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Financial literacy of village-owned enterprises (BUMDes) managers:

A study of BUMNag managers in West Sumatra Province

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INFO ARTIKEL	ABSTRAK
	Penelitian ini bertujuan untuk melihat tingkat literasi keuangan pengelola Badan Usaha Milik Desa (BUMDES) di Sumatera Barat dan juga untuk mengidentifikasi faktor-faktor apa yang mempengaruhi tingkat literasi keuangan pengelola BUMDES ini. Sebanyak 208 pengelola BUMDES yang tersebar di seluruh Sumatera Barat berpartisipasi dalam penelitian ini. Dengan menggunakan kuisioner yang disebarkan secara online, penelitian ini menemukan bahwa tingkat literasi keuangan pengelola BUMDES di Sumatera Barat masih dalam kategori "*less literate*". Selanjutnya, dengan pengolahan data menggunakan SPSS, penelitian ini juga menemukan bahwa diantara 3 faktor yang diidentifikasi sebagai faktor penentu yang mempengaruhi tingkat literasi keuangan pengelola BUMDES, yaitu umur, latar belakang pendidikan, dan jumlah penghasilan, penelitian ini menemukan bahwa hanya latar belakang pendidikan saja memiliki pengaruh positif dan signifikan terhadap tingkat literasi keuangan pengelola BUMDES di Sumatera Barat. Hasil penelitian ini berkontribusi untuk memberikan gambaran kepada pemerintah daerah Sumatera Barat, mengenai kondisi literasi keuangan pengelola BUMDES, sehingga pemerintah daerah dan pihak terkait lainnya dapat mempertimbangkan faktor literasi keuangan ini dalam membuat kebijakan terkait pengembangan BUMDES. Implikasi dari penelitian ini adalah pemerintah daerah Sumatera Barat perlu lebih fokus pada pengembangan SDM BUMDES melalui pendidikan formal atau pendidikan nonformal seperti pelatihan, workshop atau seminar, khususnya terkait literasi keuangan. Dengan literasi keuangan yang baik akan dapat memandu pengelola BUMDES dalam membuat perencanaan dan pengelolaan keuangan yang baik juga, dan berujung pada peningkatan kesejahteraan BUMDES.
	ABSTRACT
	This study investigates the level of financial literacy of Village Owned Enterprises (BUMdes) managers in West Sumatra and identifies the determinant factors that affect their financial literacy. This study involves 208 BUMDES managers in West Sumatra province. Using an online questionnaire, we found that the literacy level of these BUMDES financial managers is categorized as less literate. Furthermore, using SPSS to process the data, we found three determining factors that affect the level of financial literacy of BUMdes managers: age, educational background, and total income. This study found that the educational background is the sole determinant that has a positive and significant influence on these BUMdes managers' financial literacy. The results of this study contribute to providing an overview to the government, especially the West Sumatra regional government, regarding the financial literacy condition of BUMDES managers, so that local governments and other related parties can consider this financial literacy factor in making policies related to the development of BUMDES. The implication of this research is that the West Sumatra regional government needs to focus more on the development of BUMDES Human Resources through formal education or non-formal education such as training, workshops, or seminars, especially related to financial literacy. With good financial literacy, of course, it will be able to guide BUMDES managers in making good financial planning and management as well, which will certainly lead to improving the welfare of BUMDES.

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INTRODUCTION

Law No. 6/2014 states that village-owned enterprises (henceforth BUMDes) in West Sumatra referred to Nagari-Owned Enterprises (henceforth BUMNag)) are business entities whose entire or most of the capital is owned by the village through direct participation originating from the village assets which are separated to manage assets, services, and other efforts for the maximum welfare of the village community. BUMDes is one of the government's efforts to encourage the improvement of the village economy by utilizing the existing potential.

According to Government Regulation in 2021, Number 11, it is stated that the main purpose of establishing this BUMDes/BUMNag is to improve the village economy, increase village generated revenue, improve the management of village potential in accordance with community needs, and become the backbone of village economic growth and equity. The existence of BUMDes/BUMNag is expected to accelerate Indonesia's economic growth as planned. In addition, according to Government Regulation in 2021, it is mentioned that BUMD

Based on data from the Villages, Disadvantaged Regions, and Transmigration Ministry, the number of BUMNDes has increased from year to year. This can be seen from the data reported by the ministry. In 2015, the number of BUMDes in Indonesia reached 11,945, and this figure jumped to 51,000 in 2020. In West Sumatra alone, 862 BUMDes were registered until 2019. Supposedly, such an increase in the number of BUMDes is directly proportional to the increase in the welfare of the villagers or community members. However, in reality, five years after the BUMDes Law was enacted and implemented, the results achieved have not met the expectation. Thousands of villages in Indonesia do not have the capacity to establish this business entity. Or even though they have one, its benefits remain far from expectations.

