

# The Influence of Financial Literacy, Investment Knowledge, and Social Media on Student's Investment Interest Through Investment Motivation

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## Abstract

This study aims to examine the extent to which financial literacy, investment knowledge, and social media influence students' interest in investing in the capital market, considering investment motivation as a mediating variable. The study subjects consisted of 88 students using the BEI Investment Gallery at Batam State Polytechnic, selected through purposive sampling. This study used a quantitative approach with SEM PLS analysis. The results indicate that financial literacy and social media significantly influence both students' investment motivation and investment interest. Conversely, investment knowledge did not show a significant effect. Furthermore, investment motivation was shown to mediate the relationship between financial literacy and social media on investment interest, but was unable to mediate the relationship between investment knowledge and students' investment interest.

**Keywords:** Financial Literacy, Investment Knowledge, Social Media, Investment Interest, Investment Motivation.

## 1. Introduction

Investing in the capital market is now an essential component of global economic development, as it enables the movement of funds from investors to parties requiring long-term financing, such as companies and government agencies. Instruments such as stocks and bonds, in addition to providing potential financial returns, also serve as strategic drivers of national economic growth (Sholikah et al., 2022). In Indonesia, the capital market has continued to grow in recent years, supported by increasingly sophisticated technology that facilitates investment access for various segments of society. The Indonesian Central Securities Depository (KSEI) report (2024) noted an interesting phenomenon: the number of domestic investors jumped 22% in 2024, from 12.16 million in 2023 to 14.87 million by December 2024. KSEI also reported that by the end of 2024, 54.83% of retail investors were under 30 years of age, indicating an increase in investment interest among the younger generation. This age group includes the Gen Z generation born around 1997 to 2012, who are known to be adaptive.

They are tech-savvy, active on social media, and have a strong interest in financial independence (CFA, 2023). The surge in investors from this group is inextricably linked to the role of digital media,

financial influencers, and easy access to mobile-based investment apps (Rohman & Safiih, 2024). Students, as part of Gen Z, are key players in this trend because they not only have access to financial information, but it is also at an early-stage formation of long-term economic behavior (KRjogja, 2023).

This increase in the number of young investors is not always accompanied by adequate levels of financial literacy and investment knowledge (Kinanti, 2023). Several previous studies have identified that a lack of financial understanding can create barriers to individual participation in investing (Chen & Volpe, 1998; Lusard & Mitchell, 2014). Furthermore, Lack of investment knowledge is also often a barrier to rational and optimal investment decisions (Shiller, 2003). On the other hand, social media now plays an important role in providing significant influence in influencing investment interest and behavior, especially among the younger generation. Phenomena such as the GameStop stock meme at the beginning of 2021 demonstrated how young retail investors used platforms like Reddit to coordinate investment activities (Espeute & Preece, 2024). Information disseminated through social media often lacks adequate verification, raising concerns about its validity. This can trigger herding behavior, where individuals tend to follow the investment decisions of others without first considering rational analysis or research.

Financial literacy is defined as an individual's ability to

understand, interpret, and manage financial information to effectively manage personal assets. According to the Financial Services Authority (OJK, 2022), various studies have shown that financial literacy plays a crucial role in encouraging investment interest. Research conducted by Oktaviani and Habiburahman (2024) and Pangestika and Rusliati (2019) indicates that a high level of financial literacy has a positive and significant impact on decision-making and investment interest, particularly among the younger generation and student.

Hariyani et al., (2023) findings indicate that the influence of financial literacy on investment interest can vary depending on contextual factors, one of which is the level of access to financial technology. Furthermore, Firdaus et al., (2024) stated that financial literacy can act as a mediating variable, strengthening the relationship between comfort with financial technology and students' interest in investing in stocks. Furthermore, research by Hendaro et al., (2021) and Nugroho et al., (2023) confirms that financial literacy has a significant influence on driving investment decision-making, both among millennials and Generation Z.

