

THE EFFECT OF FINANCIAL LITERACY AND RISK PERCEPTION IN INCREASING GENERATION Z INVESTMENT INTEREST IN THE CAPITAL MARKET**Livia Anastasia^{1a}, Venni Avionita^{2b}**¹²Faculty of Economics and Business, University of Singaperbangsa Karawang, Indonesialiviaanastasia035@gmail.com^a, venni.avionita@fe.unsika.ac.id^b**ARTICLE INFO****Received:** 04 Mei 2026;**Accepted:** 17 September 2026;**Publish:** 23 September 2026;Volume 31. Number 1,
January 2026, pp. 95-104<http://doi.org/10.23960/jak.v31i1.4785>**ABSTRACT**

This study examined the influence of financial literacy and risk perception on Generation Z investment interest in the capital market. Using a descriptive quantitative approach, primary data were collected from 60 Generation Z students (aged 18-25) through an online questionnaire employing a five-point Likert scale, and analyzed with multiple linear regression in SPSS. Financial literacy had a positive and significant effect on investment interest ($B=0.475$, $t=7.066$, $p<.001$), whereas risk perception did not have a statistically significant effect ($B=0.162$, $t=1.671$, $p=.100$). The two predictors jointly explained 59.5% of the variance in investment interest ($R^2=.595$, Adjusted $R^2=.581$, $F(2,57) = 41.894$, $p<.001$). These findings indicate that financial knowledge, rather than risk perception alone, is the primary driver of Generation Z's readiness to invest, and they underscore the need for structured, technology-based financial education to convert this readiness into informed investment participation.

Keywords: Financial Literacy, Risk Perception, Investment Interest, Generation Z, Capital Market

ABSTRAK

Penelitian ini menganalisis pengaruh literasi keuangan dan persepsi risiko terhadap minat investasi Generasi Z di pasar modal. Dengan pendekatan deskriptif kuantitatif, data primer dikumpulkan dari 60 mahasiswa Generasi Z (berusia 18-25 tahun) melalui kuesioner daring berskala Likert lima poin, dan dianalisis menggunakan regresi linier berganda dengan SPSS. Literasi keuangan berpengaruh positif dan signifikan terhadap minat investasi ($B=0,475$, $t=7,066$, $p<0,001$), sedangkan persepsi risiko tidak berpengaruh signifikan ($B=0,162$, $t=1,671$, $p=0,100$). Kedua variabel secara bersama-sama menjelaskan 59,5% variasi minat investasi ($R^2=0,595$, Adjusted $R^2=0,581$, $F(2,57) = 41,894$, $p<0,001$). Temuan ini menunjukkan bahwa pengetahuan keuangan, bukan persepsi risiko semata, menjadi pendorong utama kesiapan Generasi Z untuk berinvestasi, sehingga edukasi keuangan yang terstruktur dan berbasis teknologi diperlukan untuk mengubah kesiapan tersebut menjadi partisipasi investasi yang nyata.

Kata Kunci: Literasi Keuangan, Persepsi Risiko, Minat Investasi, Generasi Z, Pasar Modal

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The involvement of Generation Z in Indonesia's capital market has surged, with individuals under 30 representing 59.43% of the total investor demographic as of July 2022. Alongside millennials, they constitute 81.47% of approximately 7.73 million investors, a transformation largely spurred by fintech platforms that have made investing more accessible. However, an expanded investor population does not ensure effective decision-making. Financial literacy issues are still widespread among Generation Z, and a lack of financial knowledge is associated with poorer decision-making and less effective portfolio management (Agata & Nurazi, 2024). Additionally, proficiency in digital and investment technologies further influences investment interest (Avrilly, Setiawan, & Djajadikerta, 2024).

The existing research on risk perception is notably inconsistent, and this lack of consensus rather than a clear understanding is the primary issue this study seeks to address. Some research indicates that risk perception serves as a barrier that dissuades participation, while other studies suggest it functions as a motivating factor when investors feel equipped to handle risk (Sa'adah, Gangga, Janah, & Fadhilah, 2025), and additional findings either

show a significant negative impact Afrida and Sari (2022) or indicate no notable effect at all (Listyani, Rois, & Prihati, 2019). This study will treat risk perception as a direct effect to be empirically tested, rather than presuming it to be a moderating pathway.

