

# THE EFFECT OF MOTIVATION, INVESTMENT KNOWLEDGE, FINANCIAL LITERACY ON GENERATION Z INTEREST IN INVESTING IN THE CAPITAL MARKET

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**Abstract :** *Investment activities in the capital market have attracted the younger generation's attention, less than 30 years old. They are Generation Z, who were born between 1995 to 2010 and 2012. This research was conducted to determine motivational factors, investment knowledge, and financial literacy on Generation Z's interest in investing in the capital market. The data collection method was distributing questionnaires to 96 respondents from Generation Z in Jakarta and analyzed using multiple regression analysis. The result is that motivational factors, investment knowledge, and financial literacy significantly and positively affect Generation Z's interest in investing in the capital market partially and simultaneously. However, the financial literacy factor has a greater influence than the investment knowledge factor. Thus the motivational factor as an internal factor will generate great interest for Generation Z in investing in the capital market if it is supported by external factors in the form of conveying investment knowledge and correct financial literacy. In addition, it will bring changes in attitudes and good financial behavior .*

**Keywords :** *Motivation, Investment Knowledge, Financial Literacy, Investment Interest, Generation Z.*

**Abstrak :** *Kegiatan investasi di pasar modal telah menarik perhatian generasi muda yang berusia kurang dari 30 tahun. Mereka adalah generasi Z yang lahir setelah tahun 1995 hingga 2010 atau 2012. Penelitian ini dilaksanakan untuk mengetahui faktor motivasi, pengetahuan investasi dan literasi keuangan terhadap minat generasi Z berinvestasi di pasar modal. Metode pengambilan data dengan menyebarkan kuesioner kepada 96 responden generasi Z di Jakarta dan dianalisis dengan analisis regresi berganda. Hasilnya adalah faktor motivasi, pengetahuan investasi dan literasi keuangan berpengaruh signifikan dan positif terhadap minat generasi Z berinvestasi di pasar modal secara parsial dan simultan. Namun faktor literasi keuangan lebih besar pengaruhnya jika dibandingkan dengan faktor pengetahuan investasi. Dengan demikian faktor motivasi sebagai faktor internal akan menimbulkan minat yang besar bagi generasi Z dalam berinvestasi di pasar modal apabila didukung oleh faktor eksternal berupa penyampaian pengetahuan investasi dan literasi keuangan yang benar. Faktor-faktor demikian akan membawa perubahan sikap dan perilaku keuangan yang baik.*

**Kata Kunci :** *Motivasi, Pengetahuan Investasi, Literasi Keuangan, Minat Investasi, Generasi Z*

## INTRODUCTION

Ease of obtaining information is the main characteristic of people living in the 21st century (starting in 2000 AD). Access to information is easily obtained through online electronic media and social media by simply typing keywords which can be done via *mobile* . Thus the various information can encourage positive or negative actions depending on the individual's attitude towards it. One of the positive actions that should be proud of young people is the high interest in investing in the capital market. When viewed from a demographic aspect, based on the Indonesian Capital Market Statistics report released by the Indonesian Central Securities Depository (2022) shows that investors who invest the most in the capital market are mostly young people under the age of 30, with a total of 6.05 million or 58.71% of a total of 10.3 million investors in 2022. And the last educational background is high school, as much as 63.03 % . Meanwhile, the total assets of those under 30 years are IDR 83.52 trillion. Therefore, the data shows the enthusiasm of young people under 30 to invest in the capital market.

Young people under 30 years old in 2022 are those born in 1992 and above (1993, 1994, and onwards). These young people are a group of Y and Z generations. However, experts differ in the classification between the two generations. According to Putra (2016), there are two factors that cause this grouping to occur, namely the similarity in the year of birth and the factor of sociological events when they were born and matured. The two generations were born and matured when information and communication technology experienced rapid progress with a combination of the internet and communication tools that could communicate, convey and obtain information second by second. Experts then used these sociological facts to distinguish the two into the Y and Z generation group.

