Al Tijarah: Vol. 11 No. 2, December (316-321)
p-ISSN: 2460-4089 e-ISSN: 2528-2948
Available at: http://ejournal.unida.gontor.ac.id/index.php/altijarah

Exploring The Factors Influencing Capital Market Investment Interest Among Generation Z And Generation Y

Shinta Putri Nadira
Faculty of Islamic Economics and Business, IAIN Kerinci[12]
shitaputrinadira@gmail.com

Wawan Devis Wahyu
Faculty of Islamic Economics and Business, IAIN Kerinci
w2nhyu@gmail.com

Abstract

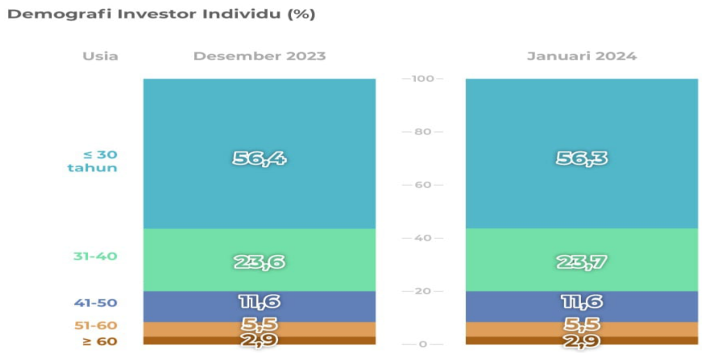
This study aims to analyze the factors that influence interest in investing in the capital market in generation Z and Y at IAIN Kerinci. The research method used is descriptive qualitative with data collection techniques in the form of interviews, observation, and documentation of respondents selected through purposive sampling. The results showed that internal factors that influence interest in investing include financial knowledge, attitude towards risk, and personal motivation. Meanwhile, external factors include the influence of social media, access to digital investment platforms, and economic conditions. Adequate financial knowledge increases confidence in making investment decisions, while attitude towards risk and personal motivation also determine the readiness of individuals to engage in the capital market. On the other hand, ease of digital access and information from social media influence respondents' perceptions and investment decisions. In conclusion, Generation Z and Y's interest in investing is influenced by a combination of internal and external factors, so it is necessary to improve financial literacy and provide safe and educative digital access to encourage their participation in the capital market.

Keywords: Capital market, Investment, Investment interest, Generation Z, Generation Y

A. INTRODUCTION

Investment in the capital market is one of the key instruments for wealth accumulation, economic development, and more effective financial management. According to (Suharlina, 2020), investment plays a crucial role in achieving development objectives and fostering economic growth at both national and regional levels. In recent years, investment interest in Indonesia’s capital market has shown a significant upward trend, particularly among Generation Z and Generation Y. Based on data from the Financial Services Authority (Otoritas Jasa Keuangan/OJK) in 2024, the number of investors in Indonesia reached 14.81 million Single Investor Identification (SID) accounts, with approximately 79% of them being investors under the age of 40. This figure indicates the strong interest and substantial potential of these demographic groups in participating in capital market investment, as well as their contribution to national economic growth.

Figure 1
Number of Investors in Indonesia by Age Group



Source: Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia/KSEI)

Despite the significant increase in investment interest in the capital market, various factors continue to influence the investment decisions of Generation Z and Generation Y. Several studies indicate that financial education, technological influence, and risk perception play crucial roles in shaping investment interest. (Berlian & widjaja, 2022) argue that three main factors influence investment interest, namely investment knowledge, potential returns, and associated risks. This finding suggests that there are still many other factors that may affect individuals' decisions to invest in the capital market. In addition, the influence of social media cannot be overlooked, particularly among Generation Z and Generation Y, who tend to rely heavily on digital platforms and social media to obtain investment-related information and recommendations.

