

1 **ANALYSIS OF THE INFLUENCE OF INVESTMENT KNOWLEDGE,**
2 **INVESTMENT MOTIVATION, AND FINANCIAL LITERACY ON STUDENTS'**
3 **INTEREST IN INVESTING IN THE CAPITAL MARKET**

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6 **Herlina Sari, Sunia Risdiani**

7 ^{1,2} Institute Adi and Deki Accounting Firm, Yogyakarta

8 Email : herlinasari1753@gmail.com, suniarisdiani3@gmail.com

9
10 *Correspondence Author

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12 **Abstract:** The objective of this study is to provide empirical evidence on the impact of investment knowledge,
13 investment motivation, and financial literacy on students' interest in capital market investments. The research
14 incorporates three independent variables: investment knowledge, investment motivation, and financial literacy.
15 The sampling technique employed is convenience sampling, involving 100 student respondents from Yogyakarta.
16 Data analysis was conducted using SPSS Version 25. The findings reveal that investment knowledge, investment
17 motivation, and financial literacy positively influence students' interest in investing in the capital market.

18 **Keywords:** Investment knowledge, investment motivation, financial literacy, capital markets

19 **1. Introduction**

20 The capital market is a meeting place between those who have excess funds and those who need funds
21 by buying and selling securities that generally have a maturity of more than one year such as stocks, bonds, and
22 mutual funds. In a narrow sense, the capital market is a place where securities are traded, which is then called the
23 stock exchange. In Indonesia, there are two stock exchanges, namely the Jakarta Stock Exchange (IDX) and the
24 Surabaya Stock Exchange (BES) which since 2007 merged and changed its name to the Indonesia Stock Exchange
25 (IDX). The capital market itself has an important role, namely as an intermediary institution in the capital market
26 queue that can support an economy because it is able to connect those who need funds with those who have excess
27 funds.

28 The number of capital market investors continues to grow in line with increasing public awareness of
29 investing, supported by advancements in digital technology. Inarno Djajadi, a member of the OJK Board of
30 Commissioners and Head of the Capital Market Supervisory Executive, stated that nearly 60% of total investors
31 in the capital market are millennials and Generation Z, aged under 30. This demographic group tends to have
32 relatively high financial and digital literacy, enabling them to quickly absorb new information in the capital market.
33 Based on this phenomenon, the growing investment activity in Indonesia's capital market, both directly and

34 indirectly, can influence students' interest in investing in the capital market. This is driven by several factors,
35 including investment knowledge, investment motivation, and financial literacy.

36 The first factor that can influence students' interest in investing in the capital market is investment
37 knowledge. Investment knowledge refers to the understanding that individuals must possess regarding various
38 aspects of investment, including fundamental knowledge of investment evaluation, risk levels, and expected
39 returns (Pajar, 2017). Adequate knowledge is very necessary, as in stock investment instruments, the very
40 important things to know is how to assess the performance of the company in question for the past few years. This
41 knowledge is needed to avoid losses when investing in the capital market. The basic understanding of this
42 investment includes the types of investment returns and investment risks that make it easier for a person to make
43 investment decisions.

44 The second factor influencing students' interest in investing in the capital market is investment
45 motivation. Motivation is defined as the process through which individuals recognize their needs and take action
46 to fulfill them. In essence, motivation is an external drive that encourages someone to perform a desired action.
47 David McClelland developed a motivation theory known as McClelland's Theory of Learned Needs, which
48 identifies three basic needs that drive individual behavior: 1) the need for achievement, 2) the need for affiliation,
49 and 3) the need for power. Therefore, the more motivated an individual is to invest, the greater their interest in
50 investing in the capital market.(Burhanudin et al., 2021)

51 The third factor that can influence students' interest in investing in the capital market is financial literacy.
52 Financial literacy refers to the ability to distinguish between financial options and make informed financial
53 decisions for future planning or in broader economic contexts. It involves maximizing resources to achieve specific
54 goals. Financial literacy encompasses various aspects of financial intelligence, such as earning, managing, saving,
55 and utilizing money effectively. An individual's financial behavior is heavily influenced by their level of financial
56 literacy. A lack of financial knowledge can negatively impact those who wish to enter the world of investment.
57 Furthermore, financial literacy is closely linked to an individual's overall well-being, as financial difficulties often
58 arise from ignorance or limited financial knowledge, leading to poor financial management.(Yushita, 2017)

592. Literature Review

60 Theory of Planned Behavior

61 The Theory of Planned Behavior (TPB) is an extension of the Theory of Reasoned Action (TRA)
62 proposed by Icek Ajzen and Fishbein. The main difference between TPB and TRA lies in the addition of a new