There is no clear standard limit to determine the beginning and end of the birth year interval to distinguish the two generations. Some experts differ in the grouping of the two. For example, generation Y is the group of young people born between 1981-1996, while Generation Z is the group of young people born between 1997-2012. There are also those who classify Generation Y as those born between 1980-1995, while Generation Z is between 1995-2010. One thing is certain, the mastery of the two generations is relatively more skilled, fast, and adaptable in the use of information and communication technology.

The 21st century can be said to be the century of momentum for Generation Z as the driving force of the future economy . They are the ones who determine the development of further investments when compared to Generation Y. Generation Z, according to Putra (2016), is a group of young people who have just entered the workforce. They are also called the *i-generation* or internet generation. Because they have just entered the labor force and the world of investment, the government needs to pay great attention to the high enthusiasm of Generation Z in investing in the capital market. Because it is a positive signal for sustainable economic development. It means that Generation Z consciously understands why investment is needed in their lives. For this reason, it is necessary to explore what factors make Generation Z interested in investing in the capital market.

Interest in investing in the capital market arises when there is motivation, where motivation is an encouragement that comes from within the individual to take action or make a decision on something he is interested in. But motivation alone is not enough to encourage someone to act on something he is interested in. Other factors, together with internal encouragement, must strengthen a person to become more interested. Several previous studies have tried to explore the interest of Generation Z in investing in the capital market through various external factors that support, among others , an understanding of financial management, financial literacy, investment knowledge, risk preferences, *returns*, and so on.

Previous research was conducted by Lara, Syaipudin, & Widiyanti (2022) regarding the interest of Generation Z to invest in the capital market based on the factors of investment knowledge, *returns* and risk preferences. They distributed questionnaires to 190 respondents using the *Partial Least Square* -SEM technique. The results of their research show that investment knowledge and *returns* impact Generation Z's interest in investing in the capital market, while risk preference has no impact on their interest. Research by Susanti, NS supports the importance of investment knowledge; Hermawan, NA & Pattihahuan (2023) state that Generation Z's understanding of financial management is significant for making decisions related to financial management. The higher the knowledge of personal financial management, the higher the interest in investing in the capital market. Susanti et al.'s research show that investment knowledge is part of an intimate understanding of financial management.

Research by Daviano (2022) on the participation of Generation Z in the capital market tries to analyze the factors of financial literacy and the effect of those closest to them. Researchers use probit regression. The result is financial literacy and the effect of those closest to Generation Z in participating in the capital market. However, the factor of financial literacy as a factor influencing Generation Z to invest in the capital market is in contrast to the results of research by Viana, E, D; Febrianti, F & Dewi (2021) . They try to trace the factors of financial literacy and financial inclusion to Generation Z's interest in investing in the capital market. The technique used is SEM-PLS. The result is that financial literacy does not affect Generation Z's interest in investing in the capital market. In contrast, financial inclusion affects Generation Z's interest in investing in the capital market. The average level of financial literacy and inclusion of Generation Z studied is *well literate*.

From some of these studies, the factors of investment knowledge, financial literacy, and inclusion play a role in generating the interest of Generation Z to participate in the capital market. These studies discussed external factors, while this study tried to find out and add internal factors, namely motivational factors apart from investment knowledge and financial literacy factors on the interest of Generation Z to invest in the capital market. This study aims to generally strengthen previous studies, where factors show contradictory results for the financial literacy factor in influencing the interest of Generation Z to invest in the capital market. Also, efforts to support OJK's inclusion and financial programs with a focus on Generation Z as one of its targets. Previous research has discussed chiefly Generation Y or the

millennial generation, and little has specifically discussed Generation Z's investment in the capital market. At the same time, the specific objectives of this research are to identify and analyze motivational factors as internal factors, investment knowledge, and financial literacy as external factors in influencing the interest of Generation Z to invest in the capital market either partially or together. The focus on Generation Z's financial literacy is at the core of this research.

