The Influence of Financial Attitude, Financial Behavior, Financial Knowledge, and Financial Technology on Students' Investment Interest in the Capital Market

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Abstract. This study analyzes the influence of Financial Attitude, Financial Behavior, Financial Knowledge, and Financial Literacy on Investment Interest among individuals. Using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, this study evaluates the relationships between these variables to identify the most influential factor on investment interest. The analysis results indicate that Financial Behavior is the only variable with a significant influence on Investment Interest, with a Path Coefficient value of 0.389 and a p-value of 0.000, suggesting that good financial behavior significantly increases individuals' interest in investing. In contrast, Financial Attitude (0.010, p-value 0.974), Financial Knowledge (0.102, p-value 0.415), and Financial Literacy (0.059, p-value 0.845) do not show a significant influence on Investment Interest. The R Square obtained is 0.200, indicating that the independent variables in this model can explain 20% of the variability in Investment Interest. In comparison, the remaining 80% is explained by other factors not included in this study. The f Square analysis indicates that Financial Behavior contributes the most, with an f Square value of 0.175, while the other variables have insignificant contributions. Overall, this study highlights the importance of Financial Behavior in enhancing investment interest and suggests that factors such as Financial Attitude, Knowledge, and Literacy may require additional approaches or combinations with other variables to influence investment interest more effectively. These findings provide important implications for developing educational strategies and policies to increase investment participation among the public.

Keywords: Financial Attitude, Financial Behavior, Financial Knowledge, Financial Literacy, Investment Interest.

1 Introduction

In an age of rapid technological progress and a global movement towards financial independence, the importance of financial literacy and effective money management among young adults, especially university students, has grown significantly. As these students move

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from academic life into their careers, they encounter numerous financial choices that will play a key role in determining their future financial stability and security. Among these decisions, investing in capital markets stands out as particularly important. Investing presents opportunities for wealth-building and financial independence, essential for long-term financial health. However, despite the clear advantages of participating in financial markets, many students need more support to invest, often due to insufficient financial literacy, unfavorable financial attitudes, and a lack of confidence in their financial decision-making abilities [1], [2]. This reluctance is concerning, as early engagement in investing can significantly enhance financial outcomes over the long term, providing a foundation for financial resilience and growth.

Investment interest is the inclination or willingness to allocate resources to financial instruments such as stocks, bonds, or mutual funds. It serves as a critical precursor to actual investment behavior. The decision to invest is multifaceted, influenced by several key factors: financial attitude, financial behavior, financial knowledge, and the increasing role of financial technology [3]. Financial attitude, which encompasses an individual's beliefs and values regarding money management and financial planning, plays a significant role in shaping their financial behaviors, including investing [4]. A positive financial mindset often aligns with responsible financial habits, such as consistent saving and mindful budgeting, which are crucial to successful investing. However, more than attitude is needed; it needs to be backed by financial knowledge and an understanding of basic financial concepts like risk diversification, compound interest, and how different investment options work. [5].

Moreover, financial behavior, which refers to the actions and habits related to managing money, such as budgeting, saving, and spending, has been shown to impact investment interest directly [6]. Students who develop positive financial behaviors early in life are likelier to exhibit interest in investing, as these behaviors provide the practical foundation for making informed investment decisions [1]. Financial technology (fintech) has dramatically transformed the financial landscape, offering unprecedented access to financial services, including investment platforms. Fintech applications, from mobile banking to online investment platforms, have democratized access to financial markets, making it easier for young, tech-savvy individuals to engage in financial activities [7]. However, the mere availability of fintech does not guarantee increased investment participation; it must be accompanied by adequate financial literacy and responsible financial behavior to avoid potential pitfalls such as overconfidence or poor investment choices [2].

This study delves into the complexities of how financial attitude, behavior, knowledge, and technology interact to influence students' interest in capital market investing. By analyzing these connections, the research offers a clearer picture of how these factors help shape students' investment interests, which is critical for designing effective financial education programs and policies. These findings aim to empower students to make informed financial choices, promote active participation in financial markets, and ultimately support broader economic growth. As the financial world continues to evolve, equipping young adults with the necessary skills and knowledge becomes a key to their financial success and a fundamental aspect of economic sustainability.

2 Literature Review

The intersection of financial attitude, behavior, knowledge, and technology with investment interest has increasingly become a research focus, particularly in understanding how these factors influence the younger demographic, such as university students. Investment interest is characterized by an individual's willingness and enthusiasm to engage in financial markets, which is essential for fostering long-term financial security and contributing to broader economic development [1], [8]. The Theory of Planned Behavior (TPB), a prominent psychological framework, posits that individual behavior is primarily driven by intentions shaped by attitudes, subjective norms, and perceived behavioral control [8]. This theory is particularly relevant in the financial context, where a positive financial attitude is expected to lead to prudent financial behaviors and, consequently, an increased interest in investing [4].