Generation Z, born between 1997 and 2012, and Generation Y or Millennials, born between 1981 and 1996, represent age cohorts with distinct characteristics and consumption behaviors. These two generations tend to be more open to the use of technology and have easier access to information regarding various investment instruments. Data from We Are Social indicate that nearly 50% of internet users in Indonesia are active on social media. This figure suggests that social media can function as an important medium for enhancing investment knowledge and stimulating investment interest.

Based on the findings of (Purwantini et al., 2022), an individual's interest in investing is shaped by their level of investment knowledge, and having a strong understanding of investment concepts can significantly enhance investment interest. (Saputra et al., 2021) further argue that investment interest in the capital market is influenced by motivation, capital market knowledge, and individual risk preferences. Similarly, (Berlian & widjaja, 2022) report that three main factors influence students' investment interest, namely investment knowledge, expected returns, and perceived risk. However, their study also indicates that technological advancement does not significantly affect students' investment interest. In contrast, (Jusman & lestari, 2024) find that investment knowledge does not have a significant impact on students' interest in investing in the capital market. Instead, investment interest is more strongly influenced by subjective norms. In this context, students tend to develop a greater interest in investing after being exposed to positive experiences shared by peers who have successfully gained returns from capital market investments.

The findings of previous studies reveal contradictory results, thereby providing an opportunity for further investigation on this issue. Based on the preceding discussion, this study seeks to explore more deeply the factors that influence investment interest in the capital market. In addition to identifying the determinants of investment interest, this research also aims to re-examine the inconsistent findings reported in prior studies.

Accordingly, the objective of this study is to identify the key factors influencing capital market investment interest among Generation Z and Generation Y, encompassing both internal factors such as financial knowledge, risk attitudes, and motivation and external factors, including the influence of social media, access to digital investment platforms, and economic conditions. This study focuses on students, lecturers, and administrative staff at IAIN Kerinci.

B. LITERATURE REVIEW

Capital Market

The capital market is a platform that connects investors who have surplus funds with issuers who require funding, with the aim of facilitating investment activities and supporting economic development (Suharlina, 2020). Financial instruments available in the capital market, such as stocks, bonds, and mutual funds, provide opportunities for the public to manage their funds efficiently. In recent years, advances in digital technology and increased access to information have made the capital market increasingly attractive to younger generations.

Investment Interest

Investment interest refers to an individual's internal motivation to engage in investment activities with the expectation of obtaining future returns (Purwantini et al., 2022). (Darojat et al., 2023) explain that investment interest arises from personal elements such as understanding, experience, and motivation, as well as external factors including the surrounding social environment and technology. Furthermore, an individual's interest in investing is also influenced by their perceptions of potential returns and the risks associated with investment activities.

Financial Knowledge

Financial knowledge refers to an individual's ability to understand various concepts related to money, such as investment, financial management, and risk management (Putri & Pamungkas, 2019). Studies conducted by (Saputra et al., 2021) and (Purwantini et al., 2022) indicate that a higher level of financial understanding is associated with greater interest in investing. However, research by (Jusman & lestari, 2024) reveals that financial knowledge does not always have a significant impact, as investment decisions are often influenced by social norms and the experiences of others.

Risk Attitude

Risk attitude refers to the way individuals respond to uncertainty regarding potential losses in investment activities. Younger individuals tend to be more cautious due to concerns about potential capital losses. A study conducted by (Pangestu & Batara Daniel Bagana, 2022) reveals that risk attitude has a significant influence on investment interest. Individuals who are willing to take risks within a moderate range are generally more inclined to engage in investment activities.

Investment motivation

Investment motivation refers to an individual's internal drive to achieve financial goals, such as financial independence, future savings, or the generation of passive income (Sunatar et al., 2023). This motivation may arise from expectations of achieving financial stability, experiences shared by others, or the influence of the surrounding social environment. A study conducted by (Berlian & widjaja, 2022) indicates that individual motivation has a significant influence on investment interest.