This study is driven by three gaps. Firstly, there is a lack of research that examines financial literacy and risk perception together within a specific age group of Generation Z, rather than a more generalized student population. Secondly, several studies tend to use investment interest and investment behavior as if they were the same, which blurs the distinction between interest as a cognitive and motivational precursor to behavior and behavior itself. Lastly, the nature and strength of the effect of risk perception is still unclear, as previously summarized. This research seeks to fill these gaps by evaluating the separate and combined impacts of financial literacy and risk perception on investment interest which is defined and assessed as a precursor to actual investment behavior, not a replacement for it among Generation Z students aged 18-25. The specific purposes of this study were to assess the influence of financial literacy on Generation Z interest in investing, to determine the impact of risk perception on Generation Z investment interest, and to investigate the combined influence of these variables on investment interest. The results of the study will contribute to a better understanding of the investment behavior of Generation Z by investors, financial educators, OJK, and academia, which will lead to the development of more effective financial literacy programs for young people.

B. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This study is informed by the Theory of Planned Behavior (TPB), which postulates that behavioral intention in this case, investment interest is influenced by attitudes, perceived behavioral control, and subjective evaluation of outcomes and functions as the immediate antecedent of the actual behavior, not as the behavior itself (Hidi & Renninger, 2006). Under TPB, the influence of financial literacy is primarily mediated through perceived behavioral control perceived capability to assess investment information, compare instruments, and act on that comparison while the influence of risk perception is mediated through the attitudinal, evaluative component of the decision, coloring its attractiveness or danger (Assari & Hariyanto, 2022; Herdjiono & Jumati, 2022). This framework is used to interpret why the two variables are hypothesized to affect interest through different psychological channels, not as interchangeable predictors of a single, undifferentiated construct, and it provides a principled basis for expecting the two variables to differ in both magnitude and statistical significance rather than assuming they should behave identically.

Generation Z and Investment Interest

Generation Z refers to a cohort of individuals natively accustomed to the digital environment, having been born between 1997 and 2012. They are more likely to embrace the online space to research, compare, and perform financial transactions conveniently (Laturette, Widianingsih, & Subandi, 2021). However, such ease of access does not necessarily correlate with financial knowledge and competency, as highlighted by a global survey. The assessment tool revealed that the financial literacy level of 15-18-year-old respondents was below the international mean in most participating economies. In other words, comfort with modern financial technologies and actual understanding of key concepts appear to be two separate skills, with the latter being lacking among young adults. According to Laturette et al. (2021), Indonesian students from Generation Z demonstrated only a moderate level of financial literacy with significant gaps in such areas as diversification, compounding, and trade-off between risk and reward.

The population group is expected to demonstrate behavioral finance patterns identified in the wider literary domain (Rahima & Anindya, 2025). For example, there is a probability that Indonesian young adults may exhibit overconfidence in their capabilities as investors, take fewer risks than rational in light of potential rewards, be unduly affected by short-term market fluctuations, and follow the crowd in choosing securities (Rais, Khairi, & Hidayat, 2023). Taken together, such patterns are likely to impact their decisions in the capital market, channeling attention toward speculative gains rather than long-term wealth accumulation through diversified portfolios. In this respect, social media is a double-edged sword, as it lowers entry barriers to engagement with financial instruments through immediate access to information and peer recommendations (Rais et al., 2023). Specifically, an Indonesian student only needs a few minutes to acquaint themselves with the basics of stock trading, diversify into several online trading platforms, and read reviews from friends who have already started investing (Prayoga & Widodo, 2025).

Investment interest differs from investment behavior in that investment behavior involves the process

following an intention to act, while investment interest is the interest that underlies investment behavior (Nugroho & Shahreza, 2023). The study defines investment behavior as the process of actually purchasing financial instruments of one's choice on a regular basis, whereas investment interest is defined as the motivational attitude to the capital market, receptivity to knowledge about investments, and willingness to make commitments in the future. Therefore, the study captures investment interest but not investment behavior, which goes beyond intentions and reflects actual commitments and results. Contemporary studies demonstrate that investment interest arises from both traditional and modern determinants. According to Nagy and Obenberger (1994), such a determinant as the amount of information about financial instruments and needs influences investment interest, while such a determinant as the friend's opinions, investment-related technology capabilities, and time outlooks also influences it (Mu'afi, Amalia, & Amalia, 2024). Finally, the study shows that such psychological determinants as self-confidence, future time prospects, and social status motives (to be a young investor) motivate investment interest.

