ARTOKULO: Journal of Accounting, Economics and Management
E-ISSN : 3032-0461 | P-ISSN : 3032-047X
Volume 2 No 1 January – April (2025)

The Influence of Investment Knowledge, Financial Literacy, Investment Risk, Social Media Influencers, and Technological Sophistication on Investment Interest in the Indonesian Capital Market

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Received: February 28, 2025
Revised: March 20, 2025
Accepted: April 15, 2025
Published: April 30, 2025

ABSTRACT

This study aims to analyze the effect of investment knowledge, financial literacy, investment risk, social media influencers, and technological sophistication on investment interest in the Indonesian capital market. The type of research used is quantitative research. This study took a population of 293 students who were registered as members of the Indonesia Stock Exchange Investment Gallery (GIBEI) of universities in Jember Regency. Among them are, University of Jember, Muhammadiyah University of Jember, Mandala Institute of Technology and Science, UIN Kiai Achmad Shiddiq, and PGRI Argopuro University Jember. Sampling technique using simple random sampling. Determination of the research sample using the Slovin formula, so that 75 respondents were obtained. The data collection method used in this study is through a questionnaire. The data analysis method used is data quality test, classical assumption test, multiple linear regression analysis, R2 determination coefficient test, and hypothesis testing. The results showed that Investment Risk, Social Media Influencers, and Technological Sophistication had a partial effect on Interest in Investing in the Indonesian Capital Market. Meanwhile, Investment Knowledge and Financial Literacy have no partial effect on Interest in Investing in the Indonesian Capital Market. Investment Knowledge, Financial Literacy, Investment Risk, Social Media Influencers, and Technological Sophistication have a simultaneous effect.

Keywords: *Investment Gallery, Jember Student, Investment Interest*

1. INTRODUCTION

The concept of saving has long been embedded in the culture of Indonesian society. Traditionally, saving money was regarded as the most secure way to prepare for the future. However, in today's dynamic economic environment, saving alone is no longer adequate to ensure long-term financial stability. As noted by Oktavia et al. (2024), "saving in banks is no longer considered sufficient to meet long-term financial goals due to the low interest rates, which has led many individuals to view investment as a more profitable alternative. This change signifies a paradigm shift from a consumption-delay mindset to one that actively seeks capital growth.

Investments, particularly in the capital market, are gaining popularity among young Indonesians. This is evident in data from the Indonesia Stock Exchange (IDX), which states that as of September 2024, investors aged 18–25 dominate the market in East Java (IDX, 2024). The rapid development of digital technology and the widespread adoption of smartphones and the internet have further facilitated access to investment platforms, making it easier for individuals—especially students—to participate in capital market activities (Leki & Asruni, 2022).

Investment is broadly defined as the act of committing funds to an asset with the expectation of earning a future return. According to Widanaputra (2016), "investment is the allocation of current capital with the expectation of future gains, requiring a trade-off of present consumption for future benefits". In addition to promising returns, investments can serve as an educational process in financial planning and risk management for young people. However, the level of interest in capital market investments in Indonesia is still relatively low, which may stem from limited investment education and the lack of financial literacy.

One of the critical elements influencing investment interest is investment knowledge. As Mastura (2020) explains, "investment knowledge is the understanding one must have before making investment decisions, including how investments work, the expected risks and returns, investment durations, and the nature of various financial instruments". Knowledge helps individuals evaluate options and make rational investment choices. In line with this, Wibowo and Purwohandoko (2019) emphasize that "investment knowledge significantly contributes to an investor's ability to make informed decisions and reduces emotional bias in the market".

Yet, knowledge alone does not guarantee active investment behavior. Other psychological and environmental factors can override rational understanding. For instance, financial literacy complements investment knowledge by covering aspects such as budgeting, saving, and risk management. Faidah (2019) defines financial literacy as "the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financially literate individuals are more likely to understand the long-term impact of investment choices, which increases their confidence and readiness to invest. Some studies, however, suggest that the relationship between financial literacy and investment interest is not always straightforward. As observed by Lestiana (2023), "there is no significant correlation between students' financial literacy levels and their actual willingness to invest," implying that literacy does not automatically lead to action. This indicates the need to address other influencing variables, such as psychological readiness or peer influence.