President Jokowi announced in a closed-door meeting regarding village funding that 2.188 BUMDes have been left unfinished or stopped operating. While 1.670 BUMDes has operated, they have not contributed optimally to driving villages' economy (Thomas, 2019). Meanwhile, West Sumatra alone has 869 BUMNag, and only 289 of them have been run as expected (Antaranews, 11 Oktober 2019).

The Coordinating Ministry for Human Development and Culture of the Republic of Indonesia (KEMENKO PMK RI) announces on its website that the central government distributed 858.8 trillion for all villages in Indonesia; West Sumatra alone is entitled to receive 992 billion from the budget. With this amount of funding, it is hoped that the village economy will become more advanced and developed. However, what has happened remains far from what has been expected.

Rahayu *et al.*, (2022) argue that many BUMDes in West Sumatra have encountered several problems. The major problem is related to human resources. For example, the results of an interview with Mr. Rahmadi, the head of section of the Natural Resources and Appropriate Technology section of Tanah Datar Community and Village Empowerment Service (PMD), revealed that most BUMNag managers did not have the entrepreneurial drives, ability to make innovation, high enthusiasm, and loyalty for the village. The absence of such personal qualities on the part of the managers results in unproductive village-owned businesses that are supposed to manage village potential and assets. Worse, in many cases, some BUMNag run photocopy and stationery shops, competing with the existing individually owned shops and services. This is certainly in contrast to the intention of establishing a BUMDes itself. Furthermore, it is also reported that BUMDes managers' ability to deal with the financial ins and outs is also still very low. Consequently, even though some BUMDes have operated for more

than three years, most of them cannot execute their financial management, including producing financial reports.

The State Audit Bureau (BPK) has come to the same conclusion. The government agency states that most BUMDes have not submitted their financial reports, have not conducted a good feasibility study, and do not practice good governance (Thomas, 2019).

The explanation above indicates that one of the main obstacles faced by BUMDes, which makes them difficult to develop, is the shortage of Human Resources (HR) with financial literacy and good managerial skills. Financial literacy can be defined as an individual's level of understanding of financial concepts and the ability and confidence to manage personal finances by making appropriate short-term decisions and long-term financial planning by taking into account economic events and conditions (Remund, 2010). In addition, Indonesian Financial Service Authority (OJK) in 2017 also defines that financial literacy is knowledge and skills in applying an understanding of financial concepts and risks in order to make effective decision in financial context to improve financial well being ((OJK, 2017).

An individual's financial literacy is expected to influence his financial attitudes and behavior. An individual with good financial literacy can do good financial planning and management and reduce the risk of loss or failure. Furthermore, he or she is also able to make better decisions based on available information to the extent that such decisions will positively impact performance.

Discussion and research about financial literacy have recently gained ground. This issue is related to the financial management ability of individuals or organizations or agencies and the country's economy. Zulbetti, Perwito and Puspita, (2019) argue that the level of financial literacy is often associated with national economic growth: the higher the level of financial literacy of public members in a country, the higher its economic growth, as indicated by the country's Gross Domestic Product (GDP).

So far, studies in this field have focused more on financial literacy for Micro, Small, and Medium Enterprise (MSME) owners. Meanwhile, there are no or very few studies on financial literacy for BUMDes managers. Ironically, as explained earlier, the financial literacy of BUMNDes managers is crucial to know about as, on the one hand, the government has disbursed huge funding for the management of BUMDes (more than 850 trillion), and, on the other hand, such funding may fail due to incompetent management. After all, the BUMDes programs are established to help the economy of rural communities, in which they are expected to become the spearhead of driving the economy in the region where it is founded. When the regional economy develops well, it will improve the national economy's growth.

In addition, research on financial literacy is important because it can inform the government in terms of mapping out the states of BUMDes managers and then making policies related to these BUMDes. These can only be achieved if the financial literacy level of BUMDes managers is already known. Regarding this, this study aims to see the level of financial literacy of BUMDes managers. In this case, the research will focus on BUMDes managers in West Sumatra. The reason for choosing West Sumatra as the research location is motivated by the fact that West Sumatra is currently home to 869 units of BUMDes. However, only 25% of these units are well managed, even though West Sumatra has abundant natural resources potentials to be cultivated and developed. Such an ironic situation is worth investigating in the effort to identify the main problems faced by MSMEs in West Sumatra and the level of financial literacy of BUMNag managers in West Sumatra. This study also tries to identify what factors influence the level of financial literacy of BUMNAg in West Sumatra.