C. METHODOLOGY OF RESEARCH

This study adopts a descriptive qualitative approach aimed at gaining an in-depth understanding of the factors that shape investment interest in the capital market among Generation Z and Generation Y. A qualitative approach is employed because the study seeks to explore the meanings, perspectives, and experiences of the research subjects regarding investment decisions. Accordingly, this research does not focus on numerical measurement or statistical testing of relationships between variables.

The subjects of this study are informants, namely individuals from Generation Z and Generation Y within the IAIN Kerinci academic environment who possess an interest in or basic understanding of capital market investment. The selection of informants was conducted using purposive sampling, whereby participants were deliberately chosen based on criteria relevant to the research objectives. These criteria include belonging to Generation Z or Generation Y, having the status of students, lecturers, or administrative staff at IAIN Kerinci, and possessing basic knowledge of or interest in investment activities. The number of informants was not predetermined; instead, it was determined by data requirements until data saturation was achieved, that is, when the information obtained became repetitive and no longer yielded new or meaningful insights.

Data were collected through in depth interviews, observation, and documentation. The interviews were conducted both face to face and online using a semi-structured interview guide, enabling the researcher to explore information flexibly and in depth based on the informants' experiences. Observation was carried out to understand the social context underlying investment interest, while documentation was used as supporting data derived from records, archives, and other written sources relevant to the study.

Data analysis was conducted using thematic analysis with an inductive approach. The analysis process began with the transcription of interview data, followed by the identification of key ideas and meanings emerging from the informants' statements. These were then grouped into categories and themes that reflected patterns in the research findings. The final stage of analysis involved the interpretation and synthesis of the identified themes in order to draw conclusions aligned with the research objectives. The data analysis process was carried out continuously throughout the course of the study.

D. RESULT AND DISCUSSION
Results

Through detailed interviews and observations, several key themes emerged that show what influences the interest of Generation Z and Generation Y in investing in the capital market within the IAIN Kerinci area. These themes were grouped into internal factors and external factors.

Internal Factors

Financial Literacy as the foundation of Investment Confidence

The research shows that knowing about money and investing is a key starting point for people to develop an interest in investing. People who know more about money usually feel more sure about making choices about where to invest. Knowing about different investment options, the risks involved, and how much money you might make helps people feel more confident and less scared when they start investing in the stock market.

Risk as a Psychological barrier to Investment

Another new idea is how people feel about risks, especially their worry about losing something. Risk is seen as a big problem, especially for new people who are just starting out in investing. Some people delay making investment choices because they are afraid of losing their money, and they want to be sure they understand how to manage risks properly.

Internal Motivation as a Driver of Long Term Investmen

People often invest because they want to become financially independent, plan for the future, and make money without working all the time. These personal reasons are big reasons why people are interested in investing. Informants see investment as a way to reach their financial goals over a long period.

External Factor

Social Media as a Source of information and Emotional Influence

Social media becomes an outside influence that affects how people see investments and what interests them. Information, educational content, and the investment experiences shared by other people on social media can make more people interested in investing. However, the findings also show that some people choose to filter information and don't only use social media when deciding where to invest their money.

Access to Digital Investment platforms as a Facilitatinf Factor

Using mobile devices to access digital investment platforms gives Generation Z and Generation Y more chances to start investing. Easy and quick access helps people overcome technical challenges and take part in the capital market more easily.

Economic Conditions as a Contextual Consideration

A person's financial situation and larger economic factors, like steady income, rising prices, and interest rates, can affect how they choose to invest. People usually act more carefully when the economy is not doing well.

Discussion

Interest refers to an individual’s internal attraction toward an object or activity that they find appealing. When a person has an interest in a particular object or activity, they tend to engage actively with it without external compulsion (Darojat et al., 2023). Factors influencing investment interest in the capital market include the following:

Internal Factor

Financial Knowledge

Financial knowledge, or financial literacy, refers to an individual’s ability to understand various aspects related to money (Putri & Pamungkas, 2019). Financial knowledge is a crucial factor prior to engaging in financial activities, particularly investment, as individuals are expected to acquire adequate financial understanding before initiating investment decisions.