Investment knowledge refers to the extent to which an individual understands the types of investment instruments, how the market works, and strategies related to risk management (Kusmawati, 2011). This includes the ability to identify the characteristics of different financial assets, analyze the dynamics of market fluctuations, and apply principles to mitigate potential financial losses. Research by Sunatar et al., (2023); Wibowo & Purwohandoko (2019) found a tendency that increased investment understanding contributes to increased interest in capital market activities. In other words, individuals with adequate knowledge of the ins and outs of investing tend to be more interested and active in investing in the stock market or other capital market instruments. Conversely, Auliana (2024) and Sumaiya et al. (2022) found that although investment knowledge is important, it often does not directly impact a person's interest in investing. Therefore, having a wealth of information about investing does not necessarily lead to immediate interest or motivated to start investing. Fadilah (2024) highlighted the importance of investment knowledge to avoid fraud, while Yusuf (2019) and Triana & Yudiantoro (2022) stated that a good understanding of investment can strengthen students' investment interest and decision-making, especially with the support of technology that facilitates access to information.

Social media now plays a significant role in shaping investment interest and behavior, particularly among young people (Espeute & Preece, 2024). Junaidi & Nurhidayah (2023) demonstrated that social media has a positive impact on the trading behavior of young investors, particularly when capital market literacy acts as a mediator. Winarso et al. (2024) found that social

media influencers significantly increased students' interest in investing. Sani & Paramita (2024) also demonstrated that social media, along with risk tolerance and experience, influenced investment interest, with financial literacy acting as a moderator. Ozdemir et al. (2021) indicated that motivation, financial literacy, and social media significantly influenced students' investment interest. Santoso & Sasongko (2024) also emphasized the positive contribution of social media, along with motivation and investment knowledge, to investment interest. Conversely, Fattah (2023) shows that social media stock education does not have a direct influence on investment interest, indicating an indirect role through other variables such as motivation or financial literacy.

Investment motivation plays a crucial role as an intermediary variable in bridging the influence of various factors on investment interest (Auliana, 2024). They stated that motivation can play a role in linking financial literacy with investment interest, although its role as a mediator was not found to be significant in relation to investment knowledge. This is consistent with the findings of Nugroho et al., (2023), who showed that motivation is the primary driver that transforms understandings such as financial literacy and investment knowledge, as well as information from social media, into concrete incentives to invest among the younger generation. Motivation reinforces how the ability to understand investment concepts can trigger a person's interest in investment activities. Interest in investing is defined as an individual's drive or tendency to engage in investment activities in the capital market (Santoso & Sasongko, 2024). This interest is formed from a combination of financial understanding, investment insight, and exposure to information from social media, all of which are influenced or reinforced by an individual's internal motivation.

Several studies have examined the relationship between financial literacy, investment knowledge, and social media on investment interest. Anggraini et al. (2023) found that higher levels of financial literacy and investment knowledge can increase an individual's interest in investing. Conversely, Nanik et al. (2024) emphasized the important role of social media in influencing investment decisions, although this study did not specifically explain the mediating mechanisms involved.

However, most previous studies have not comprehensively examined the role of motivation as a mediating variable linking financial literacy, investment knowledge, and social media with investment interest, particularly in the context of college students. This limitation is important to note because motivation is a powerful internal factor that drives individuals to act, including making investment decisions.

This limitation is important because motivation plays a powerful internal factor in driving action, including investment decision making.

This research builds on Auliana (2024), who examined the influence of financial literacy and investment knowledge on students' investment interest, with motivation as a mediator. The results showed that financial literacy and investment motivation had a significant effect, while investment knowledge did not. Motivation only mediated the relationship between financial literacy and investment interest, suggesting the possibility of other factors influencing students' decisions as novice investors.

The research gap arises because Auliana's study did not include external factors such as social media, which in the current context is highly relevant and strongly influences the behavior of the younger generation, particularly Gen Z, who are highly active on various digital platforms. Furthermore, the research object in Auliana's study was limited to only two independent variables, while the investment phenomenon among students today is increasingly influenced by the rapid spread of information on social media, both through influencers and online communities.

For this reason, this research is present as a development of Auliana (2024) by integrating three independent variables: financial literacy, knowledge investment, and social media, while still using investment motivation as a mediating variable. This study will focus on student users of the Investment Gallery at Batam State Polytechnic. This population selection is based on the characteristics of students as digital-native Generation Z and millennials, highly exposed to social media, and aspiring professionals facing future financial challenges.

Scientifically, these findings are expected to enrich the study of investment behavior, particularly in the context of the developing Indonesian capital market, and provide practical implications for financial institutions and relevant authorities in designing more targeted investment education programs.