Since BUMDes is better known as Nagari-Owned Enterprises (BUMNag) in West Sumatra, the term BUMNag will be used in the following discussion.

THEORETICAL FRAMEWORK

Financial literacy level in Indonesia

According to the Organization for Economic Co-operation and Development (OECD), financial literacy is the knowledge and understandings of financial concepts and risks, along with the skills, motivation,

and confidence to apply such knowledge and understandings in making effective financial decisions, improving financial situations of individuals and communities, and participating in economic fields (Atkinson and Messy, 2012).

Carpena and Zia, (2011) identify three components of financial literacy: calculating skills, understanding of basic finance, and attitudes towards financial decisions. Meanwhile, Sadelia (2014) argues that at least five aspects of financial literacy, namely basic knowledge of personal finance, cash management related to the ability to analyze personal income sources, credit management, savings and investment, and risk management.

Wise, (2013) further explains several key elements of this literacy ability and knowledge. These elements include knowledge of mathematical standards and ability to understand; basic financial understanding such as the form and nature of money uses of money in relation to the consequences of economic decisions, financial competencies such as understanding the main characteristics of basic financial services, attitudes towards money and savings, understanding financial records: knowing the risks associated with financial products; and the ability to make financial decisions.

According to the results of a survey conducted by the Financial Services Authority in 2016, the level of financial literacy of the Indonesian people is only 29.7%. This implies that for every 100 individuals in Indonesia, only 29 have good financial literacy. This figure shows an increase has increased compared to 2013 financial literacy, where the level of financial literacy of the Indonesian population only reached around 21.8%. While it is heartening to know such improvement, Indonesians' financial literacy remains below Asia's average financial literacy. This discrepancy is reported in the data submitted by Xiao, (2021), in which she states that the average financial literacy of the public in the same year was 38% and 34% in the East Asian countries and southeast Asian countries, respectively.

Factors influencing financial literacy

As explained earlier, financial literacy is related to an individual's ability to plan and manage finances. In light of this, each individual's ability is expected to be different, and it is widely accepted that many factors are responsible for this. Ansong and Gyensare, (2012) state that such factors, including age, work experience, mother's education, and educational background, significantly influence an individual's financial literacy level. In similar way, Suryanto and Rasmini (2018) also found that age, formal education and income as factors that influence the level of financial literacy. Furthermore, Morgan, Huang and Trinh, (2019) also stated that age, income and education level are identified as factors that influence the level of financial literacy in Vietnam and Cambodia. In similar way, Xue *et al.*, (2019) found that age and income as determinant factors of financial literacy of the elderly in Australia. Likewise, the Financial Services Authority (2017) states that an individual's financial literacy might differ depending on age, education level, and income level (OJK, 2017).

Based on the explanation above, this study departs from the hypothesis: Demographic factors such as age, education level, and total income affect the financial literacy level of the BUMNag managers.

RESEARCH METHOD

This research is survey-based research using questionnaires distributed online to BUMNag managers in West Sumatra. The online questionnaire could reach all BUMNag managers in West Sumatra with assistance from the West Sumatran Village Economic Development Expert Team. As mentioned above, this study focuses on BUMNag managers in West Sumatra only. Currently, there are 869 BUMNag managers, making the population of this study. The managers come from various regions across the West Sumatra province, while the sample is restricted to the BUMNag managers joining the WhatsApp Group (WAG), a WAG intentionally set by the related government office as a communication channel for the relevant parties. Among the 869 BUMNAg managers, only 208 managers were willing to participate in the study, by filling out the questionnaire sent. Therefore, in this study the 208 managers will be a sample of this study.

In this study, the level of financial literacy of BUMNag managers was measured using an instrument developed by the Organization for Economic Co-operation and Development (OECD). These instruments have been used by other researchers, including Harli et al., (2015). Two approaches are used to measure the level of financial literacy: self-assessment and objective measure like test score. There were 28 question items for the self-assessment questions. The researcher mentioned 14 types of financial products, and respondents were asked to choose which products they already knew and had used. If a respondent chose 1 type of product, it was given a score of 1. As for the objective measures like test score, 23 question items were prepared in the form of multiple-choice questions. A respondent was given a score of 1 for the correct answer and 0 for the incorrect one. The total score for the two types of questions was calculated before they were classified into four groups, following the qualitative classifications proposed by Financial Services Authority (OJK): Not literate, Less Literate, Sufficient Literate, and Well Literate.

