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Financial Literacy and Inclusion as Determinants of Investment Interest Among Indonesian Migrant Workers

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ABSTRACT

The increasing deployment of Indonesian migrant workers (PMI) to various destination countries, especially in Asia and Africa, has generated substantial income inflows for families back home. However, low financial literacy, limited access to formal financial services, and a tendency toward short-term consumption often undermine this economic potential. This study investigates financial literacy and inclusion's influence on investment interest among Indonesian migrant workers. Utilizing a quantitative approach with Partial Least Squares Structural Equation Modeling (PLS-SEM), data were collected from 200 respondents through an OECD-adapted questionnaire covering financial knowledge, behavior, attitudes, and service accessibility. The findings indicate that financial literacy significantly affects investment interest (β = 0.386; p = 0.013), suggesting that enhanced financial competence increases the propensity to invest. Similarly, financial inclusion also exerts a significant positive influence (β = 0.351; p = 0.030), revealing that improved access to financial products and services, such as savings, insurance, and digital investment platforms, encourages migrant workers to engage in productive financial activities. These results highlight the importance of targeted financial education programs and inclusive financial infrastructures to strengthen the long-term economic resilience of returning migrant workers and their families. Future research should explore additional moderating variables such as digital platform adoption, migration duration, and sociocultural dynamics to enrich the understanding of investment behavior within this demographic.

Keywords: *Financial Inclusion; Financial Literacy; Indonesian Migrant Workers; Investment Behavior; Investment Interest*

1. Introduction

Indonesia's population reached approximately 281.19 million in 2023, following a steady increase from 278.83 million in 2022, a year-on-year growth rate of 0.85%, continuing the consistent upward trend since 2015 (World Bank, 2024b). The working-age population (15–64 years) accounts for around 68.8% of the total, while the remaining 31.2% comprises children (0–14 years) and older adults (65 years and above) (World Bank, 2024b).

The age dependency ratio, indicating the number of dependents (0–14 and 65+) per 100 working-age individuals (15–64 years), was 47.0% in 2023, slightly down from 47.3% in 2022 (Trading Economics, 2024; World Bank, 2024a). This means that for every 100 working-age Indonesians, about 47 are dependents, reflecting demographic pressures on the productive population.

Within the productive-age population, the average monthly wage of Indonesian workers was IDR 2.94 million in February 2023, which remains significantly below Jakarta's Provincial Minimum Wage of IDR 4,901,798 for 2023 (Badan Pusat Statistik, 2023). This wage gap partially explains the considerable number of Indonesians seeking employment abroad.

In 2023, Indonesia dispatched 135,791 migrant workers, approximately 60% of whom were women. During the year's first half, an average of ~22,000 workers per month were deployed. A substantial majority, 126,771 individuals, were sent to countries in Asia and Africa, followed by 8,122 to Europe and the Middle East, and 898 to the Americas and Pacific regions (Badan Perlindungan Pekerja Migran Indonesia, 2023). The leading destination countries were Taiwan with 39,178 migrant workers, and Malaysia with 38,478. Among those deployed, 57% worked in the formal sector, including manufacturing, healthcare, and hospitality, while 43% were employed in the informal sector, primarily as domestic workers or household assistants (Badan Perlindungan Pekerja Migran Indonesia, 2023).

Many Indonesian migrant workers, especially those with limited formal education, accept informal-sector employment abroad out of economic necessity and family obligations. While their earnings abroad can be significantly higher than domestic wages, ranging from approximately IDR 5 million (Malaysia) to IDR 23 million (South Korea) per month (Katadata, 2024), this does not necessarily lead to lasting economic improvement due to several socioeconomic factors. This is commonly attributed to four key issues: (1) the short duration of employment contracts (typically two years); (2) the prioritization of family consumption needs over savings or investments; (3) consumerist behavior while abroad; and (4) inadequate financial planning and management skills.

Given this context, increasing financial literacy and promoting financial inclusion among migrant workers is essential to enhance their post-return economic resilience. Financial literacy refers to the awareness, knowledge, skills, and behaviors needed to make sound financial decisions. The 2022 national survey by Indonesia's Financial Services Authority (OJK) reported that only 38.03% of Indonesians demonstrate a high level of financial literacy, despite an upward trend from 21.84% in 2013 and 29.7% in 2016 (Otoritas Jasa Keuangan, 2022). In comparison, countries such as Denmark, Norway, and Sweden report financial literacy levels as high as 71% (Klapper et al., 2015), suggesting that Indonesia still lags behind developed nations in this domain.

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Financial inclusion, the capacity of individuals to access and effectively utilize appropriate financial products and services, is a critical component of Indonesia's economic development strategy, contributing to reduced income inequality and enhanced financial stability. According to Sun and Siagian, approximately 20% of micro-enterprises in Jakarta lacked access to basic banking services, highlighting the persistence of financial exclusion among low-income populations (Sun & Siagian, 2015). Bank Indonesia and related policymakers have developed financial inclusion strategies based on global best practices to address these gaps. These strategies emphasize three core dimensions: access, usage, and quality of financial services, consistent with the reference framework developed by the World Bank (Pearce & Ruiz Ortega, 2012). Through targeted initiatives such as expanding micro-branch networks, promoting digital financial services, and financial literacy programs, the government aims to reach underserved communities and integrate them into the formal financial system, fostering inclusive human and economic development.