63 construct that is not present in TRA. TPB aims to predict and understand the factors influencing behavioral
64 intentions, identify strategies to modify behavior, and explain actual human behavior. This theory is founded on
65 the belief perspective, which influences individuals to engage in specific behaviors. The belief perspective operates
66 through the integration of various characteristics, qualities, and attributes of specific information, which ultimately
67 shape the intention to act.(Ajzen, 1991)

68 Investment is an action that is rarely done impulsively. Sufficient thought precedes investment decisions
69 that strongly suggest that the SDGs would be ideal as a theoretical framework. In general, the theory is considered
70 unsuitable for applications where consumption is not intentional, but is needed in opening a savings account,
71 purchasing goods that are mandatory for security, and purchases in the impulsive category.

72 **Investment Interest**

73 According to Suharyat (2009), interest is the tendency or tendency to do a job or activity continuously
74 and do it with pleasure and not influenced by pressure or coercion from others. There are two factors that influence
75 interest into two groups, namely internal factors that come from within the individual and external factors that
76 arise from outside, such as the environment of the related individual.

77 There is a strong tendency among individuals regarding investment, which drives them to engage in it.
78 Investment interest refers to the desire to explore various types of investments, including aspects such as potential
79 returns, risks, investment performance, and more (Pajar, 2017). Individuals who are interested in investing will
80 take the time to carefully consider several factors before making an investment decision, particularly in relation to
81 their income.

82 **Investment Knowledge**

83 Investment can be said to be the placement of a number of funds by sacrificing the consumption of the
84 present time with the intention and dream of obtaining profits in the future (Herlianto, 2013). Investment
85 knowledge is information about how to use some of the funds or resources owned to get profits in the future. This
86 information can be obtained from a learning received from various existing literature and has been absorbed by
87 human memory.(Wibowo, 2019)

88 **Investment Motivation**

89 Motivation is often interpreted as the urge to take a certain action in order to achieve a certain goal. In
90 general, a person tends to take action when there is an impulse that interests him, so he is motivated to achieve it.
91 Motivation refers to the condition that drives a person to perform an activity or activity consciously. The low
92 interest of the Indonesian people in investment is due to a lack of knowledge about the world of investment, even

93 though investing has the potential to provide significant profits. In addition, motivation is also a force that can
94 move the human soul and body to do something. Based on the opinions of these researchers, it can be concluded
95 that investment motivation is a stimulus or style that a person has to act on something related to investment (Pajar,
96 2017).

97 **Financial Literacy**

98 Financial literacy according to (Remund, 2010) is a benchmark of a person's knowledge in understanding
99 financial concepts, abilities and beliefs in managing their personal finances through appropriate short-term
100 decision-making and healthy long-term financial plans by paying attention to environmental events and changes
101 in economic conditions that occur. So, the term financial literacy is the ability of an individual to make decisions
102 when it comes to managing his or her personal finances. Being an investor certainly requires several basic things,
103 such as a good understanding of financial management and wisdom in making financial decisions, which is often
104 referred to as financial literacy. The higher a person's understanding of financial literacy and capital market
105 literacy, the more likely they are to take action and decide to invest in the capital market.

106 **2.1. Hypothesis Development**

107 **The Impact of Investment Knowledge on Enhancing Student's Interest in Capital Market Investment**

108 Research conducted by Mahdi (2020) revealed that investment knowledge has a positive influence on
109 students' interest in investing. This is because investment knowledge can be obtained through training and literature
110 related to investment, which is an important part of the learning process and understanding needed in investing.
111 With a better understanding of investment, students' interest in investing in the capital market has increased. The
112 higher the level of investment knowledge a person, the greater their interest in investing in the capital market.

113 **The Influence of Investment Motivation on Enhancing Student's Interest in Capital Market Investment**

114 Research conducted by Mahdi (2020) revealed that investment motivation has a positive influence on
115 students' interest in investing. This is because motivation plays a crucial role in fostering an individual's interest
116 in investment, as it serves as the driving force that encourages someone to take action. The higher the level of
117 investment motivation among students, the greater their interest in investing in the capital market will be.

118 **The Influence of Financial Literacy on Student's Interest in Capital Market Investments**

119 Research conducted by Darmawan (2019) found that students' interest in investing can be influenced by
120 financial literacy, enabling them to prioritize their needs effectively and efficiently based on their financial

121 situation. The higher the level of financial literacy a person possesses, the greater their interest in investing in the
122 capital market.