Furthermore, this study used regression analysis using SPSS to see the effect of demographic factors such as age, educational background, and total income on the level of financial literacy of the BUMNag managers.

RESULTS AND DISCUSSION

Respondents' characteristics

This study used a survey method by distributing a questionnaire for 208 BUMNAg managers from various Nagari in West Sumatra. The characteristics of respondents taking part in this study are shown below:

Table 1. Respondents' characteristics based on sex and age

		Sex		Total
		Male	Female	
Age	20-30 years	31	41	72
	31-40 years	38	23	61
	41-50 years	34	22	56
	51-60 years	10	7	17
	60 years or above	2	0	2
Total		115	93	208

Table 2. Respondents' characteristics based on educational background

Educational Background	Frequency	Percent	Cumulative Percent
Up to Junior High	3	1.4	1.4
Senior High School or equivalent	76	36.5	38.0
Diploma I, II, III	33	15.9	53.8
Undergraduate/Diploma IV	90	43.3	97.1
Postgraduate (Master)	6	2.9	100.0
Total	208	100.0	

Table 3. Rescpondents' characteristics based on income

Income	Frequency	Percent	Cumulative Percent
Below Rp. 2.000.000	145	69.7	69.7
Rp. 2.000.000 to Rp. 4.000.000	38	18.3	88.0
More than Rp. 4.000.000 to Rp. 6.000.000	16	7.7	95.7
More than Rp. 6.000.000 to Rp. 10.000.000	5	2.4	98.1
More than Rp. 10.000.000	4	1.9	100.0
Total	208	100.0	

Table 4. Respondents' characteristics based on disciplines

	Frequency	Percentage	Cumulative Percentage
Economics	58	27.9	27.9
Computer Science	18	8.7	36.5
Others	78	37.5	74.0
Agriculture	19	9.1	83.2
Language	6	2.9	86.1
Engineering	29	13.9	100.0
Total	208	100.0	

Table 1 above shows that the number of male and female respondents who participated in this study only slightly differs, 115 (55.4%) male and 93 (44.6%) female, reflecting that men do not excessively dominate positions of BUMNag managers in West Sumatra. Instead, women also play a role in the development of their villages or Nagari. This is encouraging as there has recently been a stereotype that Minangkabau women tend to only take their traditional roles as wives and mothers and leave men as the sole breadwinner for the family (Japhta et al., 2016). The percentage above can somehow disprove the widely spread stereotype. Currently, women in Minangkabau land have enjoyed the same opportunity to contribute to the economy as men have.

Table 1 also demonstrates that most respondents (more than 90%) are aged between 20 to 50 years. This suggests that, currently, BUMNag managers in the region are managed by those in their productive age. Only a small proportion are managed by managers aged 51 years old and over. The demographic facts can be a strong point for the Nagari or BUMNAg for better and further development.

Table 2 provides information that only three people graduated from junior high school of the 208 BUMNag managers participating in this study. The rest had the chance to finish their high school education (76 people), Diploma I, II, and III (33 people), Bachelor/ Diploma IV (90 people), and even Postgraduate (6 people). This indicates that most of the BUMNag in West Sumatra is currently managed by those with an adequate education. Again, this serves as another strong point in the development of BUMNag. Table 3 also shows that these BUMNAg managers' income varies, ranging from two million rupiahs or less to more than ten million rupiahs. Most BUMNAg managers (145 people (69.7%)) only earn an average income of less than 2 million rupiahs regardless of their educational background. The income gap is quite worrying, considering their income is lower than the regional minimum wage (UMR) in West Sumatra, which is Rp.2,356,000. This needs attention as one can only work well if their basic needs are met through their income. A number of BUMNag managers earn an income ranging from 2 million or more to 6 million rupiahs. Four BUMNag managers even earn ten million rupiahs or more per month. Despite being smaller in number, this is encouraging because this average income can reflect the health condition of the BUMNag in question.

Table 4 above shows that BUMNag managers who enjoyed tertiary education in West Sumatra have various degrees, including economics, computer science, language, agriculture, engineering, and other disciplines. Table 3 shows that 58 respondents (27.9%) have a degree in economics, 19 respondents (9.1%) in agriculture, 29 respondents (13.9%) in Engineering, 18 respondents (8.7%) in computer, and the rest graduated from various fields of education such as education, health, and religious studies.