## THEORETICAL REVIEW

The domination of Generation Z in investing in the capital market is a positive signal for the direction of Indonesia's economic development in the future. If Generation Z has shown great enthusiasm, it means that OJK's financial inclusion and literacy program has received a positive response from them. A large number of Generation Z investing in the capital market needs to be maintained and even encouraged so that their participation can increase even more. Given the characteristics of Generation Z, who have not had whole experience with financial literacy and investment knowledge, which of course, will affect them psychologically in making investment decisions, it is necessary to increase the frequency of the OJK's financial inclusion and literacy programs, particular financial literacy regarding transactions in the capital market. Besides that, some of the characteristics of Generation Z that are relevant to the OJK's financial inclusion and literacy program, quoted from the study by Töröcsik, Szűcs, & Kehl (2014) , that they belong to a generation that is confident, eager to achieve success financially. But they are still not psychologically stable because they are at an age that is looking for self-identity; that's why outsiders need help to overcome the problem of finding self-identity. That is why Generation Z participates a lot as investors in the capital market because they have a great desire to achieve financial prosperity, but experience is not sufficient.

Therefore, it can be said that Generation Z still lacks investment experience in the capital market. The lack of knowledge is due to the lack of financial literacy, especially in transactions in the capital market, compared to other generations. The inexperience of Generation Z in making investment decisions in the capital market is stated by research from Baihaqqy, M, I., R, & Sugiyanto (2020) . They examined the differences in investment decisions in the capital market among generational groups, namely the *baby boomers*, generation X, generation Y, and Generation Z. Differences in financial literacy among various generation groups significantly influenced investment decisions in the capital market. The *baby boomer* generation has a higher score in making investment decisions in the capital market, followed by Generation Y, generation X and finally, generation Z. Naturally; the *baby boomer generation* has the highest score because they are psychologically mature and have sufficient experience and financial literacy. Followed by Generation Y, which is very enthusiastic compared to Generation X. The classification between these generations is shown in Table 1, quoted from Benesick, A., Csikos, G., & Juhaz, T (2016) regarding the variety of each generation based on the year of birth.

**Table 1. Classification of Generations by Year of Birth**

<b>Year of birth</b>	<b>Generation</b>
1925-1946	Veteran
1946-1960	Baby boomers
1960-1980	X
1980-1995	Y
1995-2010	Z
>2010	Alpha

Source ; Benesik, A., Csikos, G., & Juhaz, T (2016)

Thus, the motivation of Generation Z to invest in the capital market is based on the desire to achieve financial prosperity. Still, the foundation of financial literacy and investment knowledge must be honed to become more skilled at managing, planning, and managing finances properly and correctly. According to OJK (2017), financial literacy is a financial skill that must be mastered by all levels of society, especially the Internet generation or Generation Z, a generation of newcomers in economic development.

The financial literacy programs desired by OJK (2017) are:

1. Financial prowess, including having knowledge, skills, and confidence supported by infrastructure
2. Wise financial attitudes and behavior, including having financial goals and planning, having the ability to manage finances
3. Access to Finance, including expanding and facilitating access to finance, availability of financial products and services.

The OJK financial literacy program is supported by the Ministry of Education and Culture (Kemendikbud), which is also responsible for providing education about financial literacy to the community, schools, and families. The scope of financial literacy based on the Ministry of Education and Culture (2017) consists of the following:

1. Recognize economic transactions
2. Get to know the types of economic resources (source of income)
3. Get to know the concept of spending and lifestyle to meet primary, secondary, and tertiary needs (priority scale)
4. Get to know the idea of saving, insurance, and investment
5. Get to know the idea of sharing with others and the country (charity, donations, zakat and taxes)
6. Get to know fake investments and various financial crimes (corruption, loan sharks).

