

The Influence of Financial Literacy, and Investment Knowledge on Investment Interest mediated by Investment Motivation

ABSTRACT

This study attempted to determine the influence of investment knowledge and financial literacy on capital market investing interest via investment motivation. All IDX Investment Gallery users in the Faculty of Economics and Business, University of Mataram, made up the study's population, and 85 Investment Gallery users were chosen as the study's sample using a purposive selection approach. Associative quantitative research is the term used to describe this sort of study. Smart-PLS 4 was utilized to process the data in this study, and the following tests were run: validity test, reliability test, R-Square, inner model, and path coefficient. The findings demonstrated that, while investment knowledge has a negligible impact on investment interest, financial literacy, and investment motivation have a favorable and considerable impact. Investment motivation is positively and significantly impacted by financial knowledge and literacy. Financial literacy and investment interest can be mediated by investment motive, but investment knowledge cannot.

Keywords: Financial Literacy, Investment Interest, Investment Motivation, Investment Knowledge.

JEL Classification: G11, G20, G53

INTRODUCTION

The capital market has a major role in the country's economy to support the implementation of development aimed at increasing national economic stability. A capital market is a meeting place between investors and companies that need capital or long-term investment (Triana & Yudiantoro, 2022). A capital market is a tool that may be utilized by issuers or firms that require finances to expand their business, as well as investors that need a location or medium to invest in order to profit from capital market investments (Sunatar et al., 2023).

Investment in the capital market has been a realistic alternative for the general people since the founding of the Indonesia Stock Exchange (IDX) (Bakhri, 2018). The number of Indonesian capital market investors over the past 4 years has increased significantly. Investment can be made or occur if there is interest from a person or organization who wants to invest in (Sunatar et al., 2023). Investment interest is the attention and interest in carrying out an activity related to investment without coercion from anyone accompanied by a feeling of pleasure.

(Sunatar et al., 2023) concluded that interest is a persistent tendency to pay attention to and remember some activities. (Hikmah & Rustam, 2020), People are already interested in investing in the stock market. However, they confront several challenges, particularly for new investors. If beginner investors do not fully comprehend the methods for investing and the potential hazards. Prospective investors must have financial literacy and knowledge so that they are concerned about investment because it will determine the success of the investment made (Pangestika & Rusliati, 2019).

According to, (Siregar et al., 2023), Financial literacy refers to an individual's understanding and ability to handle their money in terms of insurance, savings, investment, and budgeting. Four factors are used to assess financial literacy: a broad awareness of personal financial management, Investment, protection, and lending for savings (Chen & Volpe, 1998). Financial knowledge can help individuals in determining optimal financial decisions. So it can be concluded that financial literacy is a person's knowledge and skills to manage and make decisions about their

finances. Supported by previous research by (Fishbein, 2008) and (Harahap et al., 2021) It claims that financial literacy has a positive and substantial influence on investing interest, as opposed to the findings of (Viana et al., 2022) which demonstrates that financial awareness has little influence on investment interest. Because of the disparity in these results, more research into the influence of financial literacy on investing interest is required.

Individuals gain investment expertise when they learn how to use part of their money to make money. The information in question can be obtained by attending seminars, workshops, investment training, and learning through books on investment fields (Yusuf, 2019). So that potential investors can understand the investment literature in the capital market. Kusmawati, (2011) cited by (Mahdi et al., 2020). Investment knowledge is measured using three indicators, namely: fundamental understanding of stock value, amount of risk, and the expected return. Investment knowledge is proven to have a positive and significant effect found in previous research by (Listyani et al., 2019);

(Viana et al., 2022); (Eka et al., 2022), and (Syaputra & Aslami, 2022). However, different results were found by (Sari & Lestari, 2023) that financial knowledge does not affect one's intention to invest.

Motivation plays an important role in investment interest because it can provide a strong impetus or reason for someone to invest. Investing involves financial risk and commitment, so strong motivation is needed to help a person overcome the uncertainties and challenges that may arise. According to (Uno, 2013), motivation is a drive that can move a person in behavior. In investing, the motivation needed by an investor is the desire to carry out investment activities. In line with the opinion of Pajar & Pustikaningsih (2017) cited by (Wahyuningtyas et al., 2022), investment motivation is a condition or state of an individual that encourages to carry out an activity related to investment.