Financial Literacy and Investment Interest

Financial literacy is typically defined as the knowledge, skills, attitudes, and behaviors necessary for making sound financial decisions across saving, spending, borrowing, and investing choices (Felita & Herlina, 2025). On the individual front, financial literacy is consistently associated with better budgeting, higher rates of saving, more prudent use of credit cards, and increased participation in long-term versus short-term investment vehicles compared to their speculative counterparts (Lusardi & Mitchell, 2014). On the national front, Indonesia's financial literacy index of 65.43% in 2024 against a considerably higher 75.02% inclusion index of financial products, Indonesia continues to expand its reach of financial products (bank accounts, e-wallets, investment applications), its citizens' general financial literacy skills lag behind, leading to disparity that is possibly explained by a combination of their educational background, residence (urban/rural), and socioeconomic status.

Financial literacy has been shown to consistently predict investment interest of Indonesian students and young investors across multiple independent studies and institutions, providing convergent support to the relationship despite differences in measurement and context (Avrilly et al., 2024; Tehupelasuri, Askandar, & Mahsuni, 2021; Trisnaningsih, Sihabudin, & Fauji, 2022). Potrich, Vieira, and Mendes-Da-Silva (2016) further demonstrate that financial literacy is not a singular, undifferentiated competency but a multidimensional construct, where basic, investment-specific, behavioral, and attitudinal dimensions jointly predict participation and, ultimately, portfolio outcomes; for example, a person may understand basic budgeting principles but be unaware of investment-specific concepts such as diversification or expense ratios, and it is typically the latter that predicts interest in capital-market participation. Similarly, financial knowledge can help reduce the psychological cost of getting started: someone who understands the mechanics of an investment account, the meaning of common terms on a brokerage dashboard, and the basic logic of risk-return trade-offs is less likely to feel intimidated by opening an investment account (Bastomi & Sudaryanti, 2024). Taken all together, this body of evidence (cross-national surveys, Indonesian students, multidimensional literacy models) supports the following hypothesis:

H₁: Financial literacy influences Generation Z interest in investing

Risk Perception and Financial Literacy

Risk perception is a subjective judgment of the probability and seriousness of possible losses connected with taking a specific action (Sari & Setiyawan, 2024). Due to risk and expected returns being theoretically inseparable in most frameworks of asset pricing, risk perception has the potential to increase the interest by signifying an opportunity higher risk being in the mind of the agent associated with higher reward or decrease it by signifying a threat, and the empirical literature on Generation Z and young investors reflects almost exactly this split rather than converging on a single dominant pattern (Gularso & Nicola, 2025). Sa'adah et al. (2025) frames risk perception as being dual-function in nature: acting as a barrier when risk feels out of control or poorly understood, and as a motivator when it feels in control and, in a sense, part of the appeal of investing rather than a deterrence from it. However, other studies find a significant negative effect on investment interest (Afrida & Sari, 2022), where heightened awareness of potential losses appears to suppress rather than stimulate interest, and still others find no statistically significant effect at all (Listyani et al., 2019), suggesting that for some samples risk perception simply does not register strongly enough, relative to other considerations, to shift stated interest one way or the other.

This inconsistency across otherwise broadly comparable Indonesian student samples is precisely why the present study tests risk perception as a direct, independently estimable predictor rather than assuming a single,

uniform direction of effect a priori, and rather than embedding it as a moderator of the financial literacy relationship, a role for which the existing evidence provides comparatively weak justification (Nareswara & Putra, 2024). Overall, the literature still points toward the possibility of some influence of risk perception on investment interest, even if the direction and strength vary by context, which is enough to warrant a directional hypothesis while leaving the eventual sign and significance of the coefficient to be determined empirically rather than assumed in advance:

H_2 : Risk perception influences Generation Z interest in investing

Conceptual Framework

Given the theoretical basis and developed hypothesis, this paper proposes a conceptual model that posits that investment interest (Y) is directly predicted by financial literacy (X_1) and risk perception (X_2). Both X_1 and X_2 are considered to have a predictive role, that will be analysed individually (through partial analysis, using the t-test) and simultaneously (using the multiple linear regression model, with F test for analysis). However, the proposed model does not include an interaction term (X_1, X_2) that would posit that one component influences the relationship between the other and investment interest. This is because such a model would suggest that either X_1 or X_2 moderate the influence of another on Y , which is not a purpose of this research. Rather, this study explores to which extent can individual components directly contribute to the change in Y , and therefore, the model is constructed in accordance with the multiple linear regression equation provided by the Research Methodology section. As such, it also incorporates the ability to measure the relative contribution of each component, through standardized coefficients, which is critical in fulfilling the goals of this research.

C. RESEARCH METHODOLOGY

The sampling technique used in this study was purposive sampling. The following criteria were used to purposefully select participants, such as participants must be aged between 18 and 25 years, participants must indicate an interest in investing in the capital market, and participants must be students in a university in the 2022–2024 academic session. The questionnaire was administered in five universities and yielded 75 questionnaires. Upon screening the questionnaires to identify those with responses that meet the three selection criteria above, 15 questionnaires were excluded from analysis for not fulfilling one or more of the inclusion criteria, yielding a sample size of 60 students. All the students who completed the questionnaire completed all items in the questionnaire; no more items were excluded for missing responses, since the online form used required participants to fill all items before submitting the form. The sample size was not determined by a statistical formula but was based on the total number of responses that met the inclusion criteria that were collected during the data collection period.

Primary data were obtained by distributing an online questionnaire using Google Form in April–June 2025. The questionnaire consisted of three parts related to financial literacy (X_1), risk perception (X_2), and investment interest (Y). Each part contained several statements that had to be graded on a five-point Likert scale from Strongly Disagree (1) to Strongly Agree (5). It was explained to the participants that they had to base their answers on the current level of knowledge and attitude towards finance without considering any particular financial literacy training they may have received. The reason was to reflect literacy and risk perception as a natural attribute of the studied population with a unique set of theoretical background and experience.

Each item was adopted from Mu'afi et al. (2024) and is presented in Table 1. In particular, the items related to financial literacy (X_1) included financial knowledge (personal-finance management, differentiating between savings, emergency, and idle funds, and the importance of saving) and investment knowledge (optimal use of free cash flow, knowledge of types of investment instruments in the Indonesian capital market, basic concepts of investing). Risk perception (X_2) included the assessment of the value of measuring risk, the overall discomfort with economic uncertainty, relative perception of risk of equity compared to deposits, and trust in the transparency of issuers. As for the investment interest (Y), it included the motivation to participate in the capital market, attempts to invest, seeking information on social media, and intention to invest.

Operational Definition of Variables

Table 1. Question list

Variables	Indicator	Questions
Financial Literacy (X_1)	Financial Knowledge	1. I understand how to manage my personal finances well
		2. I can tell the difference between savings, emergency funds, and idle funds
		3. I understand the importance of saving

Investment Knowledge	1. I understand that it is best to use free cash flow (unused funds) for investing
	2. Before investing, it is necessary to understand the types of investment instruments available in the capital market
	3. Before investing, it is essential to master the basics of investing
Risk Perception (X_2)	1. Measuring risk levels helps investors minimize losses
	2. Economic uncertainty makes me afraid to invest in the capital market
	3. Stock investments have a higher risk of loss than investing in deposits
	4. I am not sure that all issuers on the IDX are transparent and honest
Investment Interest (Y)	1. I believe that investing in the capital market is profitable
	2. I have tried investing because it is profitable for me
	3. I look for news about investing on various social media platforms to help me make decisions
	4. I want to invest in the capital market

Source : Adapted From Mu'afi et al. (2024)