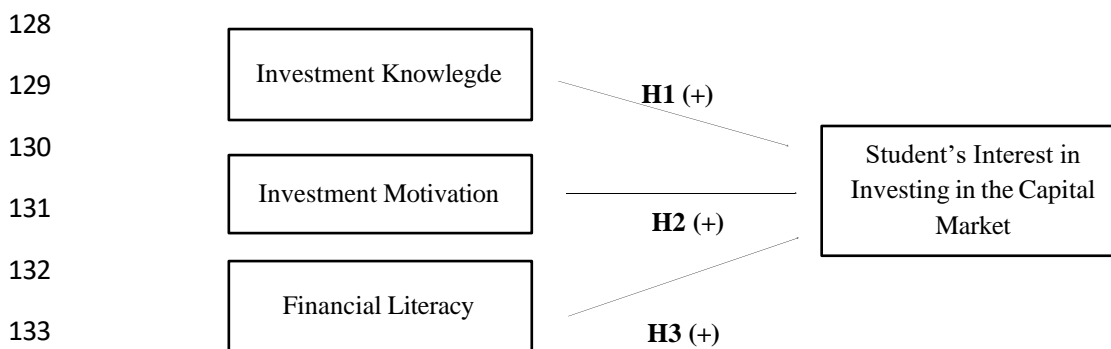
123 2.2. Hypotheses

124 **H1:** Investment knowledge has a positive effect on student's interest in investing in the capital market

125 **H2 :** Investment motivation has a positive effect on students' interest in investing in the capital market

126 **H3 :** Financial literacy has a positive effect on students' interest in investing in the capital market

127 2.3. General Formatting



135 3. Methodology

136 This study uses a quantitative approach. The quantitative approach is a research by obtaining data in the form
137 of quantitative data numbers taken. The data collection method in this study uses the survey method. This study
138 used 3 dependent variables and 1 independent variable. The dependent variable consists of investment knowledge
139 (X1), investment motivation (X2), and financial literacy (X3) while the independent variable is students' interest
140 in investing in the capital market (Y). Considering these variables, the author has chosen university students in
141 Indonesia as the respondents for this study.

142 Indonesian students were selected as respondents because they are expected to become professional investors
143 in the organization or as part of the organization. Data and information were collected from respondents using a
144 questionnaire. After data collection, a survey method was used by distributing questionnaires to respondents. The
145 collected data were then processed, analyzed, and further developed based on the relevant theoretical framework.

146 The population and sample used in this study consist of university students in Yogyakarta. The sampling
147 technique employed is convenience sampling, which involves selecting samples based on the availability of
148 elements and ease of access. This method was chosen to simplify the research process, given that the respondents

149 are university students in Yogyakarta. This study was conducted using a Google Form distributed to university
150 students in Yogyakarta. The data collection period was planned for April to May 2023.

151 3.1. Data Analysis

152 3.1.1. Descriptive Statistical Test

153 This study involves three dependent variables and one independent variable. The dependent variables are
154 investment knowledge, investment motivation, and financial literacy. The independent variable is students' interest
155 in investing in the capital market. Descriptive statistical testing is used to describe the data for each variable,
156 including minimum value, maximum value, mean, and standard deviation. The results of the descriptive statistical
157 analysis are presented in Table below:

158 **Descriptive Statistical Test Results**

Variable	<i>N</i>	Minimum	Maximum	Mean	<i>Std. Deviation</i>
Investment Knowledge (X1)	100	27	45	38,68	3,94
Investment Motivation (X2)	100	27	45	38,27	4,02
Financial Literacy (X3)	100	28	45	37,80	3,86
Student's Interest in Investing in the Capital Market (Y)	100	26	45	37,87	4,25

159
160 The study, based on 100 respondents, found that the average responses indicated agreement with the
161 questionnaire items across all variables. The investment knowledge variable had an average score of 38.68,
162 investment motivation averaged 38.27, financial literacy averaged 37.80, and student interest in investing in the
163 capital market averaged 37.87, reflecting respondents' overall positive alignment with the questions posed in these
164 areas.