Financial literacy of BUMNag managers

As previously explained, two approaches are used to measure the level of financial literacy, namely self-assessment, and objective measure like test score. For self-assessment, respondents were asked to rate themselves about their knowledge of financial products and their experience of these financial products.

The knowledge of the BUMNag managers about financial products

The results of the analyses categorize the level of knowledge of the BUMNag managers related to 14 types of financial products, as follows:

Table 4. Knowledge of financial products

	N	Minimum	Maximum	Mean	Std. Deviation
Understandings of financial products	208	.00	14.00	7.9375	4.41133
Valid N (listwise)	208				

The table above shows that, on average, the BUMNag managers only know 8 out of the 14 types of financial products mentioned. A few BUMNAg managers do not even know financial products at all, as shown by the minimum value = zero. The table below provides information on the number of products known to each respondent can be seen in the Table 5:

Table 5. The total frequency of understandings of financial products

Number of Products	Frequency	Percentage	Valid Percentage	Cumulative Percentage
.00	1	.5	.5	.5
1.00	26	12.5	12.5	13.0
2.00	10	4.8	4.8	17.8
3.00	8	3.8	3.8	21.6
4.00	14	6.7	6.7	28.4
5.00	6	2.9	2.9	31.3
6.00	12	5.8	5.8	37.0
7.00	9	4.3	4.3	41.3
8.00	23	11.1	11.1	52.4
9.00	11	5.3	5.3	57.7
10.00	16	7.7	7.7	65.4
11.00	17	8.2	8.2	73.6
12.00	14	6.7	6.7	80.3
13.00	12	5.8	5.8	86.1
14.00	29	13.9	13.9	100.0
Total	208	100.0	100.0	

From the table above, it is found that a BUMNag manager does not know of any of the existing financial products. 26 BUMNAg managers only know one type of financial product; 10 people know two types of financial product, and eight people know three types of financial products. Such a shortage of knowledge is alarming because it reflects the reality in which many BUMNag managers do not have knowledge about the financial products offered by banks or other financial institutions.

Table. 6 Types of Financial Products known by BUMNAg Managers

Financial products	Total	Percentage
Savings	172	82.7
Bank Loan	162	77.9
Insurance	147	70.7
SMS Banking	143	68.8
Credit for small enterprises	139	66.8
Mobile Banking	133	63.9
Deposit	130	62.5
Credit card	121	58.2
Pension fund	120	57.7
Shares	104	50
Pawn Guarantee	89	42.8
Bond	62	29.8
Mutual funds	55	26.4

Furthermore, this study tries to identify the types of financial products that are most popular among the BUMNAg managers. The Table 6 shows that eight financial products are most widely known to the BUMNAg managers. They are Savings, Bank Loans, Insurance, SMS Banking, Small Business Loans, Mobile Banking, Time Deposits, and Credit Cards. More than 60% of the BUMNag managers are familiar with these eight types of financial products. Savings is the most popular financial product, known to more than 82% of the BUMNag managers.

Meanwhile, financial products such as pension funds and stocks are only known to half of them. Only a few BUMNag managers know the products such as mutual funds, bonds, and mortgage guarantees.

Experiences of BUMNag managers concerning financial products

Another method used to measure the financial literacy level of BUMNag is to learn the experience of BUMNAg managers related to using the financial products mentioned above. The data below provide this information:

Table 7. Experience with the relevant financial products

	N	Minimum	Maximum	Mean	Std. Deviation
Experience level with financial products	208	1.00	11.00	3.2596	2.38755
Valid N (listwise)	208				

The table above concludes that, on average, the BUMNAg managers in West Sumatra have had experience with only three types of financial products out of the fourteen financial products mentioned. The table shows that the minimum value is 1, and the maximum value is 11. This indicates that the experience of BUMNAg managers related to this financial product varies. While some seem to have had less experience (value = 1) with the financial products, others are more experienced (value = 11). The following table presents in more detail the number of financial products that the BUMNAg managers have used.

Table 8. Experience level of financial products

Number of Products	Frequency	Percentage	Valid Percentage	Cumulative Percentage
1.00	64	30.8	30.8	30.8
2.00	30	14.4	14.4	45.2
3.00	41	19.7	19.7	64.9
4.00	28	13.5	13.5	78.4
5.00	9	4.3	4.3	82.7
6.00	12	5.8	5.8	88.5
7.00	7	3.4	3.4	91.8
8.00	5	2.4	2.4	94.2
9.00	8	3.8	3.8	98.1
10.00	3	1.4	1.4	99.5
11.00	1	.5	.5	100.0
Total	208	100.0	100.0	

As shown in the table above, sixty-four BUMNag managers only have experience using one financial product. Next, 30 of them have used two types of financial products, and the rest (41) said they know three types of financial products. A comparison between this table and the previous table bears an interesting point. While 26 participants say they only know about one financial product, 64 participants say they have experience using one type of financial product. This suggests that most BUMNAg managers do not make a decision in selecting their financial products based on their understanding. In other words, their use of a particular financial product is not well-informed. However, they may have based their decisions on other factors.