Following common practice for five-point Likert instruments, mean item scores were interpreted using the ranges: 1.00–1.80 = very low, 1.81–2.60 = low, 2.61–3.40 = moderate, 3.41–4.20 = high, and 4.21–5.00 = very high. This interpretive scale was applied descriptively to characterize respondents' general orientation toward each construct before proceeding to inferential testing. Data were analyzed with multiple linear regression in SPSS. Prior to hypothesis testing, item validity (Pearson product-moment correlation between each item and its total construct score), internal-consistency reliability (Cronbach's alpha), and classical assumption tests were conducted, comprising normality of residuals (Kolmogorov-Smirnov), multicollinearity among predictors (tolerance and VIF), and heteroscedasticity (Glejser test regressing absolute residuals on the predictors). Hypotheses were tested using the t-test for partial effects (H_1 , H_2) and the F-test for the simultaneous effect, at a conventional significance level of $\alpha=0.05$, using the following multiple linear regression model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \quad (1)$$

where Y = investment interest, X_1 = financial literacy, X_2 = risk perception, α = constant, β_1 , β_2 = unstandardized regression coefficients for X_1 and X_2 respectively; and ε = error term capturing variance in Y not explained by the two predictors.

D. RESULT AND DISCUSSION

Respondent Profile

Of the 60 respondents, 54 (90%) were aged 18–21 and 6 (10%) were aged 22–25 (Table 2), indicating a sample concentrated in the earlier undergraduate years rather than spread evenly across the full range of typical undergraduate ages.

Table 2. Distribution of respondents by age

Age		Quantity
1	18 s/d 21thn	54
2	22 s/d 25thn	6
Total Sample		60

Source: Research Data for 2025

Validity and Reliability

All items showed statistically significant item-total correlations well above the conventional 0.30 threshold typically used to flag weak items, and were accordingly declared valid (Table 3). Financial literacy (X_1) and risk perception (X_2) are the independent variables and investment interest (Y) is the dependent variable in this study.

Table 3. Validity test results

	Person Correlation	Sig.	Description
(X_1)			
$X_{1.1}$	0.737	<.001	Valid
$X_{1.2}$	0.741	<.001	Valid
$X_{1.3}$	0.691	<.001	Valid
$X_{1.4}$	0.666	<.001	Valid
$X_{1.5}$	0.739	<.001	Valid
$X_{1.6}$	0.772	<.001	Valid
(X_2)			
$X_{2.1}$	0.685	<.001	Valid

X _{2.2}	0.669	<.001	Valid
X _{2.3}	0.724	<.001	Valid
X _{2.4}	0.700	<.001	Valid
(Y)			
Y.1	0.700	<.001	Valid
Y.2	0.749	<.001	Valid
Y.3	0.788	<.001	Valid
Y.4	0.787	<.001	Valid

Source: Data Results Processed In 2025

Table 4. Reliable

Variables	Cronbach's Alpha	Description
Dependent		
Financial Literacy (X ₁)	0.812	Reliable
Risk Perception (X ₂)	0.641	Reliable
Independent		
Investment Interest	0.744	Reliable

Source: Data Results Processed In 2025

Classical Assumption Tests

Table 5.Normality test result

		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	.9439819
	Std. Deviation	1.82362329
Most Extreme Differences	Absolute	.093
	Positive	.045
	Negative	-.093
Test Statistic		.093
Asymp. Sig. (2-tailed) ^c		.200 ^d

Source: Data Results Processed In 2025

Table 6. Heteroscedasticity test results

		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	-.994	.992		-1.003
	Financial Literacy	.063	.042	.211	1.487
	Risk Perception	.079	.061	.185	1.302

Source: Data Results Processed In 2025

Table 7. Multicollinearity test results

		Collinearity Statistics	
Model		Tolerance	VIF
1	(Constant)		
	Financial Literacy	.766	1.306
	Risk Perception	.766	1.306

Source: Data Results Processed In 2025

Taken together, the three classical assumption tests indicate that the residuals were normally distributed, that the two predictors were not strongly correlated with each other, and that the variance of the residuals did not depend on the value of the predictors. For all of them, the assumptions are met, so that the OLS estimates of the coefficients presented below can be used to make valid statistical inferences; in particular, the estimated coefficients are unbiased linear estimators, and their standard errors are correctly estimated.