In this study, informants demonstrated varying levels of financial knowledge. Based on the interview results, it can be concluded that some informants acknowledged that financial knowledge influences their decision to invest in the capital market. This finding is consistent with previous research by (Sunatar et al., 2023), which indicates that investment knowledge and financial understanding have a substantial impact on individuals’ interest in investing in the capital market.

Risk attitude

Individuals possess different perspectives and attitudes in responding to the risks they encounter (Pangestu & Batara Daniel Bagana, 2022). Risk attitude refers to an individual’s tendency to assess whether a risk situation is favorable or unfavorable before engaging in a risky activity. In the context of investment, investors are required to evaluate potential risks prior to making investment decisions in the capital market. Predicting investment risk is a complex process, as risks in the capital market are fundamentally associated with the possibility of price fluctuations (Mutia Evi Kristhy et al., 2022).

Based on the interview findings, risk attitude is considered an important factor to be taken into account before initiating investment activities. Most informants demonstrated a critical attitude toward risk and emphasized the importance of effective risk management in order to minimize potential negative impacts.

Investment Motivation

Motivation is a process that reflects the strength of an individual's drive, the goals to be achieved, and their persistence in pursuing life objectives. In the context of investment, individuals need to possess intrinsic motivation before initiating investment activities in order to establish clear and well-defined financial goals. Based on the interview findings, several informants revealed that their motivation to start investing stemmed from the desire to achieve better financial conditions and secure long-term financial stability.

External Factors

Social Media Influence

Current technological advancements offer several advantages in the field of investment, including enhanced security, transactional convenience, and broader access to investment-related information that reaches various segments of society (Firdhausa & Apriani, 2021). As a result, these developments may influence investment interest in the capital market. The presence of social media platforms enables individuals to easily access information and communicate with others, making them highly beneficial for daily life, despite the existence of certain negative aspects (Trivaika & Senubekti, 2022).

Based on the interview findings, many informants acknowledged that social media provides rapid access to investment-related information. Platforms such as TikTok, Instagram, and Twitter allow them to learn about various types of investments through educational content. In addition, social media functions as a medium for building investment communities. Informants also revealed that social media can emotionally influence their investment decisions.

Access to Digital Investment Platforms

The utilization of the internet as a communication and information medium has developed rapidly. One clear indication of this development is the widespread availability of internet access through smartphones (Darojat et al., 2023). For students, it is important to adapt to these technological advancements in order to participate in various activities, including accessing digital investment platforms. Currently, digital investment platforms are easily accessible via smartphones, thereby lowering entry barriers and facilitating initial participation in capital market investment.Based on the interview findings, informants acknowledged that access to digital investment platforms has made it easier for them to begin investing in the capital market, particularly for beginners who have limited knowledge of various investment instruments.

Economic Factor

Economic conditions and global economic uncertainty can influence investment decisions, while individual economic circumstances, such as income levels, also affect investment interest in the capital market. Based on the interview findings, most informants stated that current economic instability characterized by rising inflation and increasing interest rates has influenced their decisions and, in some cases, led them to reconsider or postpone initiating investment activities.

E. CONCLUSION

This study concludes that although there is considerable interest in investing among Generation Z and Generation Y, several barriers remain, particularly those related to risk perception, financial understanding, and economic conditions. These challenges require attention in order to enhance their participation in the capital market. Therefore, to foster greater investment interest among Generation Z and Generation Y, more comprehensive educational initiatives are needed, particularly in the areas of investment literacy and risk management, along with the provision of more practical and secure access to digital investment platforms.

