuers can issue shares or debt securities, while investors can buy capital market instruments directly or in the form of mutual funds.

The potential for mutual funds investment in Indonesia is very high, because mutual

funds do not only reach investors who have small capital but can also reach investors who do not have the knowledge, understanding and skills in choosing investment instruments in the capital market. The development of mutual funds investment in Indonesia fluctuated as follows:

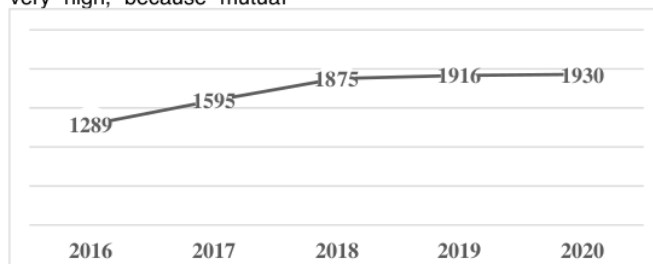


Figure 1: Mutual fund Investment Development in Indonesia

Based on Figure 1, the development of mutual funds investment in Indonesia from 2016 to 2019 has increased, but from 2019 to 2020 it has decreased. The increase in the number of mutual funds in Indonesia from 2016 to 2017 was 19.18%, 2017 to 2018 was 14.93%, 2018 to 2019 was 2.14%. However, from 2019 to 2020 it decreased, which was 0.73%.

Investment decisions are influenced by several factors, including: financial literacy (Ahmad & Shah, 2020) and financial technology (Clemons & Weber, 1990). Previous research has shown inconsistent results. Afiqah & Sabri (2016); Ahmad & Shah (2020); Al-Tamimi & Kalli (2009); Jariwala (2015); Lusardi (2019); Nicolescu & Tudorache (2020) that financial literacy has a

positive effect on investment decisions. Das & Ali (2020) found that financial technology has a positive effect on investment decisions. However, research by Arianti (2018) shows that financial literacy has no effect on investment decisions.

The existence of the gap phenomenon and the research gap prompted researchers to enter a new variable as a mediating variable, namely financial inclusion. The reason is that the existence of financial inclusion which is the ease of access for investors to capital market products and services will mediate the influence of financial literacy and financial technology on mutual funds investment. This ease of access can provide various advantages for investors such as time efficiency, affordable costs, ease of finding information and ease of transaction. Because of this, investors who already have the knowledge, understanding and skills as well as the availability of media for the use of financial technology are increasing, so that they can support the ease of access provided by the capital market to improve investment decisions in mutual funds. This is reinforced by Bongomin et al., (2020) who found that financial literacy can increase financial inclusion. Ozili (2018) found that financial technology can increase financial inclusion. Irman et al., (2021); Lubis et al., (2019) in their research also found that financial literacy and financial technology had a positive effect on financial inclusion. Asmara & Abubakar (2019); Paramasivan & Ganeshkumar (2013); Sekhar (2013) found that financial inclusion can improve mutual funds investment decisions. Thus, the purpose of this study is to analyse the role of financial inclusion in mediating the influence of financial literacy and financial technology on mutual fund investments. The findings of this study will be used as input for capital market regulations regarding the importance of increasing access to capital market products and services for investors.

## LITERATURE REVIEW AND HYPOTHESES

### Mutual funds in Indonesia

Mutual funds are a capital market instrument that collects funds from investors collectively to invest in a portfolio of securities such as stocks or bonds (Hanafizadeh, Khedmatgozar, Emrouznejad, & Derakhshan,

2014). Mutual funds can generate profits for investors, namely dividends or interest (Hanafizadeh et al., 2014). The development of mutual funds in Indonesia is very rapid because mutual funds can offer safe and profitable investments. Investors who have small funds can still invest in mutual funds. Based on Law Number 8 of 1995 concerning the Capital Market, Article 1 Paragraph 27 states that mutual funds are instruments used to collect funds from the public and then invested in portfolios by investment managers. Law No. 8/1995 Article 21 stipulates that managers of mutual funds in the form of legal entities or collective investment contracts are managed by investment managers on a contract basis. Law No. 8/1995, Article 25 also contains the obligations of mutual funds such as regulating the assets of mutual funds to be deposited in custodial banks and prohibited from dealing with investment managers, furthermore, mutual funds are required to calculate their net worth and provide open reports.