Hypothesis Testing

Table 8. F-test results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	267.651	2	133.826	41.894	.000
Residual	182.082	57	3.194		
Total	449.733	59			

Source: Data Results Processed In 2025

Table 9. Results of determination coefficient test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.771a	.595	.581	1.787

a. Predictors: (Constant), Risk Perception, Financial Literacy

b. Dependent Variable: Investment Interest

Source: Data Results Processed In 2025

Table 10. Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.978	1.579			.619	.538
Financial Literacy	.475	.067	.681		7.066	.000
Risk Perception	.162	.097	.161		1.671	.100

Source: Data Results Processed In 2025

The overall regression model was statistically significant, $F(2, 57) = 41.894$, $p < .001$ (Table 8), indicating that financial literacy and risk perception, considered together, explain meaningfully more variance in investment interest than would be expected by chance alone. The two predictors jointly explained 59.5% of the variance in investment interest ($R^2 = .595$; Adjusted $R^2 = .581$; Table 9), with the modest gap between R^2 and Adjusted R^2 suggesting the model does not appear to be overfitted given the sample size and number of predictors. The estimated regression equation was:

$$\text{Investment Interest} = 0.978 + 0.475(\text{Financial Literacy}) + 0.162(\text{Risk Perception}) + \varepsilon \quad (2)$$

Financial literacy (X_1) had a positive and statistically significant effect on investment interest ($B=0.475$, $\beta=0.681$, $t=7.066$, $p<.001$), H_1 is therefore accepted, and the standardized coefficient indicates that financial literacy carries considerably more explanatory weight in this model than risk perception does.

T-Test Result

In Table 10, the financial literacy variable (X_1) shows a positive t-value of 7.066 with a significance value of 0.000, which is <0.05 . Therefore, it can be concluded that X_1 has a positive and significant effect on investment decisions, meaning that H_1 is accepted. The risk perception variable (X_2) has a positive t-value of 1.671 with a significance level of $0.100 > 0.05$. Therefore, it can be concluded that X_2 does not affect investment decisions, so H_2 is rejected.

The statistically significant, positive association between financial literacy and investment interest documented in this study is entirely consistent with the results of a large number of previous Indonesian studies, including Avrilly et al. (2024), Dewi and Apriyati (2023), Trisnarningsih et al. (2022), and Tehupelasuri et al. (2021) on the general population, where the same link was found to be driven by individuals' increased confidence in their ability to make financial decisions. There are several potential explanations as to why financial literacy has such a strong effect on investment interest within this particular sample in particular, including but not limited to the relative ease of actually making an investment due to widespread adoption of user-friendly technology, the absence of any significant entry barriers in terms of minimum investment, and the presence of a perceived social desirability bias (Sa'adah et al., 2025).

While the finding of the lack of association between risk perception and investment interest aligns with the result of Listyani et al. (2019), it contradicts the findings of Afrida and Sari (2022) and partially those of Sa'adah et al. (2025), who argued that risk perception was significantly, albeit negatively, associated with respondents' interest in making investments, and that its effect depended on whether said risk was perceived as controllable or not. First and foremost, the most likely reason for the observed phenomenon is that the measurement used for risk perception, while reasonable, was not fully consistent with reality, as indicated by the reliability score of .641. As such, the actual strength of the association within the target population might have been somewhat close to the one documented by Afrida and Sari (2022), the discrepancy between the two studies can potentially be explained by the fact that within the low-income student population, financial risk is simply not perceived as a significant risk factor at the early stages of engagement with the financial market due to their limited experience. Additionally, as noted by Sari and Setiyawan (2024), it is possible that the impact of risk perception is actually not on the decision to make an investment but rather on the specifics of that decision, namely, the choice of the type of investment, the size of the planned investment, and similar considerations. In essence, while risk perception might make little difference

in whether a respondent wants to make an investment, it is likely to have a significant impact on how that investment is going to be structured. Therefore, to truly understand the target population's attitude toward investment, one would need to ask more detailed questions, not about their general interest in the matter, but about the specific intentions behind the stated interest.