Among Generation Z in urban areas such as Jabodetabek (Greater Jakarta), financial literacy levels are relatively high, while financial inclusion remains moderate. Interestingly, Viana et al. found that financial inclusion more substantially influences investment interest than financial literacy (Viana et al., 2022). Similarly, Ummah et al. emphasize that ensuring broad access to financial services, including digital platforms, can empower individuals to engage in wealth-building activities, such as investment (Ummah et al., 2021). The proliferation of digital investment applications, such as Bibit, Ajaib, and various forex trading platforms, has made access to financial markets increasingly available to the general public.

Income level plays a pivotal role in shaping individuals' investment behavior. Although average income in Indonesia has increased post-pandemic, GDP per capita remained around USD 4,783 (approximately IDR 71 million) in 2022 (CEIC Data, 2023). Empirical research consistently confirms that individuals with higher incomes are significantly more likely to participate in capital markets (Arianti, 2018; Vivero & DeLisle, 2022).

While several studies have confirmed the positive influence of financial literacy on investment participation, many have not adequately considered variations in financial inclusion. Moreover, investment rates in certain regions remain low despite improved access to financial services through banking, fintech, and digital platforms. This phenomenon raises an important question: Why does expanded financial access not automatically lead to higher investment interest?

To address this gap, the present study examines the relationship between financial literacy and financial inclusion, and their respective impacts on the investment interest of Indonesian migrant workers. The objective is to identify the key factors that shape investment behavior among this demographic group and to offer policy recommendations for empowering migrant workers financially upon their return.

2. Literature Review

2.1. Financial Literacy

Financial literacy is foundational for effective financial decision-making and public financial management. It is understanding, evaluating, and managing personal and organizational financial resources. According to a national survey by the Financial Services Authority of Indonesia (Otoritas Jasa Keuangan, 2022), the financial literacy index in Indonesia increased from 21.84% in 2013 to 29.70% in 2016, 38.03% in 2019, and finally reached 49.68% in 2022. These figures suggest gradual progress yet highlight the persistent need for targeted financial education initiatives nationwide.

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Financial literacy involves more than just understanding basic financial concepts. As the Organisation for Economic Co-operation and Development (OECD/INFE, 2018) emphasized, financial literacy encompasses knowledge of financial risks and money management, and the ability to apply that knowledge to benefit individuals and society. The U.S. National Strategy for Financial Literacy defines it as a combination of knowledge, skills, attitudes, and behaviors that enable individuals to make informed financial decisions, plan for the future, and achieve economic well-being(Otoritas Jasa Keuangan, 2022).

According to the OECD framework, financial literacy comprises three core dimensions: financial attitude, behavior, and knowledge. First, *financial attitude* refers to a person's beliefs, values, and perceptions about money. A constructive financial attitude views money as a means to achieve life goals rather than an end, which is essential in shaping prudent financial behaviors. Second, *financial behavior* involves the practical actions individuals take to manage their finances, such as timely bill payments, budgeting, saving regularly, and avoiding impulsive spending. Cultivating sound financial behavior requires self-discipline and an openness to adapt. Third, *financial knowledge* reflects an individual's understanding of fundamental concepts such as interest rates, inflation, risk diversification, and compound interest. A firm grasp of these concepts helps prevent costly financial mistakes and supports sound decision-making.

Empirical evidence indicates that financial literacy is significantly influenced by demographic variables such as age. Filipiak and Walle found a strong correlation between age and financial literacy levels, with younger generations showing distinct engagement patterns (Filipiak & Walle, 2015). According to the 2018 Youth Finsight Survey, 95% of Indonesian millennials owned smartphones, and 49% used internet banking—highlighting solid potential for digital-based financial literacy initiatives (Otoritas Jasa Keuangan–Dewan Nasional Keuangan Inklusif, 2018). Despite increased attention to financial planning, millennials still face challenges in investment involvement, with many lacking long-term strategies and relying on basic digital tools (Logica Research, 2024; Otoritas Jasa Keuangan–Dewan Nasional Keuangan Inklusif, 2018). As financial knowledge increases, individuals are more likely to change their investment behavior positively (Putri & Rahyuda, 2017).

The Association of Chartered Certified Accountants defines financial literacy as comprehending basic financial principles, communicating financial ideas, managing personal and organizational finances, and making sound financial decisions across various circumstances (Aribawa, 2016). Furthermore, financial literacy, in tandem with financial inclusion, is crucial in enhancing the performance of micro, small, and medium enterprises (Septiani & Wuryani, 2020).

These perspectives affirm that financial literacy is not merely a matter of cognitive understanding but also involves behavioral and attitudinal competencies. It is the ability to make responsible financial choices aligned with present needs and broader economic realities.

2.2. Financial Inclusion

Financial inclusion refers to efforts to ensure equitable access to and effective utilization of formal financial services by all segments of the population, particularly those traditionally excluded from the economic system. The primary objective is to reach underserved groups such as the near-poor, working poor, productive poor, low-income households, migrant workers, women, and remote or disadvantaged regions (Yanti, 2019). These populations often face the most significant barriers to accessing essential financial products and services, which are fundamental to improving economic well-being and social mobility.

