

The Influence Of Financial Literacy And Financial Behavior On Investment Decisions With Financial Technology As A Moderating Variable Among Generation Z

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Abstract

This study aims to analyze the influence of financial literacy and financial behavior on investment decisions among Generation Z in Situbondo Regency, as well as to examine whether financial technology can moderate the relationship. This is a quantitative study employing an explanatory research approach. The sampling technique used is snowball sampling, involving 309 respondents who are members of Generation Z residing in Situbondo Regency. The data analysis method applied is Moderated Regression Analysis (MRA) with the assistance of SPSS software. The results indicate that financial literacy has a significant effect on investment decisions, while financial behavior does not have a significant effect. Furthermore, financial technology is not capable of moderating the relationship between financial literacy and financial behavior on investment decisions among Generation Z in Situbondo Regency.

Keywords: Financial Literacy Financial Behavior, Investment Dedicions, Financial Technology, Generation Z.

INTRODUCTION

The development of digital technology in recent years has had a significant impact on the transformation of economic behavior in society, including in the area of investment. One of the groups most significantly affected by this change is Generation Z, referring to individuals born between 1997 and 2012. This generation has grown and developed in a

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technology-based environment, possesses strong digital skills, and is highly receptive to various forms of innovation, including financial activities. According to data from the Financial Services Authority (OJK), by the end of 2022, there were more than 10.3 million individual investors in Indonesia's capital market, with the majority being under the age of 30 (OJK, 2023). This phenomenon indicates that the younger generation holds substantial potential in the investment sector; however, this is not always accompanied by adequate financial literacy.

Financial literacy is a crucial aspect in making intelligent and responsible financial decisions. Lusardi and Mitchell (2014) state that financial literacy encompasses basic knowledge of economic concepts such as compound interest, inflation, and risk diversification, which can help individuals plan their finances effectively. On the other hand, financial behavior also influences how a person manages income, saves, and chooses investment instruments. When these two aspects do not function optimally, financial decisions tend to be impulsive and risky. This issue becomes increasingly relevant amid the rapid growth of financial technology (fintech), which offers ease of access but also presents the risk of poor decision-making, particularly for users who lack a solid understanding of basic financial principles.

In Situbondo Regency, one of the developing regions in East Java, the financial potential of the younger generation has not been fully explored. According to the 2024 financial education report by the OJK Jember, the level of financial literacy among students and university learners in Situbondo is relatively low, which raises concerns about their ability to make rational investment decisions. Therefore, this study was conducted to empirically examine the influence of financial literacy and financial behavior on investment decisions among Generation Z in Situbondo Regency, as well as to assess whether financial technology plays a moderating role in that relationship.

Objectives

This article intends:

1. To analyze the influence of financial literacy on investment decisions among Generation Z in Situbondo Regency.
2. To analyze the influence of financial behavior on investment decisions among Generation Z in Situbondo Regency.
3. To analyze the moderating effect of financial technology on the relationship between financial literacy and investment decisions among Generation Z in Situbondo Regency.

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4. To analyze the moderating effect of financial technology on the relationship between financial behavior and investment decisions among Generation Z in Situbondo Regency.

Conceptual Framework

In this study, the conceptual framework is constructed based on key theories and relevant previous research concerning financial literacy, financial behavior, investment decisions, and the role of financial technology (fintech) as a moderating variable. Through this framework, the researcher aims to explain how these variables are interconnected in the context of Generation Z in Situbondo Regency, a productive age group that is highly familiar with the development of digital technology.