Investment risk is another major determinant of interest. Investors must be able to anticipate and manage risks associated with their choices. Amir (2023) outlines that "investment risk includes market volatility, credit defaults, liquidity issues, and inflation, all of which can undermine expected returns if not managed properly". A positive risk perception can sometimes boost interest in investing, especially if individuals are equipped with tools to mitigate those risks.

Interestingly, social media influencers have recently emerged as powerful figures in shaping investment behavior. Fatanalin (2024) observes that "influencers play a significant role in educating and attracting the public to invest, particularly the younger demographic, by simplifying complex financial concepts through engaging content". Their ability to build trust and offer relatable investment narratives makes them more persuasive than traditional financial advisors in some cases. Firmansyah et al. (2024) found that "social media influencers have a strong positive effect on Gen Z's investment interest in East Java," especially when combined with personal finance content and testimonials.

Programs like BEI's "Investory" initiative demonstrate this trend, utilizing influencers to boost financial literacy among young investors (Pratiwi, 2020). These strategies are essential in narrowing the gap between awareness and action in capital market participation. In addition to social influence, technological advancement has revolutionized investment accessibility. The emergence of financial technology (fintech) apps, mobile stock trading platforms, robo-advisors, and AI-powered investment analysis tools have significantly lowered the entry barrier for novice investors. As stated by Rahma Aulia

(2022), "technological development supports information dissemination and facilitates public access to stock investment activities, enhancing the practicality and appeal of investing". When tools are easy to use, intuitive, and secure, people are more likely to try investing, even without deep prior knowledge. Nevertheless, Chandra (2022) presents an opposing view, suggesting that "technological advancement alone does not influence investment interest unless it is supported by sufficient financial understanding and motivation". This reinforces the notion that an integrated approach is needed, combining financial education, tech support, and behavioral nudges.

Behavioral theories also offer insight into why people choose to invest or not. The Theory of Planned Behavior (TPB) by Ajzen suggests that behavioral intention is influenced by attitude toward the behavior, subjective norms, and perceived behavioral control. In investment, this means students are more likely to invest if they believe it is beneficial (attitude), are encouraged by their peers or family (subjective norms), and feel confident in their ability to invest (perceived control) (Merawati & Putra, 2019). In summary, investment interest among Indonesian university students is influenced by a multi-dimensional interplay of factors. Investment knowledge and financial literacy build foundational understanding, but must be complemented by risk perception, social influence, and technological ease. Efforts to boost participation in capital markets must consider all these dimensions. Educational institutions should play a more active role in integrating financial education into their curriculum, while regulators and private financial institutions can collaborate with influencers and fintech companies to design inclusive investment experiences.

2. METHODS

The research used a quantitative approach with an explanatory research design, aiming to analyze the influence of multiple independent variables—investment knowledge, financial literacy, investment risk, social media influencers, and technological sophistication—on the dependent variable, namely students' interest in investing in the Indonesian capital market. The population in this study consisted of 293 university students who were registered as members of the Galeri Investasi Bursa Efek Indonesia (GIBEI) at five higher education institutions in Jember Regency: University of Jember, Muhammadiyah University of Jember, Institut Teknologi dan Sains Mandala, UIN Kiai Achmad Shiddiq, and PGRI Argopuro University Jember. The sample was determined using the Slovin formula with a margin of error of 10%, resulting in 75 respondents. Simple random sampling was employed to ensure each population member had an equal chance of being selected. Data were collected using a structured questionnaire distributed directly to the respondents.