## 2. Theoretical Basis

### Theory of Reasoned Action (TRA)

TRA states that individual behavior is a direct result of intentions *formed* due to the influence of a person's assessment of an action and perceived social pressure. A person's desires or intentions are the primary factors determining whether an action will be taken (Ajzen & Fishbein, 1977). In the context of this study, students' investment interest is viewed as behavioral intention. Financial literacy, investment knowledge, and social media exposure are assumed to shape positive attitudes and social norms that encourage individuals to have an interest in investing. If individuals perceive investing as a positive action and receive social support from their environment (for example, from social media influencers or the investment community), then the likelihood of them having a high intention and interest

in investing will increase. This is where investment motivation plays a role as an internal force that bridges the influence of these external factors on the intention to act, in this case, investment interest. Therefore, TRA provides a theoretical framework for the relationship between these external factors and investment interest as the dependent variable, with investment motivation directed as the mediating variable.

### Self-Determination Theory (SDT)

SDT developed by Ryan and Deci (2000), explains that a person's motivation is influenced by the fulfillment of three basic psychological needs: autonomy (the ability to make decisions independently), competence (perception of one's own abilities), and social connectedness (feeling connected and interacting with others).

Fulfilling these three psychological needs is believed to encourage an individual's motivation to engage in an action. When these three needs are met, individuals tend to act with intrinsic motivation, which strengthens engagement and continuity in an activity.

In the context of this research, SDT is used to explain how investment motivation acts as an important mediating variable. Financial literacy and investment knowledge can strengthen an individual's sense of competence in making financial decisions. Meanwhile, social media can support the need for social connectedness by providing access to information and facilitating discussions on investment topics.

When these three psychological needs are met, individuals tend to have stronger intrinsic motivation to invest. This motivation helps explain how the influence of financial literacy, investment knowledge, and social media can develop into a greater interest in investing. In other words, even if someone has access to adequate financial information and knowledge, interest in investing may not necessarily emerge without internal motivation. The presence of this mediating variable provides additional insight into the mechanisms linking external factors to investment behavior.

In addition to its role as a mediator, motivation is also explored as a moderating variable. This means that motivation can strengthen or weaken the influence between the independent variables and investment intention. Although the primary focus of this study is on the mediating role, the existence of motivation as a possible moderating factor is discussed to demonstrate the breadth of SDT's theoretical potential and enrich the research's academic contribution.

The following hypotheses can be formulated:

H1: Financial Literacy has a positive effect on Investment Intention

H2: Financial Literacy has a positive effect on Investment Motivation

H3: Social media has a positive effect on Investment

Intention

H4: Social media has a positive effect on Investment Motivation

H5: Investment Motivation has a positive effect on Investment Intention

H6: Investment Knowledge has a positive effect on Investment Intention

H7: Investment Knowledge has a positive effect on Investment Motivation

H8: Investment motivation mediates the effect of investment knowledge on investment interest.

H9: Investment motivation mediates the effect of Financial Literacy on investment interest

H10: Investment motivation mediates the effect of social media on investment interest.

**3. Research Methodology**

This study uses an associative quantitative approach to analyze the relationships between variables. The primary objective is to examine the influence of financial literacy, investment knowledge, and social media on students' investment interest, as well as the role of investment motivation as a mediating variable. The population was 743 active students using the Batam State Polytechnic Investment Gallery in 2024, with a minimum sample size of 88 respondents and a target of 90–100 respondents. The sample size was determined using the Slovin formula with a 10% margin of error, which is considered acceptable in exploratory social research to obtain a representative sample while maintaining feasibility in data collection.

Respondents were selected using a purposive sampling technique with specific criteria: (1) active students using the Polibatam Investment Gallery in 2024, and (2) willingness to voluntarily complete the research questionnaire. Data collection was conducted by distributing the questionnaire link online. In addition to using primary data, this study also utilizes secondary data obtained from scientific journals, relevant literature, and official publications from the Indonesia Stock Exchange (IDX). All data obtained were then analyzed using the Partial Least Squares technique.

**4. Research Results and Discussion**

Convergent validity testing was used to assess whether the indicators in the questionnaire accurately reflect the constructs they were intended to measure. According to Table 2, indicators with a value >0.5 indicate that the item is valid.