F. REFERENCES

Berlian, A., & widjaja, indra. (2022). FAKTOR YANG MEMPENGARUHI MINAT INVESTASI MAHASISWA UNIVERSITAS TARUMANAGARA DI PASAR MODAL. *Manajerial Dan Kewirausahaan*, *04*(3), 607–616. https://doi.org/10.34208/mb.v14i2.1665

Darojat, Z., Dinah Fauziah, N., & Sandhi Prahara, R. (2023). Faktor-Faktor Yang Mempengaruhi Minat Mahasiswa untuk Berinvestasi di Pasar Modal Syariah Melalui Platform Investasi Digital. *SANTRI : Jurnal Ekonomi Dan Keuangan Islam*, *1*(6), 204–218. https://doi.org/10.61132/santri.v1i6.122

Firdhausa, F., & Apriani, R. (2021). Pengaruh Platform Media Sosial Terhadap Minat Generasi Milenial Dalam Berinvestasi Di Pasar Modal. *Supremasi Hukum*, *17*(02), 96–103. https://doi.org/10.33592/jsh.v17i02.1227

Jusman, J., & lestari, tina. (2024). MINAT INVESTASI MAHASISWA DI PASAR MODAL YANG DIDETERMINASI OLEH PENGETAHUAN INVESTASI, MANFAAT INVESTASI DAN MODAL MINIMAL INVESTASI (STUDI PADA MAHASISWA STIE PANCASETIA BANJARMASIN. *Kindai*, *20*(2), 185–197.

Mutia Evi Kristhy, Dimas Prayoga, Juan Rios Ekaharap, & Gabriel Batistuta. (2022). Investasi Yang Beresiko Dalam Pasar Modal. *Jurnal Komunikasi Hukum (JKH)*, *8*(2), 88–96. https://doi.org/10.23887/jkh.v8i2.47125

Pangestu, A., & Batara Daniel Bagana. (2022). Faktor-Faktor Yang Mempengaruhi Minat Investasi Generasi Milenial di Kota Semarang. *E-Bisnis : Jurnal Ilmiah Ekonomi Dan Bisnis*, *15*(2), 212–220. https://doi.org/10.51903/e-bisnis.v15i2.671

Purwantini, M., Yustrianthe, R. H., Grediani, E., & Handayani, H. (2022). Determinan faktor yang mempengaruhi minat investasi. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *5*(4), 1577–1585. https://doi.org/10.32670/fairvalue.v5i4.2623

Putri, M. H., & Pamungkas, A. S. (2019). Pengaruh Financial Knowledge, Locus of Control dan Financial Self Efficacy Terhadap Financial Behavior. *Jurnal Manajerial Dan Kewirausahaan*, *1*(4), 926. https://doi.org/10.24912/jmk.v1i4.6591

Saputra, R. F., Suyanto, S., & Japlani, A. (2021). Pengaruh Literasi Keuangan Terhadap Minat Berinvestasi Di Pasar Modal Dengan Perkembangan Teknologi Digital Sebagai Variabel …. *Jurnal Akuntansi AKTIVA*, *2*(2). https://scholar.ummetro.ac.id/index.php/aktiva/article/view/1543

Suharlina, H. (2020). Pengaruh Investasi, Pengangguran, Pendidikan dan Pertumbuhan Ekonomi Terhadap Kemiskinan Serta Hubungannya dengan Kesejahteraan …. *… Seminar Akademik Tahunan Ilmu Ekonomi Dan Studi …*, 56–72. http://feb.untan.ac.id/wp-content/uploads/2020/12/Helly-Suharlina.pdf

Sunatar, B., Hendra, M., & Suharmoko, S. (2023). Pengaruh Pengetahuan Investasi dan Motivasi Investasi Terhadap Minat Berinvestasi Di Pasar Modal Syariah Pada Mahasiswa Prodi Ekonomi Syariah IAIN Sorong. *POINT: Jurnal Ekonomi Dan Manajemen*, *5*(1), 31–45. https://doi.org/10.46918/point.v5i1.1520

Trivaika, E., & Senubekti, M. A. (2022). Perancangan Aplikasi Pengelola Keuangan Pribadi Berbasis Android. *Nuansa Informatika*, *16*(1), 33–40. https://doi.org/10.25134/nuansa.v16i1.4670