

## **ABSTRACT**

*Financial institutions such as banks are often chosen by the people as a financial institution that provides funds or capital. Bank Rakyat Indonesia (BRI) through Kredit Usaha Rakyat (KUR) program help people in providing lending capital. Therefore, financial literacy or personal financial knowledge of the people is really needed to become guidelines the people in decision-making process of credits. This research aims to determine the effect of financial literacy and demographic factors to the decision-making process Kredit Usaha Rakyat (KUR) at Bank Rakyat Indonesia Unit Office Mantingan, Ngawi, East Java. This research is quantitative descriptive data and causal analysis, respondents surveyed in this research amounted to 251 customers of Bank Rakyat Indonesia (BRI) which took the capital loan business credit or Kredit Usaha Rakyat (KUR).*

*This study uses three variables: two independent variables and one dependent variable. The independent variables consist of financial literacy variables and demographic factors, while the dependent variable is the variable credit decision-making.*

*The result showed the financial literacy in the position 84,1% with a number of very good category and demographic factor at the 71,8% with good category. Based on the coefficient of determination is obtained that the influence of financial literacy and demographic factor to the decision-making process of credit is 25,19% and 74,81% of rest is affected by other factors such as internal factor like life style, and psychological factor. External factor like family effect and co-workers.*

*Based on the result is expected to the next researcher examine more deeply about other factors that can influence the decision-making process of the credit.*

**Keywords: financial literacy, UMKM, taking credit, KUR**