As noted by Bank Indonesia, evaluating the progress of financial inclusion requires clearly defined performance metrics. These metrics help capture the degree to which economic systems

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are accessible, affordable, and beneficial to the public (Septiani & Wuryani, 2020). Several indicators are commonly used to assess financial inclusion levels. These include the percentage of the population with formal bank accounts (account usage), the penetration rate of banking services within a given community (banking penetration), and the physical and digital infrastructure available to facilitate financial access (Sarma, 2012).

The essential financial services that support financial inclusion comprise depository services, access to credit, efficient payment systems, insurance, and pension schemes. These components are critical in enabling individuals and communities to manage financial risks, save for the future, and improve their quality of life. However, access alone is insufficient. Financial inclusion must also be measured by how well financial services are used, how long they are sustained, and how meaningfully they impact users' lives.

In line with this, four dimensions are typically used to evaluate the effectiveness of financial inclusion programs: (1) the extent of access to formal financial services, (2) the appropriateness of these services in meeting users' financial needs, (3) the continuity of usage over time, and (4) the measurable outcomes or benefits derived from financial participation. These dimensions are often operationalized through metrics such as savings account ownership, access to credit, use of payment services, and uptake of insurance and pension products offered by regulated financial institutions.

By monitoring these indicators, policymakers and financial institutions can better understand individuals' financial behavior and identify gaps that hinder inclusive economic development.

2.3. Investment Interest

Investment interest refers to an individual's motivation or inclination to engage in investment activities (Nurfadilah et al., 2022). This interest typically manifests as a willingness to explore various investment instruments, allocate financial resources to participate in training or seminars, and take deliberate steps toward investing. Investment interest arises when an individual feels attracted to an investment-related activity and subsequently takes proactive measures to manage their finances to pursue long-term financial objectives (Ummah et al., 2021).

Individuals who express a high degree of investment interest are often characterized by their initiative to seek information, improve their financial knowledge, and actively evaluate potential investment opportunities. Such individuals demonstrate persistent efforts to understand financial markets and are more likely to commit capital to their preferred investment options (Susanti et al., 2018). This process often includes increasing the initial investment as confidence and understanding grow.

Empirical evidence also indicates that returning migrant workers may exhibit strong investment motivation. For example, in East Lampung, many former Indonesian migrant workers have desired to strengthen their families' financial resilience through productive investments. These investments often purchase tools and equipment for small-scale production or entrepreneurship initiatives (Lestari et al., 2023).

In line with this, the Indonesian government has developed specific programs to encourage post-return investment behavior among former migrant workers. The Independent Worker Program for Former Indonesian Migrant Workers aims to enhance economic independence and household stability (Mediana et al., 2023). The Indonesian Migrant Workers Protection Agency supports these efforts through various services, including financial literacy education, entrepreneurship training, establishing migrant worker cooperatives and business centers, and structured business development support. These programs are intended to transform remittances

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from short-term consumption into long-term economic assets, contributing to community resilience and national development.

3. Research Methodology

This study employed a quantitative research design to examine the influence of financial literacy and financial inclusion on the investment interest of Indonesian migrant workers. A non-probability sampling technique, specifically purposive sampling, was utilized to select respondents who met predetermined inclusion criteria. Purposive sampling allows researchers to deliberately target individuals who possess particular characteristics relevant to the study objectives, in this case, Indonesian migrant workers with prior experience working abroad and who were accessible during the period of data collection (Sugiyono, 2016).

To determine an appropriate sample size, the Lemeshow formula was applied, which is suitable for research involving populations of unknown or undefined size. Based on this calculation, 200 respondents were included in the final sample. These participants represented a diverse demographic of former or current Indonesian migrant workers across various destination countries and employment sectors.

Data were collected using a structured questionnaire designed to measure respondents' financial literacy, financial inclusion, and investment interest. The instrument comprised items assessing three core dimensions: financial knowledge, financial behavior, and financial attitude, as well as indicators of access to and usage of financial services. The questionnaire was translated and adapted to the Indonesian context to ensure linguistic clarity and cultural relevance.

The data analysis process involved descriptive statistical analysis and inferential modeling using Partial Least Squares Structural Equation Modeling (PLS-SEM). Descriptive analysis was conducted to summarize the characteristics of the respondents and provide an overview of variable distributions. Meanwhile, PLS-SEM was chosen due to its robustness in handling complex models with multiple latent constructs and its suitability for exploratory research with relatively small sample sizes (Hair et al., 2017).

All data were processed using Microsoft Excel 2017 for initial coding and cleaning, while SmartPLS 3.0 software was used to perform structural equation modeling. Model evaluation followed established procedures, including assessments of convergent and discriminant validity, reliability testing (Cronbach's alpha and composite reliability), and analysis of path coefficients, R-square values, and predictive relevance (Q^2).

This methodological approach ensures both the validity and reliability of the findings while enabling a nuanced understanding of the factors that shape investment interest among Indonesian migrant workers.