As previously explained, on average, the BUMNag managers have experience with only three types of products. The financial products that the BUMNag managers mostly use are as follows (ordered from most to least):

Table 9. Financial products

Type of financial products	Total	Percentage
Savings	173	83.2
SMS Banking	99	47.6
Mobile Banking	90	43.3
Bank Loan	86	41.3
Credit for small enterprises	54	26
Insurance	53	25.5
Credit card	31	14.9
Deposit	26	12.5
Pension fund	16	7.7
Share	14	6.7
Current Account	14	6.7
Pawn Guarantee	13	6.3
Mutual funds	7	3.4
Bond	2	1

The table above demonstrates that the three major financial products used by BUMNag managers are savings products, SMS banking, and mobile banking. This information is likely useful for companies engaged in finance and banking. Many BUMNag managers are not well informed about the other financial products, although they may need them.

The table also shows that most of the BUMNag managers, more than 80% of them, have experience with savings products. 40% of them have had experience in using mobile banking and SMS banking. However, it appears that only a small proportion of them have used other for other financial products, including pension funds, mutual funds, pawn guarantees, credit cards, time deposits, shares, bonds, and current accounts. For example, it is learned that only two respondents have experience in using Bond products, and seven respondents say they have used mutual funds products.

In general, it can be concluded that the majority of the BUMNag managers remain inexperienced with most of the available financial products. Suppose this situation is associated with the level of financial literacy proposed by the Financial Services Authority (OJK). In that case, the BUMNAg managers in West Sumatra are classified into the "less literate" category, namely those who only understand financial service institutions and financial products and services.

This study also examines whether or not the BUMNag managers have taken the available information for consideration in their financial decision-making process. The table below may shed light on this:

Table 10. Process in financial decision-making

No	Steps selected in decision-making	Respondent's answer			
		Yes		No	
1	Seeking out information before deciding on equivalent financial products from other companies/institutions	161	77.4%	47	22.6%
2	Seeking out information before deciding on other financial products from the same companies/institutions	48	23.1%	160	76.9%
3	Not considering any information before making a decision	17	8.2%	191	91.8%

As shown in the table, there are 161 BUMNag managers, or around 77.4%, say they first seek information about similar products from several companies or other institutions before making any decisions regarding selecting the financial products. In this way, they perform a comparative analysis

between similar products offered by several different companies. Such a comparative analysis of the BUMNag managers is the right measure because it allows them to have sufficient knowledge of certain financial products before deciding what financial products are suitable for them.

The table also shows that of the 161 BUMNag managers, who seek information on similar products from other companies, 48 of them also add other information to their decision-making process by seeking information about other products from the same company or institution. This effort makes the decision-making even better.

The majority of BUMNag managers have considered the available information in their decision-making process. However, 17 of them say they have not considered seeking any information before selecting any financial products. This is not recommended as they have the potential to encounter a higher level of risk of failure.

Furthermore, this study tries to identify the most influential sources of information sought out by the BUMNag managers in making financial decisions. This is presented in the table below:

Table 11. Most influential sources of information for BUMNag managers in selecting financial products

	Frequency	Percent	Valid Percent	Cumulative Percent
Information of specific products	124	59.6	59.6	59.6
Ads on TV/Radio	3	1.4	1.4	61.1
Ads on newspapers	1	.5	.5	61.5
Past experiences	28	13.5	13.5	75.0
Peer/family recommendation	37	17.8	17.8	92.8
Others	15	7.2	7.2	100.0
Total	208	100.0	100.0	

As shown in Table 11, as many as 124 BUMNag managers (59.6%) deliberately chose product-specific information as the main source of information for choosing existing financial products. The other 37 respondents chose financial products based on family or peer invitations, while 28 of them relied on their past experiences.

The table above also shows that only a few BUMNag managers base their decision-making on choosing financial products through advertisements in newspapers, TV, or radio. This implies that advertisements via TV/radio or newspapers are no longer effective in influencing consumers' behaviors.