### Financial literacy and investment decision in mutual funds

Investment decisions depend on the high or low level of knowledge and understanding of a person (Kusumawardhani, Cahyani, & Ningrum, 2020; Setyorini & Indriasari, 2020; Yuliani, Fuadah, & Taufik, 2019). Therefore before making investment decisions, one must carefully understand and consider something while making investment decisions (Ingale & Paluri, 2020; Weiss-Cohen, Ayton, Clacher, & Thoma, 2019). Therefore, the investment decision is influenced by the person's financial literacy level. Financial literacy is a guide that can be used by financial instruments such as mutual funds to convince investors to decide to invest in mutual funds (Lusardi, 2019). Al-Tamimi & Kalli (2009) analysed the factors that influence investment decisions and examined the relationship between financial literacy and investment decisions in the United Arab Emirates financial market using a sample of 290 United Arab Emirates national investors. The results show that United Arab Emirates investors have high financial literacy. The financial literacy of investors in the United Arab Emirates is influenced by income, education, and activities at work. Investors with high incomes who have a higher education degree and work in the field of economics have higher financial literacy than other investors. Gender differences in

financial literacy were also discovered. Women tend to have lower financial literacy than men. The results also show that financial literacy influences investment decisions. The religious factor is the most influential in the investment decision, while the rumour factor is the least influential factor in the investment decision in the United Arab Emirates. In the state of Gujarat, India, Jariwala (2015) analysed the influence of financial literacy on investment decisions. The findings of Jariwala (2015) also show that financial literacy can improve investment decisions. Afiqah & Sabri (2016) conducted research among Malaysian Millennials about financial literacy on investment decisions. The results also state that the level of financial literacy is related to investment decisions. Ahmad & Shah (2020) analyse the influence of financial literacy on investment decisions on the Pakistan Stock Exchange (PSX). Of the 183 investors who invest in PSX, the results show that financial literacy can improve investment decisions. In the Capital Markets of Central and Eastern Europe (CEE), Nicolescu & Tudorache (2020) researched investment behaviour in mutual funds by looking at the effect of knowledge on investment decisions. The results show that the investment decisions of investors in the CEE capital market are influenced by knowledge because investors in these regions only consider some of the available information to make investment decisions. However, there are differences between countries. Hungarian investors obtain more information and understand information better than investors in other countries when making investment decisions. Based on this, the hypothesis is as follows:

H1: Financial literacy has a positive effect on mutual fund investment decisions.

### **Financial technology and investment decision in mutual funds**

Financial technology includes financial services such as crowdfunding, M-Banking, POEMS, and mobile payments. These financial services are causing rapid changes and revolutions in the investment business, with crowdfunding being able to easily raise funds worldwide. Generally the roles of financial technology are: 1) financial technology can replace the functions and roles of humans. In this context, financial technology performs automatically on process activities or activities related to financial services. 2) financial technology strengthens

human functions and roles, namely by providing financial information services for a transaction process. 3) financial technology in rearranging human functions and roles. In this case, financial technology plays an important role in making changes to the collection of transaction processes and financial information.

Financial technology is a form of implementation of financial services information technology with the emergence of various financial service models starting for the first time in 2004, namely by Zopa—a financial institution located in the UK that runs money lending products and services. Financial technology is very helpful in the investment world, especially in the capital market sector, in data processing speed, data transparency, and accuracy in processing various data as well as in the marketing of mutual fund products. The implementation of information systems is very influential in the capital market industry, where it affects the desire and confidence of the public to invest in the capital market sector, considering that the capital market industry is an industry with a high level of dependence on data processing and collection activities, analysis, and delivery. Report the results of information needed by investors to meet their information needs. Das & Ali (2020) found that technology facilitates mutual fund investing, implying that financial technology can improve investment decisions. Knewtson & Rosenbaum (2020) also show that financial technology can improve investment decisions. Based on this, the proposed hypothesis is:

H2: Financial technology has a positive effect on mutual fund investment decisions.