4. Results and Discussion

4.1. Descriptive Analysis

Data collection is essential to descriptive analysis since it is a research approach for describing real-world circumstances or events. You may see how the respondents react to each sign of the examined variable by looking at the data description of the research results, which can be utilized to enhance the conversation. Respondents' response scores were categorized to facilitate more straightforward interpretation of the variables under study. This research used the following formula, which is based on the maximum and minimum score range divided by the necessary number of categories, to categorize the number of respondents' response scores (Arikunto, 2019).

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$$\textbf{Category Score Range} = \frac{\textbf{Maximum Score} - \textbf{Minimum Score}}{\textbf{5}}$$

The collected response score from the responder is categorized using a score range of (5-1) / 5 = 0.8, where the maximum score is 5 and the minimum score is 1. The answer findings description explains the indicators for each study variable with criteria 1–5, whose replies were changed to reflect the indicators. The results of the descriptive analysis are summarized below.

Table 1. Criteria Indicator

No.	Persentage	Criteria
1	1.00 – 1.79	Very Low
2	1.80 – 2.59	Low
3	2.60 – 3.39	Medium
4	3.40 – 4.19	High
5	4.20 – 5.00	Very High

1) Financial Literacy Variable (X_1)

On average, respondents gave the Financial Literacy (X1) variable a 3.95 out of 4, where the possible values range from 3.40 to 4.19. So, it seems like the Financial Literacy (X1) variable got a lot of positive replies from the respondents. The average score of the four dimensions of financial literacy, from the most basic (X1.1) to the most advanced (X1.2), including insurance (X1.3), investments (X1.4), basic financial concepts (X1.1), and savings and payments (X1.2), make up the financial literacy variable (X1).

2) Financial Inclusion Variable (X_2)

The Financial Inclusion variable (X2) had an average score of 4.12 from respondents, falling from 3.40 to 4.19. Many people responded positively to the Financial Inclusion (X2) variable. The decision variable (Y2) is the mean score on the three dimensions, from lowest to highest, namely (1) Product Usage (X2.2), (2) Availability of Access (X2.1), and (3) Quality of Financial Services Products (X2.3).

3) Investment Interest Variable (Y)

The average respondent's assessment of the Investment Interest variable (Y) was 4.29, 4.20 - 5.00. That means the respondents highly rated the Investment Interest variable (Y). The average score of the two lowest dimensions, Profit (Y1) and Risk (Y2), in the Decision variable (Y2), from lowest to highest, was 4.29.

4.2. Structural Model Evaluation (PLS-SEM)

4.2.1. Outer Model Evaluation

The evaluation of the outer model aims to assess the validity and reliability of the measurement model before proceeding to the structural (inner) model analysis. This study employed Partial Least Squares Structural Equation Modeling (PLS-SEM), using the SmartPLS 3.0 software, to examine the outer and inner models. Relevant theoretical frameworks and prior empirical research guided the development of the initial model. The measurement model consists of one exogenous latent variable and two endogenous latent variables, each comprising multiple reflective indicators as described below:

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- The financial literacy construct (X1) is formed by four latent subdimensions: basic economic concepts (X1.1), savings and payment systems (X1.2), insurance literacy (X1.3), and investment literacy (X1.4). Each subdimension is measured by five observed indicators (e.g., X1.1.1 to X1.1.5).
- The financial inclusion construct (X2) is composed of three latent subdimensions: access to financial services (X2.1), usage of financial products (X2.2), and quality of financial services (X2.3), each measured by five respective indicators.
- The investment interest construct (Y) comprises two subdimensions: expected return (Y1) and risk perception (Y2), also measured by five indicators each.

4.2.1.1. Convergent Validity

Convergent validity assesses the extent to which the indicators of a particular construct share a high proportion of variance in common. According to Ghozali, a loading factor value of 0.70 or higher is considered satisfactory, although values between 0.50 and 0.60 are acceptable in the early stages of model development (Ghozali, 2015).

The factor loading analysis conducted using SmartPLS 3.0 revealed that all indicators exceeded the minimum threshold for inclusion. In addition, the Average Variance Extracted (AVE) was used as a secondary measure of convergent validity. An AVE value above 0.50 indicates that the construct explains more than half of the variance of its indicators (Hair et al., 2017).