Investment interest refers to a person's desire and willingness to invest their money in different financial instruments, like stocks, bonds, or mutual funds. This interest is shaped by several factors, such as their understanding of investments, awareness of risks, and potential future returns. For students, investment interest is often driven by their financial literacy and exposure to financial education, which they might gain through school programs or initiatives like the "Yuk Nabung Saham" campaign by the Indonesia Stock Exchange.

Financial attitude, an individual's beliefs, and feelings towards money management, saving, and planning are foundational elements influencing financial behavior and decision-making. A positive financial attitude, which reflects a responsible and forward-looking approach to financial management, has been shown to correlate with more prudent financial behaviors, such as budgeting and saving, and with a higher propensity to engage in investments [4],[6]. However, the relationship between financial attitude and investment interest is sometimes complicated. Some studies suggest that while a positive attitude towards finances is necessary, more is needed to drive investment behavior by being reinforced by robust financial knowledge and concrete financial actions [3]. Therefore, the first hypothesis of this study is

H1: Financial Attitude positively influences students' interest in investing in the capital market.

On the other hand, financial behavior—the actual practices and habits individuals engage in, such as saving, budgeting, and controlling expenses—plays a crucial role in determining one’s financial outcomes and investment decisions. Research has consistently shown that individuals who exhibit disciplined financial behaviors are more likely to develop a sustained interest in investment activities. For students, creating positive financial habits early on can lay the groundwork for sound financial decision-making later in life, including the decision to invest [1],[6]. Positive financial behaviors provide the practical skills and experience to manage the risks and complexities associated with investment, making them a critical predictor of investment interest. This forms the basis for the hypothesis.

H2: Financial Behavior positively influences students' interest in investing in the capital market.

In addition to attitudes and behaviors, financial knowledge plays a pivotal role in shaping investment decisions. Financial knowledge refers to understanding fundamental financial concepts such as budgeting, saving, investing, and risk management [5]. A solid foundation in financial literacy is essential for making informed and effective financial decisions, including those related to investment. However, while financial knowledge is widely recognized as a critical factor in financial decision-making, its direct impact on investment interest is sometimes debated. Some researchers argue that knowledge alone, without corresponding financial behavior and a positive attitude, may not be sufficient to encourage investment [9],[2]. This suggests that financial education programs should impart knowledge and focus on fostering positive financial attitudes and behaviors. Consequently, the study posits

H3: Financial Knowledge positively influences students' interest in investing in the capital market.

Lastly, financial technology (fintech) has dramatically transformed the financial landscape, offering unprecedented access to financial services, including investment platforms. Fintech applications, ranging from mobile banking to investment apps, have made it easier for individuals, particularly tech-savvy students, to engage in financial activities and investments [3],[7]. The convenience and accessibility provided by fintech tools can enhance investment interest by lowering the barriers to entry and providing users with real-time information and control over their investments. However, the effectiveness of fintech in boosting investment interest also depends on users' financial literacy and behavior. With a sufficient understanding of financial principles and a solid financial foundation, the mere availability of technology may lead to meaningful engagement with investment opportunities [2]. Thus, the final hypothesis proposed is

H4: Financial Technology positively influences students' interest in investing in the capital market.

Research indicates that financial attitude, behavior, knowledge, and technology influence students' investment interests. This study empirically examines these relationships to understand better how they affect students' readiness and willingness to invest. Such insights are vital for creating effective financial education programs that improve knowledge and cultivate the attitudes and behaviors needed for successful involvement in the capital markets.

3 Research Methodology

3.1 Research and Location Sample

This study was conducted at the Faculty of Economics, State University of Medan, North Sumatra, Indonesia. The location was chosen due to the relevance of the research subject to the Population studied, namely accounting students who have received coursework on investment management and capital markets. The Population of this study includes all Accounting students at the Faculty of Economics. The sample consisted of Accounting and Accounting Education students who had taken investment-related courses. This sample was selected to ensure respondents understood the investment concepts necessary to answer the research questionnaire.

3.2 Data Collection and Analysis Techniques

Data for this study were collected using a questionnaire distributed electronically to respondents who met the sample criteria. The questionnaire was designed to measure four independent variables (Financial Attitude, Financial Behavior, Financial Knowledge, and Financial Technology) and one dependent variable (Investment Interest). Each variable was measured using a 5-point Likert scale, ranging from "strongly disagree" to "strongly agree." The data analysis technique used in this study is Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM was chosen because it can handle complex models with a relatively small sample size and does not require strict data distribution assumptions. This technique also allows for simultaneously testing relationships between multiple latent variables. The analysis was conducted using SmartPLS software, with bootstrapping techniques used to determine the statistical significance of the relationships between variables.

3.3 Research Variables and Operationalization

Financial Attitude (X1): Financial attitude was measured based on respondents' views on personal financial management, such as attitudes toward saving, spending, and financial planning. Indicators for this variable were taken from validated literature, such as [5] and [9].

Financial Behavior (X2): Financial behavior was measured through daily financial management habits, such as saving, paying bills on time, and managing debt. The instrument used to calculate this variable also references [5] and previous studies.