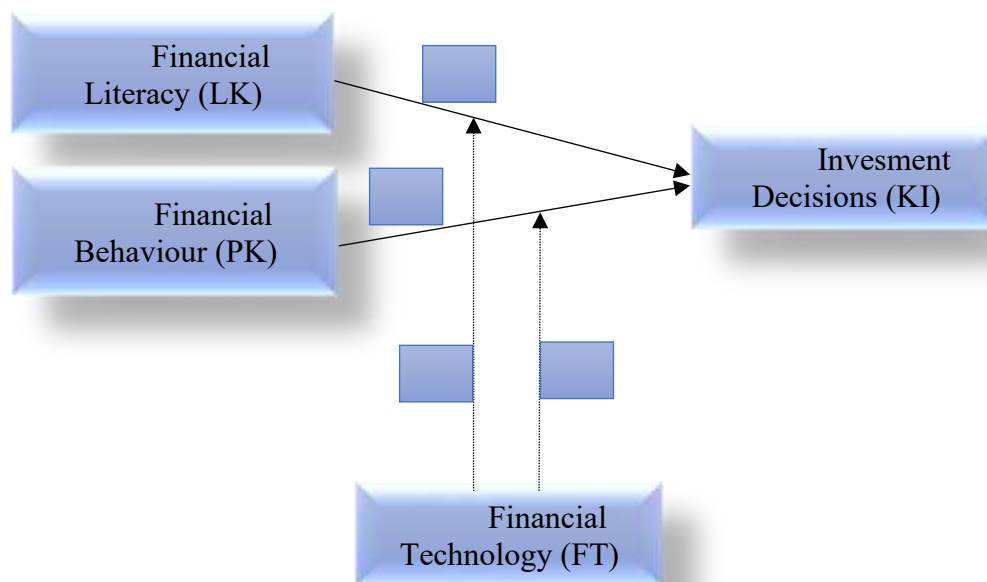


Figure 1: Illustrates The Conceptual Framework

This framework illustrates that both financial literacy and financial behavior have a direct relationship with investment decisions. Meanwhile, financial technology is assumed to moderate this relationship, either by strengthening or weakening the influence of the independent variables on investment decisions.

RESEARCH METHOD

This research is an explanatory study, which is conducted to identify and examine in greater depth the causal relationships between two or more phenomena (Siyoto & Shodiq, 2015:8). The population of this study comprises all members of Generation Z residing in Situbondo Regency. According to Darmawan, A. D. (2025), the number of Generation Z individuals in Situbondo in 2025 is estimated to be around 139,670 people. The sampling method used is non-probability sampling with a snowball sampling technique, resulting in a total of 309 respondents.

This study employs a measurement scale known as the ratio scale, which implies a comparison or multiplication, thus requiring calculation and precise measurement of the object. The questionnaire used in this research assigns a score of 1 for each correct answer and 0 for incorrect answers, without deducting from the total number of correct responses. The total score for each respondent is calculated by summing all item scores, and the final cumulative score is then processed into research data using SPSS.

Financial literacy is measured by summing the number of correct answers. This variable consists of five multiple-choice questions. Respondents receive a score of 1 for each correct answer and a score of 0 for each incorrect answer. Financial behavior is measured by summing the number of correct responses. This variable comprises four multiple-choice questions. Respondents are awarded a score of 1 for each correct answer and 0 for incorrect ones. Investment decision-making is assessed by summing the number of behaviorally biased responses across five multiple-choice questions. Each question is designed to detect specific behavioral biases. If a respondent selects an answer that reflects a behavioral bias, it is scored as 1 (indicating the presence of bias). A higher total score indicates a higher level of bias in investment decisions. Conversely, rational (non-biased) responses are scored as 0. Financial technology is measured by summing the number of correct answers. This variable includes three multiple-choice questions. Respondents receive a score of 1 for each correct answer and 0 for each incorrect answer.

The questionnaire employed in this study was adapted from several previous studies. The financial literacy variable is measured based on basic financial decision-making knowledge, including understanding of interest rates, compound interest, inflation, and risk diversification (Klapper & Lusardi, 2019). Financial behavior is assessed through indicators related to business income, such as saving behavior, spending behavior, borrowing behavior, and investment behavior (Sudindra, V. R., 2018). Investment decision-making reflects the extent to which investors make rational and data-

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driven fund allocation choices. In this context, psychological biases such as trait anger, trait anxiety, overconfidence, herding behavior, and self-monitoring are considered (Rahman & Gan, 2020). Financial technology (FinTech) is defined as an innovation that combines financial services and technology. FinTech is measured through its expansion potential, including transaction execution, fund management, and insurance services (Kusumawati et al., 2022)

RESULT

Classic Assumption Test

This study employed three stages of classical assumption testing, including tests for normality, multicollinearity, and heteroscedasticity.

Normality Test

Table 1. Normality Test of the Data

Normality of Variable Data	Financial Literacy	Financial Behaviour	Financial Technology	Investment Decision
<i>Asymp. Sig. (2-tailed)</i>	0,200	0,200	0,200	0,200

Source: Data processed by the researcher

The table above presents the results of the normality test using the Kolmogorov-Smirnov test for each variable. The Asymp. Sig. (2-tailed) value obtained is 0.200 for all variables, namely financial literacy, financial behavior, investment decision, and financial technology. Since the values are greater than 0.05, it indicates that each variable is normally distributed.

Multicollinearity Test

Table 2. Multicollinearity Test of the Data

Model	Collinearity Statistic		Keterangan
	Tolerance	VIF	
Financial Literacy	0,944	1,059	Multicollinearity is not present
Financial Behaviour	0,930	1,075	Multicollinearity is not present



Financial Technology	0,979	1,021	Multicollinearity is not present
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Source: Data processed by the researcher

Based on these results, it can be concluded that this study does not experience multicollinearity issues, as financial literacy, financial behavior, and financial technology have Variance Inflation Factor (VIF) values less than 10 and tolerance values greater than 0.01.