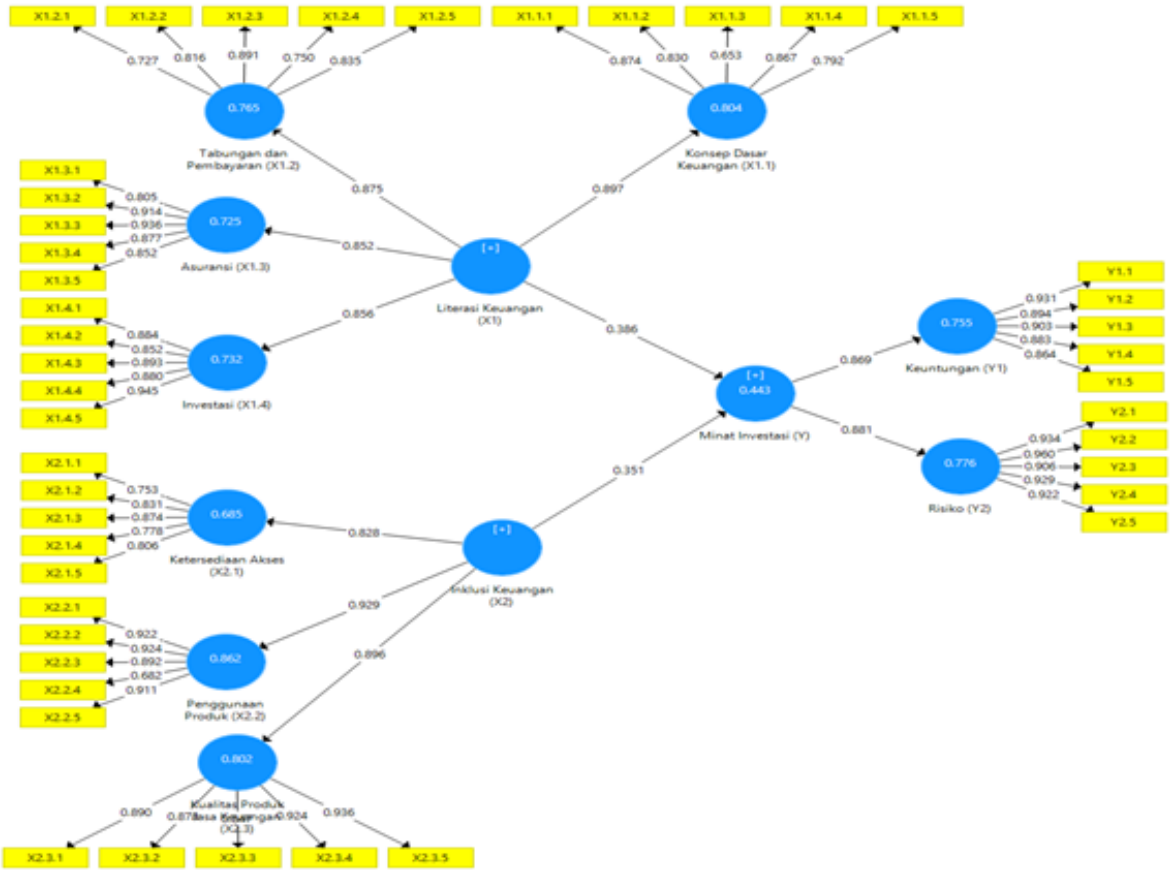

Figure 1. Source: Data Processing (2024)

The AVE results for each construct are presented in **Table 2**.

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Table 2. Average Variance Extracted (AVE)

Latent Construct	AVE	Interpretation
X1	0.539	Valid
X1.1	0.652	Valid
X1.2	0.650	Valid
X1.3	0.771	Valid
X1.4	0.794	Valid
X2	0.582	Valid
X2.1	0.655	Valid
X2.2	0.759	Valid
X2.3	0.802	Valid
Y	0.637	Valid
Y1	0.801	Valid
Y2	0.865	Valid

Source: Data Processing (2024)

4.2.1.2. Discriminant Validity

Discriminant validity ensures that each construct is truly distinct from other constructs within the model. One widely used criterion for discriminant validity is the Fornell–Larcker criterion, which states that the square root of a construct's AVE should be greater than the correlation coefficients between that construct and all other constructs in the model (Fornell & Larcker, 1981).

The cross-loading results from SmartPLS 3.0 confirmed that each indicator loaded more strongly on its corresponding construct than on any other construct. Furthermore, the square root of AVE for each latent variable exceeded its correlations with different variables, confirming strong discriminant validity.

4.2.1.3. Reliability Testing

Reliability was assessed using two indicators: Cronbach's Alpha and Composite Reliability (CR). A construct is considered reliable when both values exceed the recommended minimum of 0.70 (Ghozali, 2015; Hair et al., 2017).

The analysis showed that all latent constructs had Cronbach's Alpha and Composite Reliability values well above the threshold, indicating high internal consistency and stability across items. This confirms the reliability of the measurement model in capturing the intended constructs.

4.2.2. Structural Model (Inner Model)

Examining the outcomes of the link between constructs is known as an inner model evaluation. What follows is an illustration of the predicted connection between the variables. X1 and X2 are latent variables that affect Y, the latent variable of investment interest.

4.2.2.1. R-Square (Coefficient of Determination)

One uses R-squared to determine how strong a relationship exists between endogenous latent and exogenous latent. According to Chin (1998, when the R-squared value is 0.33, we have a moderate model; when it's 0.19, we have a weak model; and when it's 0.67, we have a strong model (Ghozali, 2015). The R-squared values are also included in the SmartPLS 2 test results.

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Table 3. R-Square (Coefficient of Determination)

Endogenous Variable	R^2	Strong Relationship
Investment Interest (Y)	0.443	Moderat

Source: Data Processing (2024)

According to the data in the table above, investment Interest (Y) has an R-Square of 0.443. This means that X1 and X2 are latent factors that moderately affect Y, the investment interest variable, accounting for 44.3%. Unobserved factors account for the remaining 55.7%.

4.2.2.2. F-Square (Effect Size)

Now, we can view the F-squared value. Ghozali describe utilizing F-squared to examine the structural impact of latent variable predictors (Ghozali, 2015). With an F-squared score of 0.02, the rating is modest; an Effect Size of 0.15 is medium; and an Effect Size of 0.35 is high. What follows are the F-squared findings derived from the SmartPLS 3.0 test results.