### **Financial literacy and financial inclusion**

Investors with high financial literacy can easily decide on the right, safe, reliable, and profitable investment. The ease of access to finance now makes it easier for investors to obtain information and make investment transactions, particularly investments in mutual funds, so that they can be encouraged to invest in mutual funds. Koomson et al., (2019) explained that financial training can encourage investors' financial literacy. If investors have high financial literacy, they can use the easy access opportunities that are available in the capital market to get investment benefits. Bongomin et al., (2020) examined the effect of financial literacy on financial inclusion in developing countries.

The results show that financial literacy can increase financial inclusion in developing countries. Irman et al., (2021); Lubis et al., (2019) found that financial literacy has a positive effect on financial inclusion. Based on this, the proposed hypothesis is:

H3: Financial literacy has a positive effect on financial inclusion.

### **Financial technology and financial inclusion**

The rapid development of technology requires the capital market to provide easy access for the community (Ratnawati & Susilowati, 2022; Widyanti & Mahfudz, 2020). This is shown by the various facilities available in the capital market with digital platforms and infrastructure support that can reach all investors from various regions for investors to transact easily (Ali, Devi, Furqani, & Hamzah, 2020). Financial inclusion is a condition where people have easy access to various facilities, services, and financial products provided by the capital market. Financial technology provides various facilities, such as M-Banking, Internet banking, digital platforms, marketplaces, etc., that can facilitate transactions and obtain information quickly and anywhere. The existence of financial inclusion will make it easier for investors to use financial technology. Financial technology can solve various problems in society, business and government. Financial technology and financial inclusion are beneficial for users of financial services, digital financial providers, governments, and the economy. Hasan et al., (2020) revealed that financial technology use has created opportunities for people in China people use non-cash transactions more than cash transactions. Financial technology use with infrastructure support can be a driving force for the development of financial inclusion, which will provide benefits for long-term financial growth and development in China. Ozili (2018) analyses the problem of the influence of financial technology on country-level projects directed at financial inclusion in various developing countries. The results show that high financial technology use can support the increase in financial inclusion in various developing countries. The increasing use of technology has also had an impact on financial inclusion in Africa. The government, media, and academics have explored the potential of technology in supporting financial inclusion. Evans (2018) examines the effect of financial technology on

financial inclusion in Africa. Empirical evidence shows that financial technology can increase financial inclusion. Amoah et al. (2020) also prove that increasing the use of financial technology can encourage financial inclusion in Ghana. Irman et al., (2021); Lubis et al., (2019) found empirical evidence that financial technology has a positive effect on financial inclusion. Based on this, the following hypotheses can be concluded:

H4: Financial technology has a positive effect on financial inclusion.

### **Financial inclusion and investment decision mutual funds**

The ease of access to finance that is now publicly available to obtain information and transact is called financial inclusion (Mutinda, Jagongo, & Kenyanya, 2018). Presidential Regulation Number 82 of 2016 states that everyone must have easy access to various quality, safe, effective, efficient and affordable financial products and service facilities. The financial inclusion point of view is divided into two, namely the supply-side and the demand-side (Ali et al., 2020). The supply-side point of view shows that the ease of access is seen by the capital market, while the demand-side point of view shows that the ease of access is seen by investors. The condition of a rapidly developing country triggered the existence of financial inclusion in India. Paramasivan & Ganeshkumar (2013); Sekhar (2013) examined financial inclusion that can increase investment decision awareness in India. The results show that ease of access can increase investment opportunities in India. Asmara & Abubakar (2019) also found that ease of access could encourage an increase in investments in mutual funds. Based on this, the following hypothesis is proposed:

H5: Financial inclusion has a positive effect on mutual fund investment decisions.

### **Financial literacy, financial inclusion and investment decision mutual funds**

Investor competencies, namely knowledge, understanding, skills, and confidence, will make it easier for them to decide on safe, reliable, and profitable investments. Supported by the ease of access to finance now growing rapidly it makes it easier for investors to obtain information and transact in investing so that investors can know the benefits of investing in mutual funds (Morgan, Zhang, Kydyrbayev, & Dossym, 2019).