165 3.1.2. Normality Test

166 The normality test is used to determine whether the dependent and independent variables in the regression
167 model follow a normal distribution. In this study, the Kolmogorov-Smirnov (K-S) non-parametric statistical test
168 was employed to assess data normality by examining the significance value of the residuals. The following are the
169 results of the normality test :

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Normality Test Results
One Sample Kolmogrov-Smirnov Test

Unstandardize Residual		
N		100
Normal Parameters	Mean	,0000000
	Std. Deviation	,84706410
Most Extreme Differences	Absolute	,078
	Positive	,078
	Negative	-,053
Test Statistic		,078
Asymp. Sig. (2-tailed)		,135

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Based on Table the Asymp. Sig. (2-tailed) value is 0.135, which is greater than the significance level of 0.05. This indicates that the residual variable follows a normal distribution, thereby supporting the normality assumption of the regression model in this study.

177 **3.1.3. Multikolinearitas Test**

178 The multicollinearity test aims to determine whether there is a correlation between independent variables
179 in the regression model. The tools used for this test are tolerance and the Variance Inflation Factor (VIF). The
180 following are the results of the multicollinearity test:

181

Multikolinearitas Test Result

Model	Unstandardized B	Coefficients Std. Error	Standarized Coefficient Beta	T	Sig.	Collinearity Statistic	
						Tolerance	VIF
(Constant)	-4,057	6,430		-4,533	,000		
Investment Knowledge	,399	,056	,369	7,179	,000	,158	6,338
Investement Motivation	,178	,059	,168	2,994	,004	,133	7,544
Financial Literacy	,235	,065	,214	3,610	,000	,119	8,394

a. Dependent Variabel : Student's Interest in Investing in the Capital Market

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The Variance Inflation Factor (VIF) for all independent variables is less than 10, indicating that there is no multicollinearity among the independent variables in this study.

185 3.1.4. Heterokedastititas Test

186 The heteroscedasticity test is conducted to determine whether there is a variance difference in the residuals
187 across observations in the regression model. This study uses the Glejser test to identify the presence of
188 heteroscedasticity. The results of the Glejser test are presented in the following table:

189 Heterokedastisitas Test Result

Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig
(Constant)	,998	0,541		1,839	,069
Investment Knowledge	,019	,034	,145	,565	,573
Investment Motivation	-,001	,036	-,008	-,029	,977
Financial Literacy	-,019	,040	-,145	-,490	,625

a. Dependent Variabel : RES2

190

191 3.2. Hypothesis Test

192 3.2.1. Goodness of Fit Test

193 This test is conducted to evaluate the accuracy of the regression model used in the sample. The model
194 feasibility test (Goodness of Fit) is performed using the ANOVA (F Test), which essentially determines whether
195 the independent variables included in the research model have a significant influence. Here are the results from F
196 Test:

197 Goodness of Fit Test (F Test) Results

Model	ANOVA ^a				
	Sum of Squares	df	Mean Square	F	Sig.
Regression	1718,276	4	429,569	574,498	,000
Residual	71,034	95	,748		
Total	1789,310	99			

a. Dependent Variable: Student's Interest in Investing in the Capital Market

b. Predictors: (Constant), Investment Knowledge, Investment Motivation, Financial literacy

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199 Based on the table above, the F test results indicate that the independent variables (X) significantly
200 influence the dependent variable (Y). With an F-calculated value of 574.498 exceeding the F-table value of 2.47,
201 the research model demonstrates significant influence and can be considered a good fit.

202 3.2.2. Coefficient of Determination (R^2)

203 The Coefficient of Determination (R^2) test is used to measure the extent to which the independent
 204 variables explain the dependent variable, namely students' interest in investing in the capital market. The R^2 value
 205 ranges from 0 to 1, with higher values indicating a stronger relationship between the independent and dependent
 206 variables. Here are the result from Coefficient of Determination Test :

207 Simultaneous Determination Test Results (R^2)

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,980 ^a	,960	,959	,865

a. Predictors: (Constant), Investment Knowledge, Investment Motivation, Financial Literacy

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 209 Based on the table above, it can be seen that the R value is 0.980, the R square value is 0.960, and the
 210 adjusted R square value is 0.959. These values indicate that the independent variables investment knowledge (X1),
 211 investment motivation (X2), and financial literacy (X3), can explain 95.90% of the variance in the dependent
 212 variable, students' interest in investing in the capital market (Y), while the remaining 4.10% is influenced by factors
 213 outside of this study.