Financial Knowledge (X3): Financial knowledge involves understanding basic financial concepts, such as compound interest, risk diversification, and the capital market. Indicators used include the ability to calculate, save, and invest money effectively.

Financial Technology (X4): Financial technology was measured through digital applications and platforms for managing finances, such as mobile banking and stock trading apps. The use of fintech was assessed by evaluating how often and effectively respondents used this technology in their investment decisions.

Investment Interest (Y): Investment interest was measured by assessing the extent to which students are interested in and inclined to invest in the capital market, including their interest in learning more about investments and starting actual investments.

4 Research Methodology

4.1 The Influence of Financial Attitude on Investment Interest

The results of the analysis indicate that financial attitude does not significantly influence students' interest in investing in the capital market. This is reflected by the path coefficient value of 0.010 with a p-value of 0.974, meaning that financial attitude does not significantly contribute to increasing students' investment interest. Although, in theory, a positive financial attitude should encourage individuals to behave more prudently in financial matters, including investing, the results suggest that in the studied Population, financial attitude alone is insufficient to drive investment interest without being supported by other factors such as concrete financial behavior.

4.2 The Influence of Financial Behavior on Investment Interest

Unlike financial attitude, financial behavior significantly influences students' investment interests. The study reveals a path coefficient of 0.389 with a p-value of 0.000, indicating that good financial behavior substantially increases students' interest in investing. This suggests that students who have good financial habits, such as regularly saving and spending wisely, are more inclined to allocate their funds to investments. Financial behavior is the critical determinant in investment decisions, involving tangible actions that directly impact financial well-being.

4.3 The Influence of Financial Knowledge on Investment Interest

Although financial knowledge is often considered essential in investment decision-making, this study finds that financial knowledge does not significantly influence students' investment interests. The path coefficient of 0.102 with a p-value of 0.415 shows that while there is a slight positive relationship, financial knowledge alone is insufficient to drive significant investment interest. This might be because knowledge alone only translates into actual actions with the support of complementary financial attitudes and behaviors.

4.4 The Influence of Financial Technology on Investment Interest

Financial technology (fintech) is crucial in enhancing access to and ease of investing. However, the study's findings indicate that financial technology does not significantly impact students' investment interests, with a path coefficient of 0.059 and a p-value of 0.845. Although technology has simplified the investment process, these results suggest that ease of access through technology does not automatically increase investment interest. Factors like financial education and behavior might be more critical in fully encouraging students to invest in technology.

4.5 Comprehensive Discussion

The research findings conclude that financial behavior is the only variable significantly influencing students' investment interests. This emphasizes the importance of economic behavior in the context of investment decision-making. Good financial behavior, such as regular saving habits and prudent financial management, directly impacts the willingness to invest, which cannot be substituted by attitude, knowledge, or technology alone.

These findings have important implications for developing financial education programs focusing on increasing knowledge and cultivating positive financial behavior. Programs that encourage students to practice financial management directly may be more effective in increasing investment interest than merely providing theoretical financial information.

5 Conclusion and Discussion

5.1 Conclusion

This study aimed to identify the influence of financial attitude, financial behavior, financial knowledge, and financial technology on students' interest in investing in the capital market.

Based on the analysis, the following conclusions can be drawn: Financial behavior is the only factor significantly influencing students' investment interests. Students with good financial habits, such as regular saving and prudent spending, are more interested in investing in the capital market. While critical, financial attitude and financial knowledge do not significantly impact investment interest in this study's context. This suggests that more than positive attitudes and good expertise alone are required to drive investment interest, they must be supported by concrete financial behavior. Financial technology also does not significantly impact students' investment interests. Although fintech has facilitated access to financial services and investments, this ease of access only automatically increases investment interest with adequate financial literacy and behavior. These findings indicate that efforts to improve student investment interest should focus more on developing positive financial behavior. Enhancing financial knowledge and attitudes should be combined with practical financial management exercises to impact investment decisions significantly.

5.2 Discussion

Based on the research findings, the following recommendations are proposed to increase investment interest among students:

Strengthening Practice-Based Financial Education: University curricula, especially in economics faculties, should integrate more practical activities that encourage students to practice daily financial management. Simulation investment programs, personal budgeting projects, and financial competitions can help cultivate positive financial behavior.

Developing Educational Fintech Programs: Fintech platforms used by students should be designed to facilitate transactions and educate users about risk management and investment decision-making. Features like interactive tutorials, investment simulations, and risk analysis accessible through apps can enhance financial literacy and investment interest.

Broader Financial Literacy Campaigns: Financial literacy campaigns should inform about the importance of investing and how to build good financial habits. Educating students on the importance of sound money management before starting investments can improve the effectiveness of financial literacy programs.

Collaboration with Industry: Universities can collaborate with securities and fintech firms to provide internships, training, and seminars on financial management and investment. This will give students hands-on experience and insights into the real-world investment landscape. Implementing these recommendations is expected to increase investment interest among students, making them more prepared to face future financial challenges and contribute more actively to Indonesia's capital market.

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