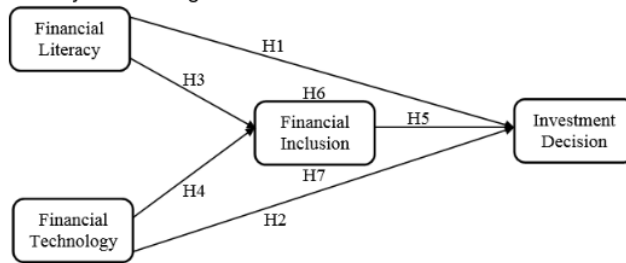
Paramasivan & Ganeshkumar (2013); Sekhar (2013) show that financial inclusion can improve investment decisions. The research results of Asmara & Abubakar (2019) show that financial inclusion has the potential to increase investment decisions. Based on this, the following hypothesis is proposed:  
 H6: Financial inclusion can mediate the influence of financial literacy on mutual fund investment decisions.

**Financial technology, financial inclusion and investment decision mutual funds**

Mutual funds are an alternative investment for investors, especially for investors who have small capital. Mutual funds can reach all groups, thus easy access has the potential to be a driver for the development of mutual funds in Indonesia (Asmara & Abubakar, 2019). Mutual funds optimisation is carried out through financial technology, namely the marketplace (Asmara & Abubakar, 2019). Investors in mutual funds with marketplaces have the potential to grow because it can be done easily, time is efficient, and costs are relatively low. Financial technology use by investors is currently increasing because

financial technology is a financial innovation that can make it easier for investors to conduct digital transactions in mutual funds. Using this financial technology, investors can have easy access to financial services and can carry out transactions such as investments. The existence of technology makes it easier for financial institutions to provide financial services responsibly and sustainably (Damayanti, Madira, Rahadi, & Putri, 2020). This means investors' ease of access can make it easier for them to choose the right and safe investment. Therefore, if investors use financial technology and are supported by easy access, it can encourage investors to make investment decisions in mutual funds. Research in India conducted by Paramasivan & Ganeshkumar (2013) found that financial inclusion was able to improve investment decisions. Asmara & Abubakar (2019) also found that financial inclusion can increase investors who invest in mutual funds. Based on this, the following hypotheses can be concluded:

H7: Financial inclusion can mediate the influence of financial technology on mutual fund investment decisions.



**Figure 2. Research Model**

Based on the research model, financial literacy has an effect on mutual fund investment decisions. Financial technology has an effect on mutual fund investment decisions. Financial Inclusion can mediate the influence between financial literacy and financial technology on mutual funds investment decisions.

**METHODS**

The population in this study is all mutual fund investors in Central Java. Data were collected using purposive sampling with several criteria, namely: investors who already have a SID (Single Investor Identification) and are members of the FKKS (Semarang City KSPM

Forum), totalling 254 people. However, after the respondents filled out the questionnaires, some were incomplete. Therefore, 250 (98.43%) questionnaires were analysed. Descriptive analysis and multiple regression were used in the data analysis. The regression equation for this study is as follows:

$$FnCL = \alpha + \beta FiNL + \beta FiNT + \epsilon \quad (1)$$

$$InvD = \alpha + \beta FiNL + \beta FiNT + \beta FnKL + \epsilon \quad (2)$$

Notes :  
 α = Constanta  
 β = Coefficients  
 FnKL= Financial Inclusion

FiNL = Financial Literacy  
FiNT = Financial Technology  
InvD = Investment Decision  
 $\epsilon$  = error

## RESULTS AND DISCUSSION

### Respondent profile

Based on the analysis of 250 investors, the profiles of respondents are: 96 men (38.4%) and 154 women (61.6%). This shows that most mutual fund investors are women. Respondents aged less than 20 years were 62 people (24.8%) and those aged over 20 years were 188 people (75.2%). This shows that the majority of respondents are of productive age. Respondents with education in economics and business were 203 respondents (81.2%), and respondents who were not educated in economics and business were 47 respondents (18.8%). This shows that the majority of respondents are educated in economics and business.