Table 4. F-Square (Effect Size)

Pathway	f^2	Effect Size
Financial Literacy (X1) → Y	0.161	Medium
Financial Inclusion (X2) → Y	0.133	Small

Source: Data Processing (2024)

The table reveals the structural level effect of latent variable predictors. With an effect size of 0.161>0.15, financial literacy (X1) is one of the medium-sized impacts on investment interest (Y). The influence of X2, standing for Financial Inclusion, on Y, standing for Investment Interest, is small because its effect size is 0.133 <0.15.

4.2.2.3. Q-Square (Predictive Relevance)

Q-square (Q^2) evaluates the predictive relevance of the model using the Stone-Geisser test. A Q^2 value greater than zero indicates the model has predictive relevance for a particular endogenous construct (Ghozali, 2015). The Q^2 value for Investment Interest (Y) is calculated as:

$$\mathbf{Q^2 = 1 - (1 - R^2) = 1 - (1 - 0.443) = 0.443}$$

The resulting Q^2 value of 0.443 confirms that the model possesses adequate predictive relevance.

Table 5. Q-Square (Predictive Relevance)

Variable	R^2	Q^2	Interpretation
Investment Interest (Y)	0.443	0.443	Predictively Relevant

Source: Data Processing (2024)

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4.2.2.4. Goodness of Fit (GoF)

The Goodness of Fit (GoF) index is calculated by taking the square root of the product between the average variance extracted (AVE) and the average R-squared (R^2) value. According to Tenenhaus (Hussein, 2015), GoF values can be interpreted as follows: 0.10 indicates small fit, 0.25 indicates medium fit, and 0.38 indicates large fit. A higher GoF value suggests better model performance when explaining empirical data.

The following tables present the AVE values and average R^2 used for calculating the GoF:

Table 6. Average Variance Extracted (AVE)

Latent Variable	AVE
X1	0.539
X1.1	0.652
X1.2	0.650
X1.3	0.771
X1.4	0.794
X2	0.582
X2.1	0.655
X2.2	0.759
X2.3	0.802
Y	0.637
Y1	0.801
Y2	0.865
Average	**0.709**

Source: Data Processing (2024)

Table 7. Average R-Square (R^2) Value

Latent Variable	R^2
X1.1	0.804
X1.2	0.765
X1.3	0.725
X1.4	0.732
X2.1	0.685
X2.2	0.862
X2.3	0.802
Y	0.443
Y1	0.755
Y2	0.776
Average	**0.735**

Source: Data Processing (2024)

The GoF index is calculated as follows:

$$GoF = \sqrt{\overline{AVE} \times \overline{R^2}}$$
$$GoF = \sqrt{0.709 \times 0.735}$$
$$GoF = 0.722$$

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With a resulting GoF value of 0.722, the model demonstrates a high explanatory power and model fit, indicating that it is well-suited to describe the observed data.

4.3. Hypothesis Testing

To test the proposed hypotheses, this study employed the t-statistic and path coefficient (beta) generated through Partial Least Squares Structural Equation Modeling (PLS-SEM) using the SmartPLS 3.0 software. According to Abdillah and Hartono, the t-statistic reflects the significance of the relationship, while the path coefficient shows its strength and direction (Abdillah & Hartono, 2015).

The critical value for the two-tailed t-test at a 95% confidence level (α = 0.05) is 1.96. The decision rules are as follows:

1) Reject H_0 and accept H_1 if *t-statistic* > *1.96* and *p-value* < *0.05* (indicating a significant effect).
2) Fail to reject H_0 if *t-statistic* < *1.96* or *p-value* > *0.05*.

Table 8. t-table Reference Values

Test Type	t-table Value
One-tailed	1.64
Two-tailed	1.96

Source: (Abdillah & Hartono, 2015)