To analyze the collected data, the study employed several statistical techniques. First, a data quality test was conducted, including validity and reliability tests, to ensure the measurement instruments were accurate and consistent. Then, classical assumption tests were carried out, including normality, multicollinearity, and heteroscedasticity tests, to verify that the data met the assumptions of linear regression. The core analytical method used was multiple linear regression analysis, which aimed to determine the partial and simultaneous effects of the independent variables on investment interest. Furthermore, the coefficient of determination (R^2) was calculated to measure the model's ability to explain the variance in the dependent variable. Finally, hypothesis testing was conducted using the t-test (to assess the partial effect of each independent variable) and the F-test (to evaluate the simultaneous influence of all independent variables). These analyses were conducted using the SPSS statistical software. This methodological framework allowed the researcher to draw objective conclusions regarding the relationships between the studied variables and provided empirical evidence relevant to investment behavior among university students in Indonesia.

3. RESULTS AND DISCUSSION

Results

The t-test is used to determine the partial effect of each independent variable on the dependent variable, which is Investment Interest. With a sample size of 75 and 5 independent variables, the degrees of freedom (df) = 75 − 5 − 1 = 69, and the critical t-value is 1.667

Table 1. t-Test Results

Variable	t-statistic	t-table	Sig.	Description
Investment Knowledge	1.648	1.667	0.104	No significant partial effect
Financial Literacy	0.371	1.667	0.712	No significant partial effect
Investment Risk	2.729	1.667	0.008	Significant partial effect
Social Media Influencer	2.912	1.667	0.005	Significant partial effect
Technological Sophistication	2.752	1.667	0.008	Significant partial effect

Only Investment Risk (X3), Social Media Influencer (X4), and Technological Sophistication (X5) have a positive and significant partial effect on Investment Interest

The F-test is used to determine whether the independent variables simultaneously influence the dependent variable. With df = 69 and 5 independent variables, the F-table value is 2.50.

Table 2. F-Test Results

Statistic	Value
F-statistic	10.188
F-table	2.50
Sig.	0.000

Since F-statistic > F-table and sig. < 0.05, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. This indicates that Investment Knowledge, Financial Literacy, Investment Risk, Social Media Influencer, and Technological Sophistication simultaneously have a significant effect on Investment Interest

Discussion

a. The Influence of Investment Knowledge on Interest in Investing in the Indonesian Capital Market

The results of this study indicate that investment knowledge has a positive but not significant relationship with students' interest in investing in the capital market. This suggests that although students may possess an understanding of investment principles, this knowledge alone does not necessarily translate into a strong desire to invest. According to Mastura (2020), investment knowledge includes essential insights such as how investments work, the goals to be achieved, risk and return awareness, and the ability to choose companies with strong business fundamentals. The indicators used to measure this variable include understanding investment strategies, basic concepts, market trends, risk management, diversification, and financial planning aligned with personal goals. Despite their importance, these indicators do not always directly influence investment interest. As noted by Claudia Martin et al. (2023), a grasp of basic investment concepts may help students understand the field, but it does not guarantee their interest in participating. Several students from GIBEI in Jember mentioned that they prioritize selecting investment instruments that match their previously planned financial goals rather than relying solely on theoretical understanding. Although many students are familiar with strategies like value investing, growth investing, and day trading, they admit that this knowledge does not significantly impact their willingness to invest. Instead, their investment interest is often driven by practical factors such as financial goals and the convenience of using online investment platforms. Furthermore, while risk management is crucial in minimizing potential future losses, students often lack effective strategies for managing such risks. Some even focus more on potential profits without fully considering the risks involved. This finding is consistent with the study by Amin et al. (2023), which found that investment knowledge does not significantly influence investment interest. However, it contradicts the findings of Firmansyah et al. and Lestiana, who argue that investment knowledge has a significant positive effect on investment interest.

b. The Influence of Financial Literacy on Interest in Investing in the Indonesian Capital Market

The study results indicate that financial literacy has a positive relationship with investment interest, but it does not have a significant partial effect on students' willingness to invest in the capital market. Financial literacy refers to an individual's understanding of key financial concepts, which serves as a foundation for managing personal finances and making informed investment decisions. According to Rahma Aulia (2022), this understanding helps individuals evaluate potential risks and returns before investing. In this study, financial literacy was measured through indicators such as knowledge of investment types and goals, budgeting skills, debt and savings management, the ability to plan short- and long-term financial goals, awareness of emergency funds and retirement planning, self-confidence in making investment decisions, and perceptions of risk and return. While these indicators are considered essential in developing investment interest, they do not always directly influence student behavior.