### Descriptive Statistics

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy	250	1.20	5.00	3.6584	0.68860
Financial Technology	250	0.80	5.00	3.4676	0.71138
Financial Inclusion	250	0.00	5.00	3.8056	0.72939
Investment Decision	250	0.00	5.00	3.5476	0.75969
Valid N (listwise)	250				

Based on the descriptive statistical analysis in Table 1, the financial literacy results have a mean value of 3.65, with a minimum value of 1.20 and a maximum value of 5.00 with a standard deviation of 0.68%. This shows that the average value of financial literacy is in the high category (3.50–5.00), meaning that mutual fund investors have excellent knowledge, understanding, confidence, and skills about investing in mutual funds. Financial technology has a mean value of 3.47, with a minimum value of 0.80 and a maximum value of 5.00, with a standard deviation of 0.71%. This shows that the average value of financial technology is in

the medium category (1.80–3.40), meaning that quite a lot of investors use financial technology to invest in mutual funds.

### Hypothesis test result

### Validity test, reliability test, and classic assumption test

Based on the results of the validity test of Financial literacy, Financial technology, Financial inclusion and investment decisions, the sig value is  $0.000 < 0.05$ , meaning that it passes the validity test. The results of the reliability test obtained a Cronbach's alpha value of  $> 0.05$ , meaning that it passed the reliability test. The results of the normality test obtained the Asymp value. Sig (2-tailed) Models 1 and 2  $> 0.05$ . This means that the data is normally distributed. The results of the multicollinearity test obtained tolerance values for Models 1 and 2  $> 0.1$  and VIF Models 1 and 2  $< 10$ . This indicates that the data passed the multicollinearity test. The scatterplot heteroscedasticity test results show that the points are spread in such a way that Models 1 and 2 pass the heteroscedasticity test.

Financial inclusion has a mean value of 3.80, ranging between a minimum value of 0.00 and a maximum value of 5.00, with a standard deviation of 0.73%. This shows that the average value of financial inclusion is in the high category (3.50–5.00), meaning that investors have a very high ease of access to various types of information about mutual funds. The investment decision has a mean value of 3.54, ranging between a minimum value of 0.00 and a maximum value of 5.00, with a standard deviation of 0.76%. This indicates that the average investment decision value is in the high category (3.50–5.00), meaning that investors have a high interest in investing in mutual funds.



**Table 2. Regression Analysis Model 1**

Model	Unstandardised Coefficients		Standardised	t	Sig.	
	B	Std. Error	Coefficients Beta			
(Constant)	12.102	2.096		5.774	.000	
1	Financial Literacy	.515	.060	.502	8.584	.000
7	Financial Technology	.221	.062	.209	3.573	.000

a. Dependent Variable: Financial Inclusion  
Source: Output Data SPSS, 2021.

**Table 3. Regression Analysis Model 2**

Model	Unstandardised Coefficients		Standardised	t	Sig.	
	B	Std. Error	Coefficients Beta			
(Constant)	9.182	2.971		3.090	.002	
2	Financial Literacy	.111	.062	.104	1.792	.074
	Financial Inclusion	.668	.051	.641	13.187	.000
	Financial Technology	-.082	.064	-.074	-1.273	.204

a. Dependent Variable: Investment Decision

Based on the regression test, the results of Hypothesis 1 state that financial literacy has a positive effect on mutual funds investment decisions. However, the results of the analysis in Table 3 show that financial literacy has a coefficient value of 0.111, a t-statistic value of 1.792, and a significance of 0.074. Because the significance level is greater than 5%, Hypothesis 1 is rejected. The results showed that financial literacy had no effect on mutual funds investment decisions at a significance level of 5%, meaning that financial literacy could not improve mutual funds investment decisions. Various factors can influence the mutual fund investment decision. Although investors have the knowledge, understanding, skills and beliefs, each investor has a different perception and a different level of financial literacy about investing in mutual funds. For example, based on investor data, the majority of investors in mutual funds are women. Women rely more on emotions and have high fundamental heuristics, while men rely more on logic and broader rationality. This resulted in having a relatively lower literacy than men. Another factor that affects the financial literacy of investors is the religious factor. The majority of people in Indonesia are Muslim, this can affect the financial literacy of investors. Muslim investors tend to choose to invest in sharia-based investment instruments, not conventional mutual funds. It

is believed that sharia-based investment instruments are considered safer and more profitable. Research by Al-Tamimi & Kalli (2009) found that female investors have lower financial literacy than men, and religious factors also affect investors' financial literacy and investment decisions. Information related to mutual funds is still limited, thus it has not reached all investors in various regions. These results do not support the research results of Afiqah & Sabri (2016); Ahmad & Shah (2020); Al-Tamimi & Kalli (2009); Jariwala (2015); Lusardi (2019); Nicolescu & Tudorache (2020) who found that financial literacy had a positive effect on investment decisions.