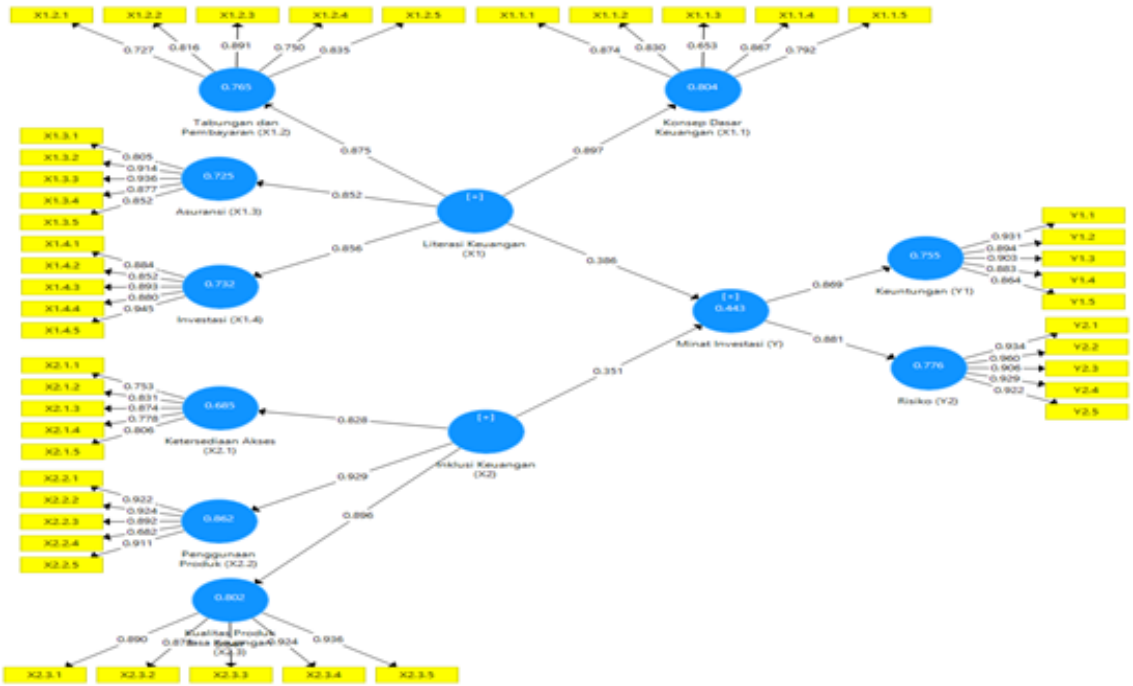

Figure 2. Structural Model (path coefficient, beta)

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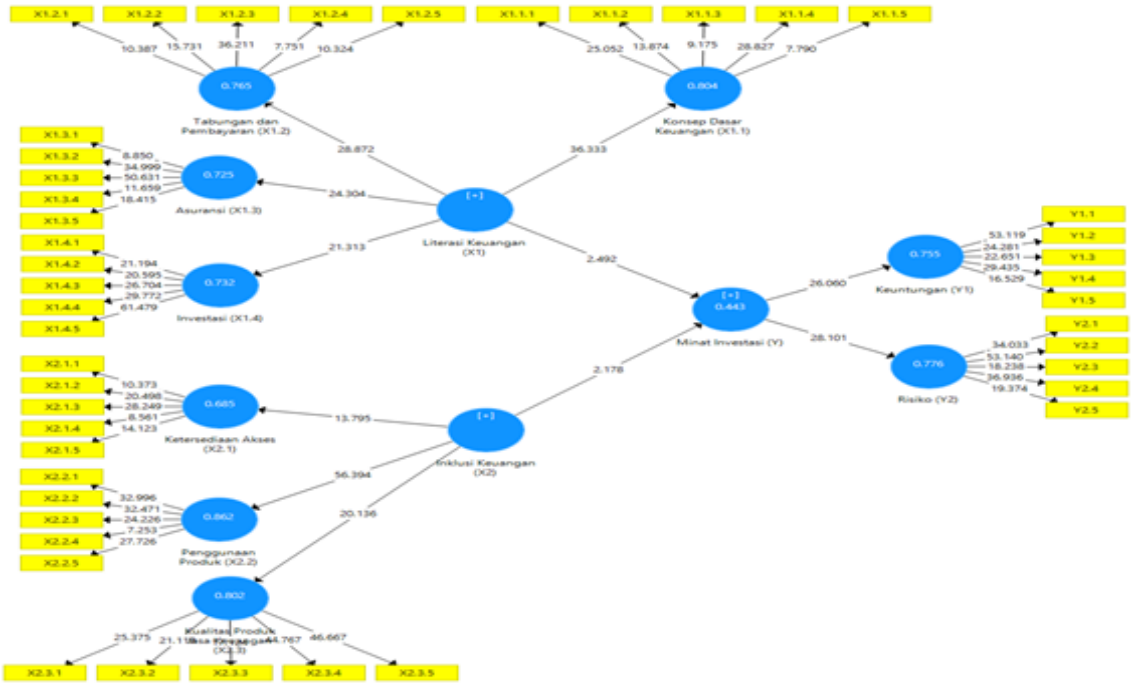

Figure 3. Significance Value (t-count)