In the Theory of Reasoned Action (TRA) proposed by Martin Fishbein and Icek Ajzen in 1967, investment motivation can be considered as an exogenous variable or independent variable that affects attitudes toward investment and subjective norms towards investment. If a

person has high investment motivation, they tend to have a positive attitude towards investment and feel that investment is an important and worthwhile thing to do. A positive attitude towards investment and subjective norms in favor of investment will affect an individual's intention to invest. If a person has a positive attitude towards investment and feels that the people around them support investment, they tend to have a high intention to invest (Fishbein, 2008).

Investment a person's motivation is an inclination to perform an action in relation to investment. Motivation is a method of providing encouragement that can decide the intensity, direction, and perseverance of persons in achieving objectives and directly impacts one's tasks and psychology (Maharani & Farhan Saputra, 2021). Investment motivation describes the psychological variables that inspire each individual to engage in certain investment activities (Pajar & Pustikaningsih, 2017) mentioned by (Maharani & Farhan Saputra, 2021). In this context, financial literacy and financial knowledge can act as push factors that influence investment motivation. This

means that people are motivated to do a change in motivation oneself, the something because they want something emergence of feelings that lead to that is expected. In terms of investment, if behavior, and reactions to achieving goals people assume and have the belief that by (Widiyastuti et al., 2004) cited by investing they will get benefits in the form (Kusumastuti & Waluyo, 2013). of profits and so on, then that person will

have an interest in investing according to Afdalia et al., (2014) The notion of their expectations. However, there is no reasoned action has been modified by previous research related to motivation as Ajzen into the notion of Planned Behavior. a mediating variable in the relationship The three components that make up the between the variables of this study so it is core of this theory are: (1) beliefs about expected to strengthen previous research. potential outcomes and assessments of these behaviors (behavioral beliefs); (2)

From the explanation of the sources beliefs about expected norms and theories above, motivation may be motivation to live up to these expectations very influential on a person's investment (normative beliefs); and (3) beliefs about interest, even motivation is able to become the existence of factors that can encourage a mediating variable in the relationship or inhibit behavior and awareness of the between financial literacy and knowledge. potency of these factors.

Because strong motivation can encourage The process of deciding between two someone to achieve long-term financial or more alternative investments, coming to goals, such as preparing for retirement, a conclusion on a number of challenges or owning their own home, or creating problems, or taking part in the conversion financial security. Financial literacy and of inputs into outputs is known as investment knowledge can provide an investment decision-making. For this understanding of how to achieve these reason, prior to making an investment, one goals, while motivation will help translate has to have solid financial literacy (Dewi et al., 2022).

this understanding into real action in A person has knowledge when they investing. There are three indicators to have arranged information they have measure investment motivation including

learned and acquired (Baihaqi, 2016) cited by (Darmawan & Japar, 2019). Investment is defined as a commitment to utilize money or resources in the hopes of earning future rewards. (Tandelilin, 2010 in the book Suteja and Gunardi, 2016) mentioned by (Darmawan & Japar, 2019). If one is to draw any conclusions from these two definitions, investing knowledge would be the understanding of how to employ part of one's assets to generate future returns. Investment knowledge is an awareness of the numerous facets of investing, starting with the fundamental understanding of investment value, risk tolerance, and rate of return (Chaerul Pajar, 2017). (Darmawan & Japar, 2019) concluded that Making investment decisions is made simpler when one has a fundamental grasp of investing, including the many types of investments, returns, and investment risk. The ability to assess which assets to purchase while investing in the capital market requires significant information, experience, and business acumen (Merawati and Putra, 2015). When investing in the capital market, such as in stock investment instruments, enough understanding is required to prevent losses. Making investment decisions is made simpler when one has a fundamental grasp of investing, including the many types of investments, returns, and investment risk. To successfully invest in the capital market, one must have the necessary skills, knowledge, and business acumen (Merawati and Putra (2015) cited by (Darmawan & Japar, 2019). When investing in the stock market or other financial instruments, it is important to have the necessary information in order to prevent losses.