Emergency funds, for instance, play a crucial role in providing financial security and supporting long-term investment strategies. For students, budgeting aligned with financial goals helps them avoid debt and maintain stability during unforeseen events. However, many students seem unaware of the importance of emergency funds in the context of investing. Instead, they focus on managing their budgets according to personal financial targets. Despite recognizing that investment carries varying levels of risk and return, students' investment interest remains unaffected. Some GIBEI members in Jember believe they can manage their finances even while having debt, showing confidence in their financial capability. Nevertheless, building strong financial habits and understanding risk can help them make better investment decisions and avoid future financial problems. This finding aligns with Lestiana (2023), who also found no significant effect of financial literacy on students' investment interest. However, it contradicts studies by Kumanireng & Bayu Utomo (2023) and Rahma Aulia (2022), which found a positive and significant influence of financial literacy on investment interest.

c. The Influence of Investment Risk on Interest in Investing in the Indonesian Capital Market

The study found that the investment risk variable has a positive and significant effect on students' interest in investing in the capital market. Investment risk in this context refers to the potential for losses when actual returns deviate from expectations. As Wiyono and Asyik (2023) explain, the uncertainty in investment outcomes can negatively impact an investor's financial condition. This variable was measured using several indicators, including price volatility, understanding stock price movements, bid-ask spread, trading volume, system failure frequency, administrative errors, and stock beta. These indicators are vital in shaping investment interest because they reflect essential cognitive aspects of how students perceive and understand market risks.

One of the most influential indicators is price volatility, which reflects the fluctuation of stock prices within a specific period. This directly affects investment decision-making, as students consider the stability of price movements before committing funds. GIBEI members in Jember stated that they are aware that price volatility represents how an asset's value changes over time, and they assess this factor when choosing to invest. Additionally, trading volume plays a crucial role in assessing market liquidity and stability. Students who understand that high trading volume indicates strong market interest and trust in an asset tend to feel more secure about investing, as the risk of illiquidity is lower. This is supported by testimonies from GIBEI members who prefer investing in assets with high trading volumes to reduce liquidity risk. These findings align with Lestari (2024), who also found that investment risk has a positive influence on investment interest. However, the results contradict those of Wiyono and Asyik (2023), who argued that investment risk has a negative impact on students' willingness to invest, suggesting a more cautious or risk-averse perspective in different contexts.

d. The Influence of Social Media Influencers on Interest in Investing in the Indonesian Capital Market

The results of the study show that the Social Media Influencer variable has a positive and significant effect on students' interest in investing in the capital market. In the context of investing, influencers are individuals who hold substantial influence on social media platforms and use that influence to share guidance, information, or recommendations about investment to their followers (Lestiana, 2023). This variable was measured using several indicators: trust, expertise, visual appearance, personal closeness, responsiveness, engagement rate, content relevance, and content accuracy.

Trust and expertise are the two most dominant aspects in shaping students' views and investment interest. When influencers consistently provide accurate and reliable information, they help build students' confidence in making financial decisions. This is reinforced by statements from GIBEI student members in Jember, who believe that the investment information shared by influencers is trustworthy and that the influencers themselves have adequate experience in the field.

In addition, the visual appearance of influencers plays a significant role in capturing student attention and shaping investment interest. A professional and appealing appearance strengthens the influencer's credibility, making students more likely to follow their investment advice. Students from GIBEI admitted that the visual presentation of influencers enhances their interest in engaging with financial content and influences their willingness to consider the investment suggestions provided.

These findings are consistent with research by Rahma Aulia (2022) and Al Mubayin & Widodo (2022), who found that influencer engagement positively affects investment interest. However, the results contrast with Chandra (2022), who argued that advancements in digital platforms and influencer activity do not significantly affect investment interest, suggesting that personal preferences and trust play a more important role than media presence alone.

e. The Influence of Technological Sophistication on Interest in Investing in the Indonesian Capital Market

The results of the study reveal that Technological Sophistication has a positive and significant effect on students' interest in investing in the Indonesian capital market. According to Rahma Aulia (2022), the rapid advancement of technology supports the expansion of information networks and facilitates public access to stock market investment. As a result, today's capital market is increasingly dominated by millennial investors who prefer practical, tech-driven solutions such as online trading platforms. This variable was measured using several indicators: ease of use, service availability, data protection, transaction speed, process automation, personalization, and the use of artificial intelligence (AI).