In financial literacy, there is an introduction to investment knowledge, but it is more general in nature. Investment is a financial management activity in the context of pursuing profits to meet various medium-term or long-term primary, secondary, or tertiary needs, for example, educational requirements, home renovations, pilgrimage funds , business expansion, recreation, and health. Therefore, it is important to have investment knowledge before participating in the capital market. The capital market is a meeting place for those who need capital

(sellers) and buyers who need financial products for investment (investors). Common financial instruments traded on the capital market are stocks, mutual funds, bonds, etc. According to Hidayat (2019) , the steps before making an investment are:

1. Understand the investment objective and its resources
2. Know the level of the risk profile that is tolerated
3. Determine the investment period
4. Know the desired rate of return on investment
5. Know your liquidity needs
6. Know the investment strategy
7. Know the applicable laws and regulations
8. Knowing the size of the tax charged on the selected asset.

Investment knowledge and financial literacy are external factors extensively researched by previous research but generally make Y or millennial generations the subject and object. For this reason, this research was conducted by focusing on the interest of Generation Z to invest in the capital market with an emphasis on internal factors in the form of motivation, and external factors in the form of investment knowledge and financial literacy, partially and simultaneously. Having good investment knowledge and financial literacy will make someone interested in investing in the capital market. The interest arises due to internal encouragement in the form of motivational factors. Based on the description above, with a focus on the interest of Generation Z to invest in the capital market, a research hypothesis is proposed in order to answer the research objectives:

H1: Internal motivational factors are suspected to influence the Z generation's interest in investing in the capital market. Alfarauq & Yusup (2020) previously researched motivational factors as a driving force for investment. Still, their focus was on Generation Y and the Islamic capital market, while this study focused on the motivational factors of Generation Z and conventional capital markets.

H2: It is suspected that the external factor of investment knowledge influences the Z generation's interest in investing in the capital market. Research on the factor of investment knowledge on investment interest in the capital market d it was previously researched by Ardani & Sulindawati (2021) , but they combined Y and Z generations; while this research only focuses on the Z generation, which is characteristically different from the Y generation, although basically there are similarities between them, namely they are both easy to adapt to communication technology and information.

H3: It is suspected that external financial literacy factors influence Generation Z's interest in investing in the capital market. Research on the factor of financial literacy on investment decisions has been previously researched by Chairani *et al.* (2021). Still, they focused on Generation Y, while this research focuses on Generation Z.

H4: It is suspected that internal factors of motivation, external factors of investment knowledge, and external factors of financial literacy jointly influence Generation Z's interest in investing in the capital market.

Melissa *et al.* . (2022) researched several factors influencing interest in investing in the capital market , but they researched motivational factors, capital

market knowledge, and risk preferences both partially and simultaneously. They also focus on Generation Y. The results of their research show that motivational factors do not affect the intention to invest in the capital market. In contrast, capital market knowledge and risk preferences affect the intention to invest in the capital market. This study wants to prove whether motivation influences the interest in investing in the capital market either partially or simultaneously with other factors. The difference with this research is. First, the researcher tries to choose financial literacy and investment knowledge as other factors; second, the focus on Generation Z to determine their interest in investing in the capital market.

## **RESEARCH METHODS**

The research method used to achieve the research objectives is multiple linear regression with the independent variables being motivation (X1), investment knowledge (X2), financial literacy (X3) and the dependent variable being Z generation's interest in investing in the capital market (Y). The multiple regression method is commonly used to determine the effect of the independent variables on the dependent variable. Data collection by distributing questionnaires to 96 respondents of Generation Z spread across DKI Jakarta. The sample size is determined using a formula for an unknown population type. Therefore, the population of Generation Z is assumed to be unknown.

The sampling technique was carried out by *purposive sampling* by spreading the *g-form*. This method was adopted because the respondents who were used as research subjects were specific, namely, those who included the criteria for Generation Z with an age range of year of birth above 1996. Thus in 2021, when distributing the questionnaire, generation Z who was sampled were those who were a maximum of 25 years old when 2021, namely respondents with years of birth starting from 1996 and above (1997, 1998, 1999, and so on). In general, they are college students and high school students.

