

ABSTRACT

The number of poverty in Gunungkidul Regency in 2018 is 17,12% which makes Gunungkidul regency as one of all regency with the poorest population in DI Yogyakarta. Financial inclusion is proven to decrease poverty and social gap if it is done maximally. The determinant factor in successful financial inclusion is financial literacy toward the population themselves. Furthermore, the other factor to accelerate poverty alleviation is the role of the productive population. Therefore, Otorias Jasa Keuangan (OJK) does not only continue doing financial education to various remote areas of the country includes the remote village in Mertelu, Gedangsari, Gunungkidul Regency, but also creating several social capitals to support the increase of financial literacy and financial inclusion.

This research aims to discover the role of social capital as the financial literacy and financial inclusion mediator of Gunungkidul's Regency productive population. With social capital is expected to be a mediator in improving literacy and inclusion finance. Financial literacy can be realized as individual competency in understanding, implementing and evaluating the financial information hence, those can be used as a financial solution. Furthermore, financial inclusion is about the utilization of financial industry services such as deposit, credit, investment in order to increase public welfare. Meanwhile, social capital is the part of the population such as belief, trust, cooperation regarding the norms and networks that binds the population.

The population in this research is 478.154 productive ages of Gunungkidul's Regency population and the sample was taken by non-probability sampling technique which produced 424 samples. This study adopted Sobel test also Kenny and Baron method to examine the effect of mediator of social capital in the relationship between financial literasion and financial inclusion. The result of this study found that social capital proved to partially mediate the association beteen financial literacy and financial inclusion of productivity age in Gunungkidul Regency. So with strengthened of social capital in Gunungkidul community, financial instutions need to develop related non-formal programs to increase financial literacy and financial inclusion and actively involving teh community to improve comunity walfare and decrease poverty.

Keywords: *Poverty, Financial Literacy, Financial Inclusion, Social Capital, Partially Mediation.*