FINANCIAL LITERACY IN GROWING INVESTMENT INTEREST AMONG MILLENNIALS

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ABSTRACT

This study examines a phenomenon, namely, investment decisions among millennials driven by financial literacy in fostering investment interest. The increasing interest in investing among millennials provides an interesting issue that can be examined in this study. The method used in this research is an analytical study of the literature of previous studies. The findings based on literature studies and empirical studies of previous research state that these factors dominantly influence the investment decisions of potential investors among millennials. On the other hand, digital media literacy factors affect millennial investors' level of understanding.

Keywords: **Financial Literacy, Investment Interest, Risk Tolerance, Religiosity, Social Media, Millennials**

Introduction

In the era of society 5.0, humans are the main actors in the development of life accompanied by advances in technology and information. This encourages humans, especially the millennial generation, to act as agents of change who act as triggers for changes in aspects of life. In an all-digital era supporting the fast-paced and globalized distribution of information, there are many hoax news that target the millennial generation as soft prey. Therefore, it is necessary to increase literacy among millennials to provide an understanding of the importance of being careful before acting. One of them is no less important, namely increasing financial literacy in investing.

Nowadays, without us realizing it, Indonesian people are starting to realize the importance of managing finances well by investing. Why is this, people are starting to realize the importance of future security. Even more than that, in 2025 Indonesia will face a demographic bonus that will realize the golden generation while creating golden opportunities for our country. This was conveyed by the Chief Executive of the OJK Capital Market Supervisor Hoesen in the Capital Market Seminar with the theme "Capital Market as an Investment Choice" held in Surabaya, Tuesday (24/05) in his quote he said

"Until the end of April 2022, nationally the number of retail investors in the Capital Market has reached 8.62 million or has increased by 15.11 percent (YTD) compared to the position on December 30, 2021. The growth in the number of retail investors is also still dominated by millennials or under 30 years of age, especially considering that Indonesia will be faced with a demographic bonus, namely millennials amounting to 60.29 percent of the total number of investors." (OJK, 2022).

In addition, the increase in the number of investors is inversely proportional to the level of financial literacy which is minimal, thus increasing the opportunity for the rise of fraudulent investment cases that ensnare the public. This was proven in January 2023, when the Investment Alert Task Force (SWI) again found 10 entities offering unlicensed investments and 50 unlicensed online loans. The Chairman of the Investment Alert Task Force Tongam Tobing said, "This shows that illegal investment offers and pinjol are still looking for victims. This condition must be watched out by the public to always be careful in choosing investments and utilizing online loans," (Ojk, 2023).

It can be concluded that people's interest in investing is increasing, especially millennials. Unfortunately, there is a need to increase financial literacy by related parties because the factors driving investment decisions can arise from the environment or education. In addition to financial literacy, many things influence decisions in investing, some variables that can be considered very relevant if researched and examined in the current era, namely risk tolerance, religiosity, and social media.

The purpose of this study is to analyze decisions in investing among millennials with several related factors. This research examines several important factors including risk tolerance, religiosity, and social media which dominantly influence the investment decisions of potential investors among millennials, on the other hand, the digital literacy factor also affects the level of understanding of millennial investors. To provide the results of this study, the following will be carried out further with the stages of analytical studies from the literature of previous studies.

Method

The research method used in this article is to review and further examine theories from previous research related to financial literacy in fostering investment interest among millennials. The results can be used as literature for potential investors to be able to consider all the right decisions in investing.

Results and Discussion

1. Investment Interest

The results of research conducted by (Negara & Febrianto, 2020) state that investment interest is a strong desire or desire in a person to learn everything related to investment to the stage of practicing it, namely investing (Pajar & Pustikaningsih, 2017). The characteristics of someone interested in investing can be seen from the amount of effort they put into finding a type of investment from the advantages, weaknesses, and performance of the investment. Then, they invest in the type of investment that has been studied or increase the portion or weight of existing investments (Kusmawati, 2011).

The test results conducted by (Negara & Febrianto, 2020) state that several factors influence investment interest among millennials. Simultaneous testing shows that information technology and investment knowledge affect interest in investing, therefore it is necessary to increase literacy. The results of the study are in line with research (Hadi, 2023) that higher encouragement or motivation in investing will foster interest in investing by millennials.

2. Financial Literacy

Research (Baihaqqi & Prajawati, 2023) explained that financial literacy is simply defined as an understanding of personal finance and its use. More deeply, Huston (Kartawinata & Mubaraq, 2018) defines financial literacy as a reflection of the level of understanding and utilization of information that has a relationship with a person's finances. This study shows that financial literacy has an effect in determining investment decisions and this is in line with the results of research conducted by (Baihaqqi & Prajawati, 2023).

3. Risk Tolerance

In research (Pradikasari & Isbanah, 2018) risk tolerance is defined as the extent to which a person or institution is willing to accept the risk of uncertainty when making financial decisions almost reaching every part of economic and social life (Putri, et al., 2017). The higher the level of risk tolerance, the bolder the person will be in making decisions. Investors are divided into three types, namely risk seekers, risk neutral, and risk averter (Halim, 2005: 42).

The study (Pradikasari & Isbanah, 2018) shows that overconfidence and risk tolerance variables affect investment decisions due to the level of respondents' ability to take investment risks following the characteristics of investment instruments in the capital market, namely high risk high return. However, this is different from the results of research conducted by (Baihaqqi & Prajawati, 2023) which states that risk tolerance does not influence investment decisions.

4. Religiosity

Based on research (Baihaqqi & Prajawati, 2023) religiosity according to (Saputra et al., 2020) is a form of understanding the extent to which a person has belief, involvement, and attachment to religious aspects in his life to encourage the formation of certain behaviors. Religiosity can influence a person's investment decisions in various ways, depending on the extent to which these religious beliefs play a role in an individual's values and priorities.

Research by (Baihaqqi & Prajawati, 2023) and there is also an opinion from (Syahrizal et al., n.d.) states that religiosity and financial literacy simultaneously have a significant effect on student investment decisions. However, research (Fauziah & Management, 2019) provides different results in the form of the inability of religiosity to influence investment decisions.

5. Social Media

In research (Gusmarizal, 2021) it is explained that social media is an online platform that allows users to engage in socializing activities with each other which allows humans to interact with each other without being limited by space and time. Social media erases the boundaries of both space and time in socializing, wherever they are and whenever, no matter how far apart they are, and no matter day or night.

Social media affects millennials' intention to use investment opinion in the investment decision-making process (Maharani & Hidayah, 2021) and is in line with the research results of a literature review (Hadi, 2023) which states that increasing social media platforms have a positive and significant effect on interest in investing in the capital market.

Conclusion

Based on the discussion above, it can be concluded that interest in investing among millennials is influenced by several factors that encourage these individuals to make decisions. All-digital literacy, one of which is financial literacy, is very dominant in influencing investment decisions. In addition, increasing this literacy creates several supporting factors.

Risk tolerance measures the extent to which a person or institution is willing to accept the risk of uncertainty when making decisions, religiosity can influence a person's investment decisions in various ways, depending on the extent to which religious beliefs play a role in an individual's values and priorities, and social media which provides all information regarding investments that can influence potential investors both directly and indirectly. However, as a prospective millennial investor who is wise in social media, it is better to always filter all information circulating so that later in making investment decisions based on careful and precise analysis.

Future research that can be done is to add other variables sourced from previous research related to driving factors and even inhibiting investment decisions among millennials. Such as investment knowledge, minimum capital, or other variables that are more innovative in the future, so that they are more relevant to changing times.

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