The questionnaire as instrument was used to obtain data. The questionnaire was translated from motivational variables (X1), investment knowledge (X2), financial literacy (X3), and Generation Z's interest in investing in the capital market (Y). The indicators for each variable are taken from the theories associated with these variables. For example, the motivational indicator uses McClelland's motivational drive theory from Armstrong, M., & Taylor (2014) . The investment knowledge indicator is quoted from Pajar's research, & Pustikaingsih (2017) . Financial literacy indicators quoted from OJK (2017), and indicators of interest in investing in the capital market are modified from the definition of interest by Matondang (2018) . From these variable indicators, each was developed into 9 questionnaire statement items, so that a total of 36 statement item items. The measurement scale uses a Likert scale which is commonly used to determine a person's attitude an interest which is measured based on the provisions of the score, namely, strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5). Indicators of each variable for making a questionnaire are shown in the following table i :

**Table 2. Research Instrument Indicators**

<b>Instrument</b>	<b>Definition</b>	<b>Indicator</b>
Motivation (X1)	A process of providing a psychological driving force that improves individual performance in completing tasks and to achieve one's psychological satisfaction	The drive needed for success, affiliation, and power
Investment knowledge (X2)	Investment knowledge is information relating to how to use a source of funds or assets that are owned so that they can generate profits in the future.	A basic introduction to investment, level of risk, and rate of return
Financial literacy (X3)	Financial literacy is knowledge and understanding of managing finances to make the right decisions using the right financial instruments and products.	Knowledge of personal finance, loans and savings, investments and insurance
Generation Z's interest in investing in the capital market (Y)	Interest is an interest in a person's full involvement in a particular field or certain activities/activities based on feelings of liking and pleasure in that field, where this field will add new knowledge and skills, especially in the field of financial knowledge and skills investing in the capital market which will change the well-being of his life	Interest, desire, and confidence in investing in the capital market

The instrument was tested for validity and reliability to determine the validity and reliability of the questionnaire to be used in collecting data from respondents. The validity test formula uses the *product moment correlation* formula with valid criteria if the r-count is greater than the r-table. To find out the r table, it is known from the distribution table r. While the reliability test uses *Cronbach's alpha* formula with reliable criteria if the variable value is greater than 0.6 . Before further analysis, the data were tested for their analysis requirements which consisted of normality, heteroscedasticity, and multicollinearity. Requirements analysis aims to make decisions from the resulting regression equation model unbiased.

## RESULTS AND DISCUSSION

After distributing the questionnaires, the identity data of the respondents, consisting of gender, age and occupation, was obtained . The respondents' identity



was mostly female, the dominant activity was students and students, and all of them were Generation Z based on the age range of 17 to 25 years in 2022 (Table 3).

**Table 3. Identity of Generation Z Respondents (17 - 25 years)**

<b>Identity</b>	<b>Amount</b>	<b>%</b>
<b>1. Gender</b>		
Man	28	29
Woman	68	71
<b>2. Jobs</b>		
Student / Student	70	73
Housewife	24	25
Other	2	2

Source: Processed data (2022)

The results of the instrument validity test show 9 questionnaire statements from each of the motivational variables (X1), investment knowledge (X2), financial literacy (X3), and generation Z interest in investing in the capital market (Y), all of which are valid with the results of r count greater than r table. The results of the calculation of the reliability instrument test also show that the variables of motivation (X1), investment knowledge (X2), financial literacy (X3), and Generation Z's interest in investing in the capital market (Y) are all reliable. Furthermore, all of them are reliable because all variables meet the criteria of greater than 0.6 . Thus the questionnaire has validity and reliability to be used as an instrument (Table 4).