Hypothesis 2 states that financial technology has a positive effect on mutual funds investment decisions. However, the results illustrated in Table 3 show that financial technology has a coefficient value of -0.082 with a t-statistic value of -1.273 which is significant at 0.204. Because the significance level is greater than 0.05, Hypothesis 2 is rejected. The results of the study indicate that financial technology has no effect on mutual funds investment decisions at a significance level of 5%, meaning that financial technology cannot improve mutual funds investment decisions. This result is reinforced by respondent data (Table 1), that the use of financial technology for investors is low. Most investors have not used financial technology to its full potential. Investors tend to use financial technology for personal and business purposes such as non-cash payment

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Correspondence to :  
Give the information related to corresponding author and the email address



transactions, credit, insurance, savings, etc., but not to invest in mutual funds. These results do not support the research results of Das & Ali (2020); Knewton & Rosenbaum (2020) which show that financial technology can improve investment decisions.

Hypothesis 3 states that financial literacy has a positive effect on financial inclusion. The results illustrated in Table 2 show that financial literacy has a coefficient value of 0.515 with a t-statistic value of 8.584 which is significant at 0.000. Because the significance level is less than 0.05, Hypothesis 3 is accepted. The results show that financial literacy has a positive effect on financial inclusion at a significance level of 5%, meaning that financial literacy can increase financial inclusion. Financial inclusion is easy to access for every investor. Investors who already have the knowledge, understanding and skills, will be able to use the ease of access to find information related to various instruments in the capital market to the fullest. This requires the capital market to provide easy access for the public. High investor financial literacy encourages easy access for investors (Koomson et al., 2019). The results of this study support Bongomin et al., (2020); Koomson et al., (2019) who assert that financial literacy has a positive effect on financial inclusion.

Hypothesis 4 states that financial technology has a positive effect on financial inclusion. The results of the analysis in Table 2 show that financial technology has a coefficient value of 0.221, a t-statistic value of 3.573 which is significant at 0.000. Because the significance level is less than 0.05, hypothesis 4 is accepted. The results show that financial technology has a positive effect on financial inclusion at a significance level of 5%, meaning that financial technology can increase financial inclusion. Advances in technology today provide various facilities for the community. Financial technology use is increasing over time. This encourages the capital market to follow these developments by using digital platforms and infrastructure support so that the capital market can reach investors in various regions to get easy access to information related to the capital market and ease of transactions (Ali et al., 2020). Financial inclusion refers to the community's ease of access to various facilities, services and financial products offered by the capital market, such as mutual funds which can reach a wide range of investors. The increasing use of financial technology encourages various

parties, one of which is the capital market to provide financial inclusion. The results of this study support Amoah et al., (2020); Hasan et al., (2020); Irman et al., (2021); Lubis et al., (2019); Ozili (2018) who found that financial technology has a positive effect on financial inclusion.

Hypothesis 5 states that financial inclusion has a positive effect on mutual fund investment decisions. The results of the analysis in Table 3 show that financial inclusion has a coefficient value of 0.668, a significant t-statistic value of 13,187 at 0.000. Because the significance level is less than 0.05, hypothesis 5 is accepted. The results show that financial inclusion has a positive effect on the investment decisions of mutual funds at a significance level of 5%, meaning that financial inclusion can increase the investment decisions of mutual funds. Financial inclusion is the easy access that can help investors obtain various types of information on how to invest and the benefits of investing in mutual funds easily, quickly, anywhere, anytime and with relatively lower costs. Financial inclusion has two perspectives, namely the supply-side and the demand-side (Ali et al., 2020). The supply-side point of view shows that the ease of access is seen by the capital market. If the capital market is easily accessible to the general public, it can provide opportunities for the capital market, particularly mutual funds, to provide information and offer profitable investments to investors with small and large amounts of capital in various regions. The demand-side point of view shows that the ease of access is valued by investors. Ease of access is critical for investors who want to invest in mutual funds because it allows them to easily access various information and services related to mutual funds as the basis for making investment decisions to invest in mutual funds. The results of this study support the results of research by Asmara & Abubakar (2019); Paramasivan & Ganeshkumar (2013); Sekhar (2013), who show that financial inclusion can improve investment decisions.