The availability of services enabled by modern technology significantly influences students' investment interest. GIBEI members in Jember confirmed that they are satisfied with the services provided through the investment apps they use. Another key factor is data protection. When students are confident that their personal data and financial transactions are secure, they are more likely to feel comfortable and motivated to invest. Several students reported feeling secure when using investment platforms, reinforcing the importance of trust in platform reliability.

Furthermore, the integration of AI in investment applications has a substantial impact on student interest. AI's ability to analyze market trends and generate tailored investment recommendations enhances user confidence. GIBEI student members expressed their belief that AI features improve the accuracy of the investment suggestions they receive, encouraging them to participate more actively in the market. These findings are consistent with previous research by Rahma Aulia (2022) and Al Mubayin & Widodo (2022), who found that technological sophistication positively influences investment interest. However, this study contrasts with the findings of Chandra (2022), who concluded that technological advancements do not significantly affect investment interest, highlighting the role of user perception and trust in technology.

f. The Simultaneous Influence of Investment Knowledge, Financial Literacy, Investment Risk, Social Media Influencers, and Technological Sophistication on Interest in Investing in the Indonesian Capital Market

The results of this study show that the variables Investment Knowledge, Financial Literacy, Investment Risk, Social Media Influencers, and Technological Sophistication have a positive and simultaneous effect on students' Interest in Investing in the Indonesian Capital Market. These variables are interconnected and collectively influence students' investment interest. Strong investment knowledge and financial literacy enhance students' ability to manage investments wisely, while understanding investment risks enables them to make more rational decisions and avoid potential losses. Additionally, social media influencers play a role in delivering information that builds trust among prospective investors, particularly the younger generation. On the other hand, technological sophistication facilitates easier access and smoother investment transactions, offering a faster, safer, and more efficient investment experience. Altogether, these factors interact and contribute to the growth of investment interest, indicating that as financial education and technology continue to advance, there is a greater opportunity to increase the number of investors in Indonesia's capital market.

4. CONCLUSION

This study aimed to analyze the influence of five independent variables—Investment Knowledge, Financial Literacy, Investment Risk, Social Media Influencers, and Technological Sophistication—on the Investment Interest of university students in the Indonesian capital market. The research focused on students who are members of the Indonesia Stock Exchange Investment Gallery (GIBEI) in Jember Regency and used a quantitative approach with multiple linear regression analysis. The findings revealed that Investment Knowledge and Financial Literacy did not have a significant partial effect on students' investment interest. Although students may understand the basic concepts of investment and personal financial management, this theoretical understanding alone is not sufficient to drive their interest in actual investment activities. These results suggest that psychological readiness, confidence, and motivation play a more influential role in shaping investment behavior than knowledge alone. Hence, educational efforts should be complemented by practical exposure and strategies that build students' investment confidence.

In contrast, Investment Risk, Social Media Influencers, and Technological Sophistication showed a positive and significant impact on investment interest. Students who understand the risks of investment, such as price volatility and market liquidity, are more likely to make rational decisions and show stronger investment intent. Social media influencers, particularly those considered trustworthy and visually appealing, were found to significantly shape students' perception and motivation to invest. Influencers act as accessible sources of investment education, especially for the younger generation. Furthermore, technological sophistication—including features like ease of use, data protection, transaction speed, and AI-powered recommendations—enhances students' comfort and trust in the investment process. Simultaneously, all five variables have a significant combined effect on investment interest. This indicates that enhancing students' participation in the capital market requires a multidimensional strategy that integrates education, social influence, and technological innovation. By aligning financial education with digital trends and building trust through accessible platforms, stakeholders can effectively increase youth engagement in Indonesia's capital market.

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