Financial understanding

In this study, the financial literacy level of the BUMNag managers is measured not only by their knowledge and experience related to financial products but on several key elements such as knowledge of mathematical standards and ability to understand; basic financial understanding such as the form and nature of money, how money is used and the consequences of economic decisions, financial competencies such as understanding the main characteristics of basic financial services, attitudes towards money and savings, understanding financial records; knowing the risks associated with financial products; and the ability to make financial decisions (Wise, 2013). These elements are measured through an objective measure like test score using 23 question items. Regarding this, each correct answer is scored 1, while the wrong answer is scored 0. Consequently, the maximum score is 23, and the minimum score is 0. The following is the average score obtained by the respondents.

Table 12. The average score of financial understandings

	N	Minimum	Maximum	Mean	Std. Deviation
Financial understandings	208	6.00	23.00	13.8702	2.85350
Valid N (listwise)	208				

The table above shows that the minimum score is 6, and the maximum is 23. The average score for all respondents is 13,9702. This average score indicates that these BUMNag managers can only correctly answer 60% of the total questions. This figure is considered low as it is below 75%.

This study also tries to compare financial understandings between male and female participants. The following table shows such a comparison:

Table 13. comparisons of financial understandings

	Sex	N	Minimum	Maximum	Mean	Std. Deviation
Male	Financial understandings	115	7.00	23.00	13.8696	2.90952
	Valid N (listwise)	115				
Female	Financial understandings	93	6.00	20.00	13.8710	2.79839
	Valid N (listwise)	93				

The table demonstrates that the minimum score for male respondents is 7, while the maximum score is 23. On the other hand, the minimum score for female respondents is 6, while the maximum score is 20. This shows that male managers have better financial understandings than female managers. In general, however, the average score between the two sexes is only slightly different. Women's average score is slightly higher than that of men because female managers' financial understandings are more evenly distributed than those of men. This can be seen from the fact that the standard deviation for women is smaller than that of men.

This study also explores more about the distribution of financial understandings scores for women and men by grouping them into four groups. They are shown in Table 14 below:

Table 14. Distribution of financial understandings score

	Male		Female	
Number of correct answers	frequency (total)	percentage	Frequency (total)	percentage
Less than 25%	0	0	0	0
25% - 50%	28	0.24	15	0.16
51% - 75%	73	0.63	70	0.75
Greater than 76%	14	0.12	8	0.09
Total	115	1.00	93	1.00

As shown in the table, none of the respondents in this study obtains a score of less than 25%. The score suggests that the BUMNag managers in West Sumatra, as a whole, are at least able to provide 25% of correct answers. This is encouraging as this means that none of the managers of BUMNAg in the region belongs to the 'Not Literate' category.

Financial literacy level of BUMNag managers

In this study, the total scores obtained by the BUMNag managers from answering the questions related to knowledge, experience, and understandings of financial products are used to measure their financial literacy level. The total scores for each section (knowledge, experience, and understanding), consisting of 51 question items, are added. The average value is also calculated. The average score of the financial literacy level of BUMNag managers in West Sumatra is as follows:

Table 15. Financial literacy level

	N	Minimum	Maximum	Mean	Std. Deviation
Total of financial literacy	208	8.00	42.00	25.1058	7.86347
Valid N (listwise)	208				

The table demonstrates that the average score of the financial literacy level of BUMNAg managers is 25.10. This value suggests that of the 51 questions given, on average, the BUMNAg managers can only answer 25 questions correctly or equal to 49%. Furthermore, this study tries to

compare the financial literacy level between male and female BUMNag managers, as seen in the table below:

Table 16. Comparisons of financial literacy between male and female

	Sex	N	Minimum	Maximum	Mean	Std. Deviation
Male	Financial literacy level	115	8.00	42.00	25.5826	8.52960
	Valid N (listwise)	115				
Female	Financial literacy level	93	10.00	40.00	24.5161	6.95265
	Valid N (listwise)	93				

The sex-based comparisons show that the male respondents' average score higher than the female respondents': 25.58 and 24.51, respectively. This indicates that the financial literacy of the male BUMNAg managers is higher than that of the female managers. However, both sexes score below 50%, meaning that the BUMNag managers in West Sumatra, regardless of their sexes, belong to the 'Less Literate' category.

