The Role of Financial Literacy and Investment Knowledge on Investment Decisions Through Investment Interests of Stiema Students

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Abstract. Investment decisions are decisions taken by someone to determine and invest their capital in a particular asset to gain profit in the future. The purpose of this study was to determine the role of financial literacy and investment knowledge on investment decisions through investment interest in STIEMA Master of Management Students. The population in this study were all STIEMA Master of Management students totaling 137 students. The sample using the slovin formula totaled 102 students. The data analysis technique used descriptive statistical analysis of the Structural Equation Model (SEM) with the Lisrel program. The results of this study indicate that investment decisions are not influenced by financial literacy and investment knowledge, while investment decisions are influenced by investment interest and investment interest is influenced by financial literacy and investment knowledge. The suggestions given are expected that universities provide education on financial literacy management and investment knowledge and students can further improve their investment skills and knowledge.

Keywords: Financial Literacy, Investment Knowledge, Investment Interest and Investment Decision

INTRODUCTION

Economic conditions are experiencing rapid development and progress along with globalization. With this, every individual must have sufficient ability and knowledge to manage financial resources and wealth. From the management of financial resources and wealth will produce a form in which the source is allocated. One way to manage financial resources or wealth is to make an investment. Investment is an investment of capital for one or more owned and usually long-term with the hope of getting profit in the future.

The intention to start investing has now started to develop, especially among young people. They have started to be interested in finding out and learning about investment. The younger generation is considered by most people to be a wasteful generation, likes to shop and so on. But now they have actually started to think about investment (Onasie & Widoatmodjo, 2020).

Factors that influence investment decisions include financial literacy, investment knowledge and interest in investing. Financial literacy has become a topic of interest, because financial markets are becoming complex and it is difficult to make informed choices. The economic sector is also growing and resulting in financial needs or what is often called financial literacy becoming one aspect that must be considered by developed and developing countries (Rizki Ana & Kartini, 2017).

Based on the results of the National Survey of Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK) in 2019, the levels of financial literacy and financial inclusion in 2019 reached 38.03% and 76.19% respectively. This figure has successfully exceeded the target set by the Government in Presidential

Regulation No. 82 of 2016 concerning the National Strategy for Financial Inclusion (SNKI) of 75% for the level of financial inclusion, while the target for the level of financial literacy set in Presidential Regulation No. 50 of 2017 concerning the National Strategy for Consumer Protection of 35% has also been exceeded. This figure shows a significant increase from the previous survey in 2016 where there was an increase in public financial understanding (awareness) of 8.33% and an increase in access to financial products and services of 8.39%.

When viewed based on regional strata, for urban areas the level of financial literacy and inclusion reached 41.41% and 83.60%. While the level of financial literacy and inclusion of rural communities is 34.53% and 68.49%. This shows that both in terms of understanding and use of financial products/services, people in rural areas are still quite behind compared to people living in urban areas. From the results of the previous financial literacy index of 21.8% in 2013, 29.7% in 2016 increased to 41.41% in 2019 (Financial Services Authority, 2019).

This investment decision can be influenced by various factors, according to (Suparmono, 2000) investment decisions are influenced by the rate of return on capital in a company and the period of return on capital. Investors tend to choose to invest in companies that can return the invested capital in a short time and a high rate of return, as well as low risk. Meanwhile, decision making can also be influenced by psychological factors of investors, namely beliefs, views of others, personal attitudes, and various considerations (Septyanto, 2013). The investor's personal attitude influences the decision to invest. According to Munandir (1997) an individual's attitude in making decisions is influenced by genetic factors or internal factors of the individual. These genetic factors can influence an individual's interest in something that must be decided. Based on this opinion, interest and motivation are important factors in the decision-making process, including investment decisions.

The role of universities as a shaper of student financial literacy is very important. This can be done in the form of learning related to economic problems which can ultimately be used as provisions for students to make financial decisions, both when they are still students and when entering the workforce. Students as the younger generation will not only face increasing complexity in financial products, services, and markets, but are more likely to have to bear greater financial risks in the future than their parents (Lusardi, 2010). STIEMA Semarang as a college of economics has a role in increasing financial literacy in its students.