Taken together, these findings have several theoretical implications for the understanding of individual financial behavior, not least of which is the suggestion that when it comes to Generation Z, their financial decision-making processes are better understood as TPB-driven. Put another way, the relative lack of an observed effect for the risk perception variable and the significant, positive effect of financial literacy indicate that respondents were more likely to express interest in investing when they felt confident in their ability to make financial decisions in general rather than specifically aware of the risks, they were likely to encounter as investors. This nuance has important implications for interpreting the findings of this particular study relative to the body of previous research, as it highlights the need to distinguish between two aspects of financial decision-making: one's general level of competence in regards to the financial sphere and one's awareness of the dangers associated with the risks that one is likely to encounter in that same sphere. From a practical perspective, these findings suggest that when it comes to Generation Z and their expressed interest in making investments, the focus of efforts to increase this interest should be on improving their level of financial literacy rather than educating them about the dangers of the financial markets. This does not mean that the latter topic should be completely ignored, but rather that, for this particular population, it is significantly less important than increasing their confidence in their ability to operate in the said markets. After all, while the level of their digital literacy is reportedly very high, allowing them to easily engage in a broad range of financial transactions, their general financial literacy is significantly lower, limiting their ability to make well-informed financial decisions. Thus, the focus of investment education for this population group should be on addressing this perceived deficiency, which is likely to have far-reaching implications beyond the realm of investments and the question of their interest in making them in particular. With the OJK projecting Indonesia's Generation Z to be the backbone of the national capital market for the next fifteen to twenty years, the need for this type of intervention is particularly acute, especially considering the broader context of the demographic dividend that Indonesia is projected to experience during the same period.

E. CONCLUSION AND SUGGESTION

This study sought to address three particular objectives pertaining to the drivers of Generation Z investment interest in Indonesia's capital market. Firstly, financial literacy had a positive and statistically significant effect on Generation Z investment interest (H_1 accepted) in that increased knowledge of personal-finance management and investment instruments significantly increased confidence and motivation to invest even when controlling for risk perception in the same model. Secondly, risk perception did not have a statistically significant effect on investment interest in this particular sample (H_2 not supported), this is a specific, sample-bound finding rather than an indication that risk perception is universally irrelevant to investment interest across populations and contexts, given the genuinely mixed findings in the literature reviewed above. Thirdly, financial literacy and risk perception jointly explained 59.5% of the variance in investment interest, a large proportion that nonetheless leaves approximately two-fifths of the variance unexplained, suggesting that other unmeasured factors for instance digital literacy specifically, social media influence, self-efficacy, peer and family financial socialization, or prior direct experience with financial products also contribute significantly and should be investigated in future research designs that can accommodate additional predictors.

Practically, financial educators, capital-market regulators such as *Otoritas Jasa Keuangan/OJK*, brokerage firms, and higher-education institutions, should prioritize interactive, technology-based financial-literacy programs designed specifically for Generation Z, since financial literacy rather than risk perception emerged as the stronger and consistent driver of investment interest in this study. Such programs could usefully combine short, practical modules on personal-finance management with more applied content on investment-specific knowledge such as how to compare instruments and interpret basic risk-return trade-offs, and evaluate the credibility of investment information encountered on social media. Risk-management education remains a reasonable complement to, rather than substitute for, financial-literacy education, especially if future research can demonstrate that it impacts the quality and prudence of investment decisions even in situations where it does not measurably affect initial interest.

This study has several limitations that should temper how its findings are interpreted and applied. The sample was relatively small ($n = 60$, drawn from 75 responses collected across five universities), and obtained through non-probability purposive sampling, which limited the statistical power to detect smaller effects and the generalizability

of the findings to Generation Z students elsewhere, let alone to non-student young adults; although the five participating universities span different regions of Indonesia, the uneven and unspecified number of respondents contributed by each institution means the sample should not be read as proportionally representative of any of them. Respondents were limited to university students, who may differ systematically from working young adults or those not currently in higher education, in terms of both financial independence and exposure to campus-based financial programming. All data were self-reported via an online questionnaire, with the potential for common-method bias and social-desirability bias particularly for items touching on financial confidence and stated future intentions. Finally, the cross-sectional design captured investment interest at one point in time and could not establish causal direction between the studied variables, or track how or if stated interest translates into realized investment behavior. Future research should consider larger, more diverse, and ideally probabilistic samples that include a greater and more balanced number of respondents from each participating institution and region; longitudinal or behavioral measures that track actual investment activity over time rather than relying on self-reported intention; and the inclusion of additional predictors such as digital literacy, social media influence, and financial self-efficacy, which this study's two-predictor model was not designed to capture but which the unexplained variance identified above suggests are likely to matter.

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