214 3.2.3. Partial Significance Test (T Test)

215 The T test is used to conduct a partial test to determine whether there is a relationship between the
 216 independent variables—investment knowledge (X1), investment motivation (X2), and financial literacy (X3) and
 217 the dependent variable, students' interest in investing in the capital market (Y). The following are the results of the
 218 T test:

	Coefficients				t	Sig.
	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>			
	B	Std. Error	Beta			
(Constant)	-4,057	,859		-4,533	,000	
Investment Knowledge	,399	,056	,369	7,179	,000	
Investment Motivation	,178	,059	,168	2,994	,004	
Financial Literacy	,235	,065	,214	3,610	,000	

a. Dependent Variable: Student's Interest in Investment in the Capital Market

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 220 Based on the table above, the results of testing the first hypothesis show that the significance value for
 221 investment knowledge is $0.000 < 0.05$, with a t-value of $7.719 > 1.9853$. Additionally, the B value is positive at

222 0.399, which supports the first hypothesis, stating that investment knowledge positively influences students'
223 interest in investing in the capital market.

224 For the second hypothesis, the significance value for investment motivation is $0.04 < 0.05$, with a t-value
225 of $2.994 > 1.9853$. The B value is positive at 0.178, supporting the second hypothesis, which states that investment
226 motivation positively influences students' interest in investing in the capital market.

227 For the third hypothesis, the significance value for financial literacy is $0.000 < 0.05$, with a t-value of
228 $3.610 > 1.9853$. The B value is positive at 0.235, which supports the third hypothesis, stating that financial literacy
229 positively influences students' interest in investing in the capital market.

230 4. Discussion

231 a. The Effect of Investment Knowledge on Student Interest in Investing in the Capital Market

232 The T-test results indicate that investment knowledge positively affects students' interest in investing in the
233 capital market. This is evidenced by a significance value of 0.000, which is less than 0.05, and a t-value of 7.719,
234 which exceeds 1.9853. Additionally, the positive B value of 0.399 supports this finding. Therefore, the first
235 hypothesis, which states that investment knowledge positively influences students' interest, is accepted. High
236 investment knowledge among students as potential investors can enhance their interest in investing in the capital
237 market. Most respondents agreed with the questions related to investment knowledge, indicating that
238 understanding investments is crucial for boosting confidence in taking steps toward investing.

239 b. The Effect of Investment Motivation on Student Interest in Investing in the Capital Market

240 The results of the T-test show that investment motivation has a positive impact on students' interest in
241 investing in the capital market. This is evidenced by a significance value of 0.04, which is less than 0.05, a t-value
242 of 2.994, which is greater than 1.9853, and a positive B value of 0.178. Therefore, the second hypothesis, stating
243 that investment motivation positively influences students' interest, is accepted. High investment motivation among
244 students can increase their interest in investing in the capital market. The majority of respondents in the survey
245 agree that investment motivation is important because students with long-term financial goals or a desire for
246 financial security are more motivated to learn and invest. With strong motivation, prospective investors are more
247 committed to taking concrete steps in investing.

248 c. The Effect of Financial Literacy on Student Interest in Investing in the Capital Market

249 The results of the T-test show that financial literacy positively affects students' interest in investing in the
250 capital market. This is indicated by a significance value of 0.000, which is less than 0.05, a t-value of 3.610, which
251 is greater than 1.9853, and a positive B value of 0.235. Therefore, the third hypothesis, stating that financial literacy

252 positively influences students' interest, is accepted. Good financial literacy among students can influence their
253 interest in investing in the capital market. The majority of respondents agree that financial literacy is important
254 because students with high literacy levels possess the knowledge and skills to make sound investment decisions.
255 With high financial literacy, prospective investors are more likely to have the intention to invest in the capital
256 market.

257 **5. Conclusions**

258 Investment in the capital market in Indonesia, both directly and indirectly, can influence students' interest
259 in investing. The capital market offers higher potential returns compared to regular savings, making it attractive
260 for students who seek long-term gains to invest in stocks, bonds, or other capital market instruments. Students'
261 interest in investing in the capital market is influenced by several factors, including investment knowledge,
262 investment motivation, and financial literacy. This study aims to examine whether understanding investment
263 knowledge, investment motivation, and financial literacy affect students' interest in investing in the capital market.
264 The research involves 100 respondents who are students in the Special Region of Yogyakarta and uses multiple
265 regression analysis. The results indicate that investment knowledge, investment motivation, and financial literacy
266 positively influence students' interest in investing in the capital market.

267 **6. Suggestions**

268 Based on the discussion and conclusions above, there are several recommendations that the researcher
269 can offer, as follows:

- 270 1. Future researchers could add other variables, such as risk preferences or technological advancements, to
271 further influence students' interest in investing in the capital market;
- 272 2. Future researchers are encouraged to expand the scope of the study by increasing the number of
273 respondents used as the research sample; and
- 274 3. Future researchers may consider using different methods, such as interviews or other approaches, for their
275 studies.

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