Financial learning in college as a means of increasing financial knowledge is very important for contributing to students' literacy knowledge. Research conducted by Gutter in Sabri (2011) stated that financial education has a significant effect on the formation of financial knowledge, attitudes and behavior. Likewise, research conducted by Widayati (2012) found that there is a relationship between learning in college and the level of financial literacy of students from the aspects of attitude and cognition.

In practice, students have greater freedom regarding financial practice issues compared to when students were still in school. The first year of college will be an important year for students in managing finances. Students are faced with various choices of financial decisions where most of the residences are far from the students' parents. This will be a crucial problem if from the beginning students do not have provisions in financial management skills and good financial literacy.

Students as the next generation of the nation are expected to have high financial literacy. Good financial literacy will shape students' financial intelligence. With high financial intelligence, students are able to manage their finances well amidst the influence of a hedonistic lifestyle. Financial intelligence in the long term will result in students having wise financial behavior in making the right and correct consumption and not being easily influenced by product offerings that tend to position the younger generation as a marketing segmentation. That way, students will develop into a generation that is able to control finances well and correctly which in general will have an impact on the mentality to create a future generation that is anti-corruption.

METHOD

The population in this study were all STIEMA Master of Management students totaling 102. The sample used in the study was a saturated sample where all populations were sampled. The independent variables in this study were Financial Literacy (X1) and Investment Knowledge (X2). The dependent variable was Investment Decision (Y2) and the Intervening Variable in this study was Investment Interest (Y1).

RESULTS AND DISCUSSION

1. Path Analysis Normality Test

Tabel 1: Test of Univariate Normality for Continuous Variables

Variables	Indicator	Initial Value Skewness and Kurtosis		Repair Skewness and Kurtosis	
		Chi-Square	P- Value	Chi-Square	P- Value
Financial Literacy	Financial Knowledge	3.146	0.207	1.893	0.388
	Financial Thinking Before investing	4.278	0.118	1.963	0.375
	Financial Attitude	4.800	0.091	1.404	0.496
Investment Knowledge	Investment Objectives	0.727	0.695	0.421	0.810
	Investment Risk	2.276	0.320	1.919	0.383
	Rate of return on investment	0.598	0.742	0.160	0.923
Investment Interest	Desire to find out about investment	5.840	0.054	3.774	0.152
	Taking the time to learn about investing	15.271	0.000	5.066	0.079
	Trying to invest	1.197	0.550	0.120	0.942
Investment Decisions	Safe investment	0.407	0.816	0.497	0.780
	Stock information	0.243	0.886	0.248	0.883
	Analytical skills share	1.713	0.425	1.722	0.423

From the data above, it shows that the P-value <0.05 on the indicator Spending time studying investment on the variable Investment Interest 0.00, which means that the data is not normally distributed. Therefore, a normal score is carried out and retesting is carried out with the results of the skewness and kurtosis values having a p-value greater than 0.05 with a result of 0.079 which indicates that the data has been distributed normally.

2. **Structural Equation Model**

The path analysis model that has been carried out with LISREL obtained the value of the standardized model path coefficient and the calculated t value. From the test results, the following equation can be written:

Figure 1: Significance Test – Standardized Estimates
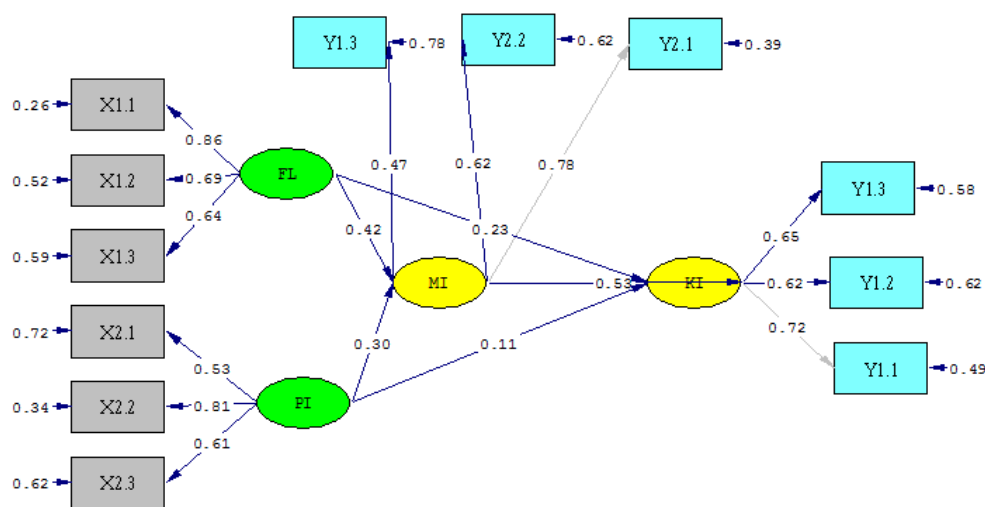
Structural Equations :

$$MI = 0.30PI + 0.42FL, Errorvar.= 0.61 , R^2 = 0.38$$
$$KI = 0.54MI + 0.11PI + 0.23FL, Errorvar.= 0.46, R^2 = 0.55$$

3. **Hypothesis Testing**

Tabel 2: Hypothesis Testing

Variables	t Value	>	t Statistik	Information
FL ➜ MI	2.98	>	1.96	Significant
PI➜ MI	2.07	>	1.96	Significant
FL ➜ KI	1.47	<	1.96	Not Significant
PI➜KI	0.73	<	1.96	Not Significant
MI ➜KI	2.71	>	1.96	Significant

a. **The Influence of Financial Literacy on Investment Interest**
   Based on the hypothesis testing, it shows that the t value is 2.98 > 1.96, this shows that Financial Literacy has a significant effect on Investment Interest, which means the hypothesis is accepted.

b. **The Influence of Investment Knowledge on Investment Interest**
   Based on the hypothesis testing, it shows that the t value is 2.07 > 1.96, this shows

that Investment Knowledge has a significant effect on Investment Interest, which means that the hypothesis is accepted.

c. **The Influence of Financial Literacy on Investment Decisions**

Based on the hypothesis testing, it shows that the t value is 1.47 <1.96, this shows that Financial Literacy has no effect on Investment Decisions, which means the hypothesis is rejected.

d. **The Influence of Investment Knowledge on Investment Decisions**

Based on the hypothesis testing, it shows that if the t value is 0.73 < 1.96, this shows that Investment Knowledge has no effect on Investment Decisions, which means the hypothesis is rejected.

e. **The Influence of Investment Interest on Investment Decisions**

Based on the hypothesis testing, it shows that the t value is 2.71 > 1.96, this shows that investment interest has a significant effect on investment decisions, which means that the hypothesis is accepted.

4. **Model Eligibility**

Table 3: Model Feasibility Testing Index Goodness of fit index cut off value

Goodness of fit Index	Cut off Value	Results	Information
Chi-Square (DF= 48)	Expected small 630,33	57,82	Good
Significant Probability	>0,05	0,154	Good
RMSEA	<0,08	0,036	Good
GFI	>0,90	0,92	Good
AGFI	>0,90	0,87	Marginal
CMIN/ DF	<2,00	1,13	Good
TLI	>0,95	0,98	Good
CFI	>0,95	,098	Good

Based on the results of the goodness of fit test, the chi square value was 57.82. The confidence interval value is 0.48; 57.82. This value is a small value so that it can be interpreted that the model is in the good category or is worthy of being used as a research model.

CONCLUSION

The conclusion of this study is that Financial Literacy has a significant effect on investment interest, Investment knowledge has a significant effect on investment interest, Financial Literacy has no effect on investment decisions, Investment knowledge has no effect on investment decisions and Investment interest has a significant effect on investment decisions.

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