RESEARCH METHOD

Associative research is carried out using a quantitative technique to identify the association between two or more variables, which is expressed in numbers or on a numerical scale. This study's population was 555 users of the IDX Investment Gallery, Faculty of Economics and Business, University of Mataram. In determining the sample in the study using the Slovin formula with a tolerance level of 10%, then from the calculations carried out a sample of 85 users was obtained. The sample criteria are: 1). Active students at the University of Mataram, 2). having

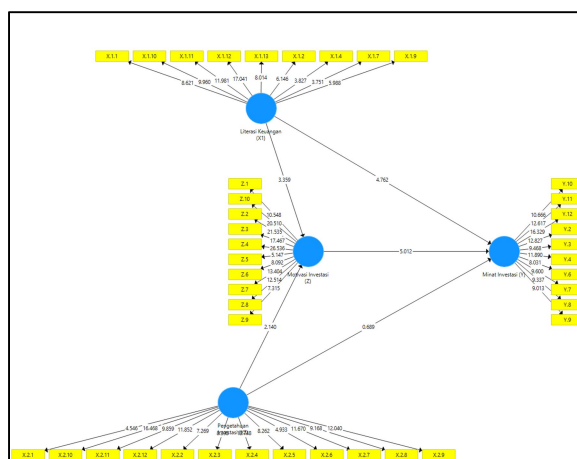
invested the IDX Investment Gallery, in by respondents by choosing one of the Faculty of Economics and Business, alternative answers that are available. This University of Mataram, 3). Registered as a study used Partial Least square (PLS) user in the IDX Investment Gallery FEB analysis techniques.

University of Mataram. The sampling approach employed in this study was a nonprobability sampling technique using the purposive sampling method, which is a sample selection method with particular considerations. The data collection technique is an online questionnaire, which is data collection in the form of a closed set of questions and must be filled

RESULT AND DISCUSSION

A convergent validity test in PLS is used to observe the association between items rating or element scores and construct scores. Based on table 2 shows that indicators with a value > 0.5 are indicators that meet the criteria of convergent validity.

Figure 1. Outer Loadings



Source: Primary Data Processed 2023

Based on this figure, it can be seen 0.5, so it can be said that all indicators used that all measurement items on each are valid.

variable, both financial literacy variables, Cronbach's Alpha and Composite investment knowledge, and investment Reability ratings are used to assess motivation, show an outer loading value > reliability in Smart-PLS. The following

table displays Cronbach's Alpha and Composite Reability values.

Table 1. Cronbach's Alpha and Composite Reability

Variables	Cronbach's Alpha	Composite Reability
Financial Literacy (X1)	0.827	0.866
Investment Knowledge (X2)	0.906	0.919
Investment Motivation (Z)	0.903	0.921
Investment Interest (Y)	0.885	0.906

Source: Primary Data Processed 2023

Based on table 1, shows that Cronbach's dependable because their Cronbach's alpha value for financial literacy, alpha value is greater than 0.7. The R-investment knowledge, and investment square value is used to anticipate and motivation is above 0.7, namely 0.827 for visualize how much the effect of the variable X1 (financial literacy), 0.906 for independent variables (X) contributes to variable X2 (investment knowledge), 0.903 variable Y at the same time. The R-square for Z (investment motivation), and 0.885 values are 0.25, 0.50, and 0.75, indicating for variable Y (investment interest). So All that the R-square value is mild, moderate, variables may be regarded to be orstrong.

Table 2. R-Square

Variable	R-square	R-square Adjusted
Investment Interest (Y)	0.689	0.677
Investment Motivation (Z)	0.519	0.507

Source: Primary Data Processed 2023

According to Table 2 above, the R- square value of the investment motivation square of the investment interest construct variable is 0.519. This number implies that is 0.689. This implies that the variables of the financial literacy and investing financial literacy, investment knowledge, knowledge factors explain 51.9% of this and investment desire account for 68.9% of variable, while the remaining 48.1% is their effect on investment interest, with the impacted by other variables not included remaining 31.8% influenced by factors in this study. beyond the purview of this study. The R-

The t-test is used in hypothesis variables. The value created by the testing to determine if exogenous factors bootstrapping procedure serves as the have a significant influence on endogenous foundation for evaluating the hypothesis.