### **Indirect test results**

Based on the indirect test, the results of hypothesis 6 state that financial inclusion can mediate the influence of financial literacy on investment decisions of mutual funds. The

results of the analysis show that the indirect interaction of financial inclusion has a t-statistic value of 7179, which is significant at 0.000. Because the t-statistic value is greater than 1.96 and the significance level is less than 0.05, hypothesis 6 is accepted. The results show that financial inclusion can mediate the influence of financial literacy on investment decisions in mutual funds at a significance level of 5%, meaning that financial literacy can improve investment decisions in mutual funds through financial inclusion. The knowledge, understanding, skills, and confidence possessed by investors will assist investors in making the right, safe, reliable, and profitable investment decisions. The ease of access available to finance can support investors in obtaining the latest information and transactions that are more flexible, allowing investors to learn about the benefits of investing in mutual funds and making it easier for investors to transact in mutual funds. Investors who have knowledge of mutual funds from accessing information related to mutual funds can use this knowledge to understand the advantages and benefits of investing in mutual funds. Mutual funds provide easy access, assisted by digital platforms such as marketplaces, so that skilled investors can use them to access mutual funds anytime and anywhere. Therefore, investors tend to have comfort because easy access to finance can boost investors' confidence in mutual funds. The results of this study support the results of research by Asmara & Abubakar (2019); Paramasivan & Ganeshkumar (2013); Sekhar (2013), who show that ease of access can improve investment decisions.

Hypothesis 7 states that financial inclusion can mediate the influence of financial technology on mutual fund investment decisions. However, the results of the analysis show that the indirect interaction value of financial inclusion has a t-statistic value of 3,439, which is significant at 0.000. Because the t-statistic value is greater than 1.96 and the significance level is less than 0.05, hypothesis 7 is accepted. The results show that financial inclusion can mediate the influence of financial technology on mutual fund investment decisions at a significance level of 5%, meaning that financial technology can improve mutual fund investment decisions through financial inclusion. The development of information technology requires the capital market to innovate to make it easier for investors to conduct digital transactions in

mutual funds. Therefore, mutual funds reach all demographics, and easy access to finance is required to encourage investors to invest in mutual funds. The use of financial technology can optimise mutual funds through digital media. Mutual funds will be easier to access. Investors are currently more interested in investing using financial technology because it has the potential to grow, can be done easily, is time-efficient, and costs are relatively low. Ease of access to finance can help growing financial technology to direct investors to access various services in mutual funds. Investors who have easy access to financial services can make transactions such as investments using this financial technology. Financial technology makes it easy for the capital market to provide financial services responsibly and sustainably (Damayanti et al., 2020). This means that the ease with which investors can access mutual funds can encourage investors to allocate their funds for investment in mutual funds. Therefore, if investors use financial technology and are supported by easy access to mutual funds, it can encourage investors to make investment decisions in mutual funds. The results of this study support the results of research by Asmara & Abubakar (2019); Paramasivan & Ganeshkumar (2013); Sekhar (2013), who show that easy access can improve investment decisions.

## CONCLUSION

This study analysed Mutual Fund investment decisions based on financial inclusion. The results of the study indicate that financial literacy and financial technology have no effect on mutual funds investment decisions but have a positive influence on financial inclusion, while financial inclusion has a positive effect on mutual funds investment decisions.<sup>8</sup> Thus, financial inclusion can mediate the influence between financial literacy and financial technology on Mutual Funds investment decisions. Ease of access greatly supports the increase in mutual funds investment in the capital market. Some of the limitations of this study is that this research is only in Central Java, therefore, it could be extended to different regions. Likewise, the investors studied are mutual fund investors, but in future research could include stock, bond and Sukuk investors.

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