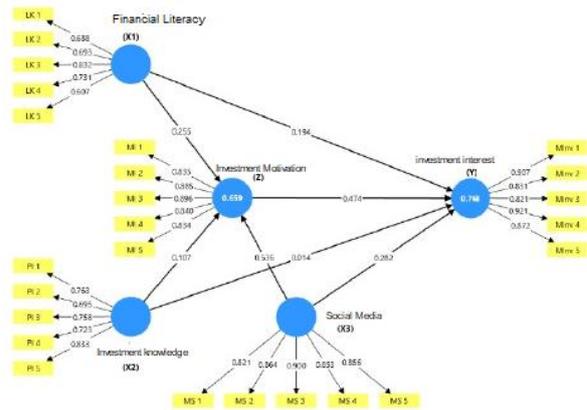


Figure 1. SEM Algorithm PLS model output

The results in Figure 1 show that all measurement indicators including financial literacy, investment knowledge, and investment motivation have outer loadings above 0.5, indicating their validity in representing each construct. Reliability, assessed using Cronbach's Alpha and Composite Reliability in SmartPLS, is summarized in the following table.

TABLE I  
CRONBACH'S ALPHA AND COMPOSITE RELIABILITY

Variables	Cronbach's Alpha	Composite Reliability
Financial Literacy (X1)	0.759	0.837
Investment Knowledge	0.812	0.869
Social Media (X3)	0.911	0.934
Investment Motivation (Z)	0.910	0.933
Investment Interest (Y)	0.920	0.940

Source: Primary Data Processed in 2025

Based on the reliability test results presented in Table I, all variables in this study—namely financial literacy, investment knowledge, social media, investment motivation, and investment interest—achieved Cronbach's Alpha and Composite Reliability values exceeding 0.70. This indicates that each construct used in the study met acceptable reliability criteria.

More specifically, Cronbach's Alpha values ranged from 0.759 to 0.920, indicating strong internal consistency among the indicators in each variable. Furthermore, Composite Reliability values ranged from 0.837 to 0.940, further confirming the high reliability of the measurement instruments used in this study.

Based on this, each questionnaire item was found to consistently represent the measured variable. Therefore, the research instrument used is appropriate and reliable for use in subsequent analysis stages, such as validity testing and path analysis using a structural model.

TABLE II  
RESULTS OF THE R SQUARE TEST (R2)

Dependent Variant	R-square	R-square adjusted
Investment Interest	0.768	0.757
Investment Motivation	0.659	0.646

Source: Primary Data Processed in 2025

Table II shows that investment interest has an R<sup>2</sup> value of 0.768, meaning 76.8% of its variance is explained by the independent variables, indicating a very strong relationship. Meanwhile, investment motivation has an R<sup>2</sup> value of 0.659, meaning 65.9% of its variance is explained by the model, while the rest is influenced by external factors. This value indicates a moderately strong relationship, suggesting that the model is capable of explaining a substantial portion of the factors influencing investment motivation, although some influence still comes from variables beyond the model.

Significance testing in Partial Least Squares Structural Equation Modeling (PLS-SEM) is conducted to determine whether the relationships between latent variables in the model are statistically significant. A commonly used method for this test is bootstrapping. In bootstrapping process, data is resampled repeatedly to produce a sampling distribution of path coefficient values and their standard errors. The bootstrapping analysis are presented in the form of t-statistics and p-values. A relationship is considered statistically significant if the p-value is lower than the established significance level. In this study, the significance level used was 0.05. A significant path coefficient indicates strong statistical evidence of a relationship between the independent and dependent latent variables. Therefore, this finding provides a stronger basis for accepting the hypothesis proposed in the study.