Heteroscedasticity Test

Table 3. Heteroscedasticity Test (Glejser Test)

Independent Variables	Variabel dep: Abs_Res	
	Generation Z in Situbondo Regency	
	Model 2A	Model 2B
Financial Literacy	0,230 ^(ts) (4.135)	-0,086 ^(ts) (-3,216)
Financial Behaviour	0,036 ^(*) (0,645)	0,026 ^(*) (0,955)
Financial Technology		0,047 ^(**) (1.745)
Total Observation	309	309
R2	0,054	0,048
F	8.689	5.165

Note: Significance levels $\alpha = 1\%$ (***) 5% (**) 10% (*) not significant (ts)

Source: Data processed by the researcher

In Table 3, Model 2A presents the results of the Glejser test for the independent variables, where the first variable, financial literacy, was found to have a heteroscedasticity issue. Model 2B includes the heteroscedasticity test for both the independent variables and the interaction variable. Both models show the same result, in which the financial literacy variable has a significance level of $\alpha < 1\%$. Therefore, it is necessary to improve the regression model using the Weighted Least Squares (WLS) method.



Table 4. Improved Heteroscedasticity Test (Glejser Test)

Independent Variables	Dependent Variable: Investment Decision			
	Generation Z in Situbondo Regency			
	Model 3A	Model 3B	Model 3C	Model 3D
Financial Literacy (FL)	0,044 ^(***) (2.690)	0,220 ^(***) (14,440)	0,218 ^(***) (12,553)	0,227 ^(***) (12,450)
Financial Behaviour (FB)	0,003 ^(ts) (0,772)	-0,006 ^(**) (-2,112)	-0,006 ^(*) (-1,949)	-0,025 ^(**) (-2,014)
Financial Technology (FT)		0,216 ^(***) (17.611)	0,216 ^(***) (17,561)	0,206 ^(***) (15,079)
FL*FT			-0,005 ^(ts) (-0,271)	0,002 ^(ts) (0,092)
FB*FT				-0,018 ^(ts) (-1,607)
Total Observation	309	309	309	309
R2	0,024	0,516	0,516	0,520
F	3,752	108,411	81,080	65,719

Note: Significance levels $\alpha = 1\%$ (***) 5% (**) 10% (*) not significant (ts)

Source: Data processed by the researcher

CONCLUSION

The Effect of Financial Literacy on Investment Decisions

Model 3A shows that financial literacy has a significant positive effect on investment decisions among Generation Z in Situbondo Regency. This indicates that the higher the level of financial literacy possessed by an individual, the more likely they are to make appropriate and rational investment decisions. Conversely, a lower level of financial literacy among Generation Z in Situbondo Regency tends to lead to poorer investment decisions.

The Effect of Financial Behavior on Investment Decisions

Model 3A indicates that financial behavior does not have a significant effect on investment decisions among Generation Z in Situbondo Regency. This suggests that even though respondents may have good financial management habits, these do not



necessarily encourage them to actively make investment decisions. This finding is consistent with the study conducted by Safryani (2020), which stated that financial behavior does not influence investment decisions, particularly among younger generations who have yet to develop a long-term orientation toward financial planning.

Financial Technology serves as a moderating variable in the relationship between Financial Literacy and Investment Decision

Model 3C shows that the financial technology variable does not moderate the relationship between financial literacy and investment decisions among Generation Z in Situbondo Regency. Models 3C and 3D also indicate that the interaction variable (FL*FT) does not significantly affect investment decisions among Generation Z, despite the positive result. This suggests that although financial literacy and financial technology individually have a significant effect on investment decisions, their interaction does not provide an additional significant influence. This may be due to the low utilization of financial technology features for investment purposes, or limited respondent understanding of the integration between financial literacy and technology in making investment decisions.

Financial Technology acts as a moderating variable in the relationship between Financial Behavior and Investment Decision

Model 3D shows that the financial technology variable does not moderate the relationship between financial behavior and investment decisions among Generation Z in Situbondo Regency. This finding indicates that the use of financial technology has not been able to strengthen or alter the effect of financial behavior on investment decisions. In other words, Generation Z individuals who already demonstrate good financial behavior such as saving regularly, recording expenses, or avoiding consumptive debt are not automatically encouraged to invest simply because they use financial technology. This suggests a limitation in the utilization of fintech features as active and strategic tools for investment decision-making. Most respondents may still use fintech primarily for basic transactions such as e-wallet usage, digital payments, or mobile credit purchases.

Based on the research conducted on Generation Z in Situbondo Regency, it can be concluded that financial literacy plays a crucial role in shaping rational and well-directed investment decisions. In contrast, financial behavior does not consistently show a significant influence and, in certain models, even tends to have a negative impact on investment decisions. Meanwhile, financial technology has not been proven to moderate

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the relationship between either financial literacy or financial behavior and investment decisions. These findings highlight the need to prioritize the enhancement of financial literacy as a key strategy to encourage investment participation among the younger generation, particularly in developing regions.

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