**Table 4. Overall Instrument Validity and Reliability Test Results**

<b>Variable</b>	<b>Test results</b>	
	<b>validity</b>	<b>Reliability</b>
Motivation (X1)	Valid	Reliable
Investment knowledge (X2)	Valid	Reliable
Financial literacy (X3)	Valid	Reliable
Generation Z (Y) interest	Valid	Reliable

Source ; Processed data (2022)

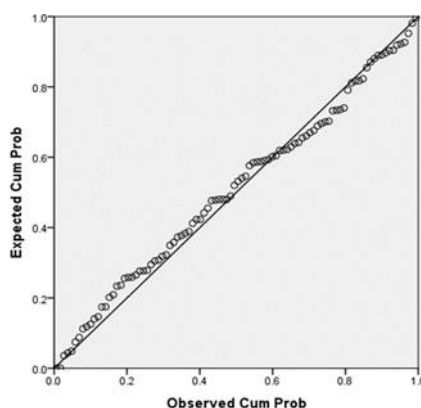
**Table 5. Analysis Requirements Test Results**

<b>Variable</b>	<b>Criteria</b>				
	<b>Heteroscedasticity Value &gt; 0.05</b>	<b>Ket</b>	<b>VIF &lt; 10</b>	<b>Multicollinearity Tolerance &gt; 0.1</b>	<b>Ket</b>
Motivation (X1)	0.959	Not Occur	2,021	0.495	There aren't any
Investment knowledge (X2)	0.797	Not Occur	2,326	0.430	There aren't any
Financial literacy (X3)	0.133	Not Occur	1,532	0.653	There aren't any

Source: processed data (2022)

The results of the analysis requirements test, which included data normality, heteroscedasticity, and multicollinearity tests, showed that the data distribution was normally distributed, where the points spread on the diagonal line (Figure 1). The heteroscedasticity test found heteroscedasticity in the financial literacy variable (X3) because its significance value is less than 0.05 . To overcome this, a transformation of all independent variables is carried out so that the significance value of the financial literacy variable is obtained at 0.133, which is greater than 0.05 . Meanwhile, from the results of the multicollinearity test, it was found that there was no multicollinearity between the independent variables because the VIF value was <10 and the tolerance was > 0.1 . The results of the analysis requirements test are shown in Table 5.

**Figure 1. Normally Distributed Data**



After going through the requirements analysis test phase, it is continued with multiple regression analysis using SPSS version 24. The results of multiple regression calculations are shown in Table 6.

**Table 6. Multiple Regression Count Results**

Variable	Coefficient value	Adjusted R square
Constant	2,472	
Motivation (X1)	0.388	0.582
Investment knowledge (X2)	0.226	
Financial literacy (X3)	0.335	

Source: Processed data (2022)

**Discussion**

Based on Table 6 above, the multiple regression equation  $Y = 2.472 + 0.388X1 + 0.226X2 + 0.335X3 + e$ . All variables have positive coefficient values, meaning that the direction of the relationship between the independent variable and the dependent variable has a positive direction. If motivation, investment knowledge, and financial literacy increase, the interest in investing will also increase by the value

of each coefficient. Judging from the value of the *adjusted R square*, the independent variables of motivation, investment knowledge, and financial literacy in the multiple regression equation can simultaneously explain the dependent variable's effect on Generation Z's interest in investing in the capital market of 58.2%. It means that together motivation supported by investment knowledge and financial literacy can influence Generation Z's interest in investing in the capital market. Furthermore, partial hypothesis testing is carried out for each variable and together with all variables. The error rate is 5%, with a 95% degree of confidence. The results of hypothesis testing are shown in Table 6.