The following are the bootstrapping results for the direct effect and indirect effect in this research model:

TABLE III  
RESULTS OF PATH COEFFICIENT BOOTSTRAPPING DIRECT EFFECT

Path Coefficient	P-Values	Note:
H1: Financial Literacy (X1) -> Investment Interest (Y)	0.018	supported
H2: Financial Literacy (X1) -> Investment Motivation (Z)	0.017	supported
H3: Social Media (X3) -> Investment Interest (Y)	0.002	supported
H4: Social Media (X3) -> Investment Motivation (Z)	0.000	supported
H5: Investment Motivation (Z) -> Investment Interest (Y)	0.000	supported
H6: Investment Knowledge (X2) -> Investment Interest (Y)	0.434	Not supported
H7: Investment Knowledge (X2) -> Investment Motivation (Z)	0.196	Not supported

Source: Primary Data Processed in 2025

## Financial Literacy on Investment Intention

The first hypothesis was supported. Financial literacy has a positive and significant effect on students' investment interest ( $\beta = 0.194$ ;  $T = 2.095$ ;  $P = 0.018$ ), indicating that higher financial literacy increases students' interest in investing. This finding is in line with the research results of Nugroho et al., (2023), Firdaus et al., (2024), and Faqih & Purwanto (2023) which confirms that students with a good level of financial understanding have greater confidence in managing money and are more willing to make investment decisions. Adequate knowledge enables students to be more informed about long-term benefits and investments and able to evaluate risks more rationally. This finding can also be explained through the TRA theory developed by Ajzen & Fishbein (1977). In this theory, interest or intention to undertake an action, in this case investment, is shaped by two main factors: attitude toward the behavior and subjective norms. Students with high financial literacy tend to develop positive attitudes toward investment activities because they feel they better understand the risks and benefits, and are more easily influenced by surrounding social norms, including the campus community and the digital environment that support prudent financial behavior. This reinforces the belief that financial literacy plays a direct role in shaping investment interest through the formation of constructive attitudes and social norms.

These results differ from those of Hariyani et al., (2023) and Sumaiya et al., (2022), which found that financial literacy had no significant effect on investment interest. This difference is likely due to the different research contexts and respondent characteristics. For example, students at Batam State Polytechnic have direct access to the IDX Investment Gallery, which provides a more concrete opportunity to understand investment practices firsthand, something respondents in previous studies may not have had. Considering the characteristics of Polibatam students as part of Generation Z, who tend to be more adaptable to digital information, these results indicate that improving financial literacy not only shapes understanding but also drives changes in attitudes and interest toward more independent and sustainable investment activities, in line with the basic principles of TRA theory.

## Financial Literacy on Investment Motivation

The second hypothesis was supported. Financial literacy has a positive and significant effect on investment motivation ( $\beta = 0.225$ ;  $T = 2.114$ ;  $P = 0.017$ ), indicating that higher financial literacy increases students' motivation to invest. This finding aligns with the research of Auliana and Ratihningih et al. (2024), which states that a good understanding of financial concepts and risk management can foster students' internal motivation to engage in investment activities.

From the perspective of SDT, financial literacy plays a role in fulfilling the need for competence, namely an individual's sense of ability and confidence in making independent financial decisions.

This result is different from the research of Sumaiya et al., (2022) which states that financial literacy has no significant effect on motivation. This difference is likely due to the characteristics of the respondents and their institutional background, which lacks a financial education ecosystem like Polibatam's Investment Gallery. In the context of Polibatam students, who are part of Generation Z, this finding becomes even more relevant. Gen Z is known for being information-savvy, fast digital learners, and tending to seek autonomy in managing their finances. Therefore, financial literacy not only helps them understand investment products but also strengthens their internal motivation to start building a financial future from an early age.

### **Social Media on Investment Interest**

The third hypothesis was supported. Social media has a positive and significant effect on students' investment interest ( $\beta = 0.282$ ;  $T = 2.854$ ;  $P = 0.002$ ), indicating that greater social media exposure increases students' interest in investing. Therefore, the relationship between social media and investment interest can be categorized as statistically significant. This means that the influence does not occur by chance, but rather indicates a strong and credible relationship.

These results align with findings from Junaidi & Nurhidayah (2023), Winarso et al., (2024), and Santoso & Sasongko (2024), which suggest that social media, particularly platforms like Instagram, TikTok, and YouTube, plays a significant role in attracting the younger generation's interest in investment activities. Social media not only serves as a channel for disseminating information but also serves as a space for the formation of social norms, where students tend to follow and imitate the financial behavior of their peers who are also active in the digital world.

This explanation is further strengthened when viewed from the TRA theory, which states that a person's intention to perform an action is strongly influenced by two factors: their attitude toward that behavior and the subjective norms of their social environment. In this case, social media facilitates the formation of positive attitudes toward investing through the dissemination of educational content, profit testimonials, and narratives of financial success. Furthermore, interactions on social media also reinforce the social norm that investing is considered "normal" and even "necessary" by the community digital peers.