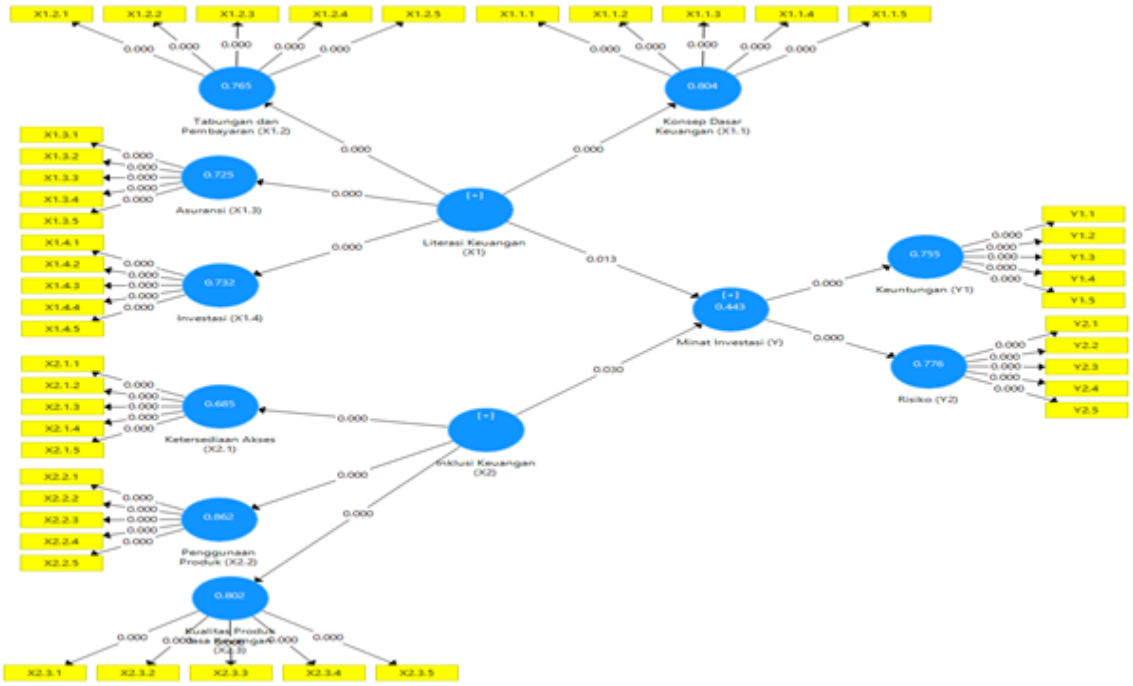

Figure 4. Significance value (p-value)

Source: Data processing output using SmartPLS (2024)

The results of hypothesis testing are summarized as follows:

Table 9. Path Coefficients and Significance Levels

Effect	Path Coefficient (β)	t-statistic	p-value
Financial Literacy (X1) → Investment Interest (Y)	0.386	2.492	0.013
Financial Inclusion (X2) → Investment Interest (Y)	0.351	2.178	0.030

Source: Data Processing (2024)

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4.3.1. Effect of Financial Literacy (X1) on Investment Interest (Y)

The first hypothesis tested in this study (H_1) posits that financial literacy significantly affects investment interest. The analysis shows that the path coefficient is 0.386, indicating a positive and moderate influence of financial literacy (X1) on investment interest (Y). This relationship is statistically significant, as evidenced by a t-statistic of 2.492, which exceeds the critical value of 1.96, and a p-value of 0.013, below the 0.05 threshold.

Accordingly, H_1 is accepted, confirming that financial literacy significantly affects investment interest. This suggests that individuals with a stronger understanding of basic economic principles, such as budgeting, savings, insurance, and investment instruments, are more inclined to develop a sustained interest in investing. In the context of former Indonesian migrant workers (PMI), improved financial literacy equips them with the knowledge and confidence to manage income effectively and channel it toward productive investment activities. This, in turn, contributes to long-term financial resilience and economic empowerment.

4.3.2. Effect of Financial Inclusion (X2) on Investment Interest (Y)

The second hypothesis (H_2) proposes that financial inclusion significantly affects investment interest. The statistical results support this hypothesis: the path coefficient is 0.351, the t-statistic is 2.178, and the p-value is 0.030. Since the t-statistic exceeds 1.96 and the p-value falls below 0.05, the relationship between financial inclusion (X2) and investment interest (Y) is considered statistically significant.

Therefore, H_2 is accepted, indicating that higher financial inclusion contributes to greater interest in investment. Access to formal financial services, such as savings accounts, credit, insurance, and digital banking platforms, enables individuals, particularly PMIs, to manage their finances more effectively and make informed decisions about wealth accumulation. Enhanced financial inclusion facilitates participation in the economic system and fosters proactive investment behavior aligned with long-term financial goals.

5. Conclusion

The results of this study indicate that financial literacy has a positive and significant relationship with investment interest. The direction of this relationship is unidirectional; an increase in financial literacy (X1) corresponds with an increase in investment interest (Y), and vice versa. The significance of this relationship is supported by a two-tailed t-test, where the t-statistic of 2.492 exceeds the critical value of 1.96, and the p-value of 0.013 is below the 5% significance level. This confirms that higher levels of financial literacy among former Indonesian migrant workers (PMI) are associated with greater interest in investing. Adequate understanding of financial products, investment instruments, and sound financial management practices encourages PMIs to allocate a portion of their income toward investment, ultimately enhancing their long-term financial security.

Similarly, financial inclusion also positively and significantly affects investment interest. The relationship between financial inclusion (X2) and investment interest (Y) is likewise unidirectional, with higher levels of financial inclusion leading to greater interest in investment. The statistical results indicate a t-statistic of 2.178 and a p-value of 0.030, both supporting the significance of this relationship at the 5% level. This finding highlights the critical role of accessible and inclusive financial services, such as bank accounts and investment platforms, in enabling PMIs to invest more actively. Financial inclusion empowers individuals to manage their finances more effectively and pursue long-term economic goals through formal financial channels.

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Despite these findings, the study has several limitations. It does not yet account for other potentially influential variables such as demographic characteristics, migration experiences, and the role of social networks, which may act as moderating factors. Therefore, Future research should incorporate a broader range of variables and adopt more diverse methodological approaches. This would enhance the robustness and explanatory power of future analyses concerning the determinants of investment interest among migrant populations.

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7. Declaration of Conflicting Interests

The authors have declared no potential conflicts of interest regarding this article's research, authorship, and/or publication.

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