Factors influencing the financial literacy level of BUMNag managers

This study identifies three factors determining the financial literacy level of the participants. These factors include education level, age, and total income. A multiple regression analysis was used to test whether or not these factors determine such financial literacy level. Prior to doing the multiple regression analysis, it is necessary to carry out several classical assumption tests, such as normality, multicollinearity, and autocorrelation tests. The test results show that the data in this study meet the required classical assumption test so that hypothesis testing can be carried out. The results of the regression analysis test are shown below:

Tabel 17. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.198[a]	.039	.025	7.76419

The table above shows the value of R square and Adjusted R Square, and it reflects how many variants of the dependent variable can be explained by the model (Pallant, 2013). In this case, the number 0.039 indicates that changes in the financial literacy level of BUMNAg managers are jointly influenced by factors such as gender, age, education level, and total income of 0.039 or 3.9%, while other factors influence the rest. This value is not that significant as many other variables likely affect an individual's financial literacy. These factors have effects on an individual's financial literacy level. The ANOVA table can be seen below:

Table 18. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	502.003	3	167.334	2.776	.042[b]
	Residual	12297.670	204	60.283		
	Total	12799.673	207			

The table above presents the results of the F test. The F test aims to determine whether or not the independent variables involved in the model collectively have a significant correlation to the dependent variable. The table above shows that the significance value of this regression model is smaller than 0.05, which is 0.042. This means that the independent variables (age, background level, and total income) collectively have a significant correlation to the region's financial literacy level of the BUMNag managers.

Furthermore, the relationship between each independent and dependent variable can be seen in the following table:

Table 19. Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	17.960	2.753		6.523	.000
	Age	.664	.548	.085	1.212	.227
	Education level	1.528	.557	.191	2.744	.007
	Total income (average)	.233	.618	.026	.378	.706

Among the three factors affecting the financial literacy of the BUMNag managers, only one variable shows a small significance number of 0.05, that is, the education level; other variables show a greater significance value than 0.05. This suggests that their educational background strongly influences the financial literacy level of the participants.

Put differently, the higher the education level of these managers, the higher their financial literacy level is. This confirms hypothesis 1 made in this study: education plays a significant role in financial literacy. The results of this study are in line with research conducted by Kadoya and Rahim Khan (2020), Anshika et al., (2022), Angsong and Gyensare (2012), and Worthington (2006), that shows that a person who have a higher level of education tend to have higher financial literacy. In general, an individual's ability improves along with his or her education level. So it comes as no surprise to learn that their education level influences an individual's financial literacy level.

Furthermore, in this study it was also found that age and income level have no relationship with financial literacy, especially for BUMNAg managers. This is different from the results of research conducted by Angsong and Gyensare (2012), Morgan, Huang and Trinh, (2019) and Xue *et al.* , (2019), where the previous research found that age and income level are determining factors for the level of financial literacy. This may be because currently age is no longer an obstacle for a person to get access to knowledge, with the existence of information technology, anyone, both young and old, has the same opportunity to get access to knowledge, especially related to finances, so that age has no relationship with a person's level of financial literacy. Likewise with the level of income, where with the development of information technology today, access to sources of knowledge has become very cheap, so that even those with low incomes can access information sources easily.

CONCLUSION AND IMPLICATION

This section is intended to help the reader understand why your research should matter to them after This study found that the financial literacy level of the BUMNAg managers in West Sumatra is still low: their average score is below 50%, which is considered inadequate. According to the Financial Services Authority (OJK) categorizations, they are classified as 'less literate.' This finding might not be unique in West Sumatra as other regions might experience the same. As a result, all related parties, in general, and local government officials and academics, in particular, are expected to pay attention to this matter. Such attention becomes even more critical considering the mandate of the Government Regulation No. 11 of 2021 concerning Village-Owned Enterprises, which, one of them, regulates the obligation of BUMDES managers to prepare work plans, including financial management. This covers the preparations of financial budgets and financial reports. To this end, the BUMNAg managers are required to possess an adequate understanding of financial recording and management. The results of this study can be used as input for the government in making policies related to the BUMDes or BUMNag. The results of this research can be useful for academics, for instance, as the basis for them to create community service programs, which are specifically aimed to increase the financial literacy of the BUMDes or BUMNag managers.

This study found that of the three factors determining the financial literacy level of the BUMNag managers, the education level is the only factor that affects their financial literacy level. The other two factors, age and total income are found to have no influence. The study confirms that increasing the

capacity of BUMNag managers through both formal and informal education is required to improve their financial literacy. Academics, in particular, can contribute to such efforts through various activities such as seminars, workshops, or training related to financial literacy and management.

The implication of this research is that the West Sumatra regional government needs to focus more on the development of BUMDES Human Resources (HR) through formal education or non-formal education such as training, workshops or seminars, especially related to financial literacy. With good financial literacy, of course, it will be able to guide BUMDES managers in making good financial planning and management as well, which will certainly lead to improving the welfare of BUMDES.

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