Table 3. Path Coefficients

	P-Values	Keterangan
Financial Literacy (X1) → Investment Interest (Y)	0.000	Diterima
Financial Literacy (X1) → Investment Motivation (Z)	0.001	Diterima
Investment Knowledge (X2) → Investment Interest (Y)	0.492	Ditolak
Investment Knowledge (X2) → Investment Motivation (Z)	0.029	Diterima
Investment Motivation (Z) → Investment Interest (Y)	0.000	Diterima
Financial Literacy (X1) → Investment Motivation (Z) → Investment Interest (Y)	0.002	Diterima
Investment Knowledge (X2) → Investment Motivation (Z) → Investment Interest (Y)	0.065	Ditolak

Source: Primary Data Processed 2023

In a model with a value range of -1 to 1, this test is used to determine the direct influence of an independent variable on the dependent variable. This number indicates the direction of the link between variables with positive or negative effect. The P-value, on the other hand, is used to assess the degree of significance of the independent variable on the dependent variable. If the P-value is less than 0.05, the association is significant. Figure 1 shows the route diagram for the study structural model.

The first hypothesis test findings in Table 3 show that H1 is accepted and it means the financial literacy influences investment interest in the capital market. This demonstrates that students who wish to invest in the stock market must be financially literate. Furthermore, having financial literacy will allow you to evaluate everything about money sensibly, which is consistent with the theory of planned behavior (TPB), which is influenced by the notion of behavior. Individuals who have strong financial control might be directed

to behave selectively to manage their finances.

The findings of the second hypothesis test demonstrate that H2 is accepted, implying that the financial literacy variable influences investment motivation. This shows that the better financial literacy you have, the higher the motivation you have to invest, and vice versa, the lower the motivation you have, the less you know about financial management. If an individual has the skills to manage his finances, the individual will realize the potential of profit and risk, the individual will instill in himself to be motivated in investment activities.

The third hypothesis test findings demonstrate that H3 is rejected, implying that the investment knowledge variable does not influence investment interest in the capital market. This shows that having basic investment knowledge alone does not provide sufficiency in encouraging interest in investing. There are different perceptions in each person about facing risk, so the individual will think a thousand times to invest because he already knows the risks he will face.

Students are novice investors so many have a low tolerance for investment risk, this is due to the absence of sufficient experience. This means that even though they have good knowledge, it is not certain that students will invest in the capital market.

The results of the fourth hypothesis test show that H4 is accepted so that the investment knowledge variable influences investment motivation. Adequate knowledge of something can motivate an individual to decide to take action. So that one of the factors that influence a person's knowledge is experience so individual motivation arises. If an individual has good enough knowledge, the individual will instill in himself to be motivated to carry out investment activities.

The fifth hypothesis test results show that H5 is accepted so that investment motivation affects investment interest in the capital market. An investor invests his funds in investment activities, of course, to have a target to make a profit, so that something interesting will cause a feeling to achieve his goals. This is by the goal-setting theory of motivation where

there are challenges so that individuals will be motivated to achieve their goals. In addition, the existence of factors from the environment that have entered the capital market will motivate students to participate in investment activities.

The outcomes of the sixth hypothesis test demonstrate that H₆ is accepted and Financial literacy has an impact on investment interest, which is mediated through investment motive. The existence of great financial literacy will drive an individual to invest in a range of assets, meaning that the individual will plan his investment. Investment motivation is something that arises within an individual to increase his enthusiasm and ambition in taking investment actions so that through these actions it will be able to increase interest in trying to invest.

The seventh hypothesis test results show that H₇ is rejected so that investment knowledge does not affect investment interest mediated by investment motivation. It means that investment is less attractive because it contains considerable risk, this is also due to students' knowledge of the investment guarantee system that is not yet known

and the lack of information received. The results of this study also explain that the stronger investment motivation that exists in an individual can increase his investment understanding and vice versa so that it can influence whether or not to try investing.

CONCLUSION

This study might draw the following conclusions: first, financial literacy has a beneficial influence on capital market investing interest. Second, financial literacy boosts investing incentives. Third, investing knowledge has little influence on capital-market investment interest. Fourth, investing knowledge influences investment motivation positively. Fifth, investment motivation increases investment interest. Sixth, investing motive influences financial literacy. Seventh, investment knowledge has little influence on investment motivation.

Based on the conclusions and findings, suggestions can be recommended for further research. Future research is expected to use a wider sample, the variables used in the study can be developed and added with more complex

variables, and it is hoped that the next researcher can find more information which can then be used as a reference in further research related to investment motivation.

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