**Table 7. Hypothesis Test Results**

<b>Variable</b>	<b>t-count</b>	<b>Significance</b>	<b>F count</b>	<b>Significance</b>
Motivation (X1)	3,714	0.000		
Investment knowledge (X2)	2.018	0.047	45,042	0.000
Financial literacy (X3)	4,314	0.000		

Source: processed data (2022)

Through Table 7 above, it is known if all t-count values are greater than t-table (1.986) or the significance is less than 0.05 . Likewise, the F-count significance value is smaller than 0.05 . Therefore, all independent variables partially and simultaneously significantly affect the dependent variable. This means that motivation has a significant effect on Generation Z's interest in investing in the capital market, investment knowledge has a significant effect on Generation Z's interest in investing in the capital market, and financial literacy has a significant effect on Generation Z's interest in investing in the capital market. Judging from the size of the t-count value for each variable, the t-count value of the financial literacy variable is the largest, followed by motivational variables and, finally investment knowledge. This means that the financial literacy variable is the most significant and positive in influencing Generation Z's interest in investing in the capital market, as well as motivational variables. Meanwhile, the t-count value of the investment knowledge variable is smaller than the t-count value of financial literacy and motivation. it means that the investment knowledge variable has a positive effect but the lowest level of significance in encouraging Generation Z's interest in investing in the capital market. All variables, namely motivation, investment knowledge, and financial literacy, significantly affect Generation Z's interest in investing in the capital market.

**The influence of motivational factors on the interest of Generation Z to invest in the capital market**

The results of this study proved that the background for the dominance of young people aged less than 30 years in participating in the capital market is due to internal factors in the form of encouragement that generates interest and then acts by becoming an investor in the capital market. The internal drive that generates interest and action is a motivational factor. Motivation is a condition to carry out certain activities to achieve the final goal in a person's personality that drives one's desires.

Motivation in a person is shown by behavior that leads to the achievement of certain goals. Without strong internal motivation, there will be no interest and action to make it happen. Motivation from individuals personally is stated from the results of Suryani, Tobing & Girsang's research (2022) which shows that the factor that underlies Generation Z investing in the capital market is *self-motivated*, meaning motivation driven by internal individuals. Personal motivational factors themselves are one of the two main factors, according to Suryani, Tobing & Garstang (2022), influencing the investment behavior of the millennial and Z generations investing in the capital market. Thus the results of this study support the research that individual motivation is the factor behind Generation Z investing in the capital market.

### **The influence of financial literacy factors on the interest of Generation Z to invest in the capital market**

The strong internal motivation that generates interest and action will not immediately appear without external factors. In this study, the external factors that trigger Generation Z's motivation to participate in the capital market are influenced by financial literacy and investment knowledge. Of the two external factors, the financial literacy factor has a greater influence than the investment knowledge factor. This research is in line with the results of Putri & Rahyuda (2017), which shows that financial literacy is the biggest factor influencing individual investment behavior.

Financial literacy desired by OJK (2017) places more emphasis on understanding related to finance which is not just knowing, being skilled at using, and confident in products from financial institutions, but financial literacy desired by OJK is a change in one's financial attitude and behavior so that one's life is more prosperous. Thus the financial literacy referred to by the OJK is financial literacy that is able to change a person's *mindset* or way of thinking in looking at his welfare. The perspective of someone who can change someone to behave wisely in managing their finances.

Thus, this research aligns with the aims and objectives of the OJK in the national financial inclusion and literacy program targeting young people. In this study, financial literacy has the greatest influence compared to the investment knowledge factor. The OJK program can be said to have changed *the mindset* of young people under 30 years regarding their attitudes and behavior towards their financial arrangements. This study proves that financial literacy has the most significant and positive influence in encouraging Generation Z's interest in participating in the capital market by becoming investors. The dominance of Generation Z in investing in the capital market shows that they have realized the right financial attitude and behavior, namely the ability to set financial goals, have financial planning, make financial decisions, and manage finances better in order to achieve prosperity. The correct financial literacy factor will make a person have a change in the right financial attitude and behavior as well

### **The influence of the investment knowledge factor on the Z generation's interest in investing in the capital market**

Investment knowledge also influences Generation Z's interest in investing in the capital market, but when compared to the financial literacy factor, the investment knowledge factor has an influence on the financial literacy factor. This research is in line with the results of research by Ardani & Sulindawati ( 2021) that investment knowledge has a positive effect and significant to investment interest in the capital market. The investment knowledge factor provides education about investment but needs to provide a change in attitude and behavior. Thus, the investment knowledge provided is not just general investment knowledge but is more focused on knowledge of the capital market.

Suryani, Tobing & Girsang's research (2022) states that two main factors determine the behavior of generations Y and Z investing in the capital market, *first*; knowledge, personal motivation, social environment, and initial capital owned, *second*; information, transparency, social media influence, and financial literacy. Therefore, it is necessary to convey information about investment knowledge in the capital market in a more specific and transparent manner and not of a general nature which is less attractive to Generation Z to participate as investors in the capital market.

This study's results imply that improving the scope and material of investment knowledge delivered is necessary. Suppose it is related to capital market investment. In that case, it is necessary to provide in-depth knowledge about how to transact in the capital market, the types of securities traded, the risks, and the rules that apply to the capital market. But it should be delivered practically by utilizing application technology from official government agencies if the target is Generation Z because they are the internet generation who are skilled at using sophisticated communication and information technology devices.

### **The influence of motivational factors, financial literacy, and investment knowledge on Generation Z's interest in investing in the capital market**

This study's results indicate that motivational factors, investment knowledge, and financial literacy have a very significant and positive effect on Generation Z's interest in investing in the capital market. This research is in line with the results of research by Belisca *et al.* (2022), which states that the motivational factors, together with the factors of investment knowledge and risk preferences, influence the interest of Generation Y to invest in the capital market. However, the difference between this study and research by Belisca *et al.* (2022) is that motivational factors partially influence Generation Z's interest in investing in the capital market, whereas from the results of Belisca *et al.*'s (2022) study , motivational factors do not partially affect Generation Y's interest in investing in the market. capital, but when combined with other factors, the motivational factor influences the interest of both Y and Z generations to invest in the capital market.

Therefore, to motivate Generation Z to invest in the capital market, it is necessary to convey transparent information on financial literacy and investment knowledge, namely financial literacy and capital market investment knowledge that

can change attitudes and behavior. The implication is that the content and scope of financial literacy need to be added to in-depth capital market knowledge if the target is Generation Z in OJK's financial inclusion and literacy program.

### CLOSING

Motivation as an individual internal factor has a significant and positive influence in attracting the interest of Generation Z to invest in the capital market. Likewise, investment knowledge and financial literacy positively and significantly influence Generation Z's interest in investing in the capital market. However, from an external perspective, the financial literacy factor has the greatest influence compared to the investment knowledge factor in influencing Generation Z to invest in the capital market. Thus the financial literacy factor is in accordance with the OJK's targets and goals, which target young people where good financial literacy factors will bring changes in attitudes and behavior in planning, deciding, and managing finances appropriately for their welfare. Taken together, motivational factors , investment knowledge, and financial literacy positively and significantly affect Generation Z's interest in investing in the capital market. This means that Generation Z's interest in investing in the capital market is motivated by correct investment knowledge and financial literacy, where the correct investment knowledge and financial literacy can bring about changes in attitudes and good financial behavior to improve their welfare.

The suggestion from this research is that OJK's national program on financial inclusion and literacy must be programmed, especially for Generation Z because they are the ones who will run future development programs. Likewise, investment knowledge is more focused on investment knowledge in the capital market. This investment information and knowledge in the capital market should not be exclusive but inclusive knowledge for all people, especially Generation Z.

For further research, it is necessary to examine the capital market knowledge factor more specifically, which includes knowledge of the types of investment that are of interest in the capital market, knowledge of stocks, bonds, and various instruments traded in the capital market, types of shares and their risks, infrastructure, and regulations for transactions in the market capitalization, as well as factors influencing investment applications and generation Z in transactions.

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