This finding differs from that of Fattah (2023), who stated that social media does not directly influence investment interest. This difference is likely influenced by differences in the intensity of social media use and the focus of the content consumed. At Batam State Polytechnic, students are actively involved in the digital investment community, resulting in high

exposure to educational content and firsthand experiences from fellow novice investors. Considering the characteristics of Polytechnic students as part of the digitally savvy Generation Z, these results reinforce the role of social media as a primary channel shaping their interest in investing. More than just a means of entertainment, social media serves as a place to learn, discuss, and even gain social validation for their financial decisions.

Therefore, in accordance with the basic principles of TRA, social media can be considered a strategic instrument that shapes perceptions, attitudes, and social norms, ultimately leading to increased investment interest. The more students access and engage with investment content on social media, the more likely they are to develop an interest in real investment activities.

### **Social Media on Investment Motivation**

The fourth hypothesis was supported. Social media has a positive and significant effect on students' investment motivation ( $\beta = 0.536$ ), indicating that greater social media exposure increases students' motivation to invest.

The results show a T-statistic of 5.738 and a P-value of 0.000, indicating a highly significant relationship between social media and students' investment motivation, supported by strong empirical evidence.

This finding is also consistent with research by Santoso and Sasongko (2024) and Winarso et al. (2024) who explained that social media not only plays a role as a medium for disseminating information, but also as a means of building communities and creating strong social influence that can encourage individual motivation to engage in various financial activities, including investment.

On platforms like TikTok and Instagram, students are exposed to educational content, testimonials from young investors, and direct invitations from financial influencers, all of which form a psychological drive to try investing.

This finding differs from that of Fattah (2023), who stated that social media does not directly influence investment attitudes or behavior. This difference is likely due to the varying levels of digital literacy and intensity of social media use among respondents. At Polibatam, students are not merely passive consumers but also actively discuss and reproduce financial content, thus strengthening the motivational effects of social media. Based on SDT, this result can be explained by fulfilling the need for social relationships and competence, which students gain when they feel part of a digital investment community. Exposure to easily accessible financial content, presented in a generationally relevant style, and linked to contemporary lifestyles, creates a combination of intrinsic and extrinsic motivations that strengthen students' investment motivation. Therefore, social media, in the context of Gen Z students, is not simply

a communication tool but a powerful stimulus that triggers internal motivation to learn, understand, and ultimately engage in investment activities.

#### **Investment Motivation on Investment Interest**

The fifth hypothesis was supported. Investment motivation has a positive and significant effect on students' investment interest ( $\beta = 0.474$ ;  $T = 4.446$ ;  $P = 0.000$ ), indicating a strong statistical relationship. These findings indicate that motivation is a crucial factor driving students' interest in investing.

This finding is consistent with the SDT by Ryan & Deci (2000), which states that when psychological needs such as competence, autonomy, and social connectedness are met, a person will be motivated to act intrinsically. In this context, students motivated by financial security, future goals, or social community support will show greater interest in investing.

Furthermore, these results align with previous research, such as that of Yusuf (2019), Hariyani et al., (2023), and Triana & Yudiantoro (2022), which found that motivation is a crucial internal element that can guide someone in making financial decisions, including investments. This internal drive can stem from the hope of achieving financial freedom, a desire to learn how to manage money, or even a desire to follow in the footsteps of friends who have already invested.

Interestingly, among Generation Z students, who tend to seek social validation and independent experiences, motivation comes not only from within but is also driven by digital environments such as social media, online communities, and peer groups. Therefore, when students feel psychologically and socially ready, their interest in investing naturally increases. Thus, motivation serves as a crucial bridge between understanding and action, and explains why some students, even with investment information, remain uninterested due to a lack of strong internal motivation.

#### **Investment Knowledge on Investment Interest**

The sixth hypothesis was rejected. Based on the analysis, it was found that the level of investment understanding did not significantly influence students' interest in investing. This is reflected in the very small coefficient of influence, namely 0.014, indicating a virtually non-existent relationship. The T-statistic (0.167) and P-value (0.434) indicate that the relationship between investment knowledge and investment interest is very weak and not statistically significant. Thus, the data do not support the assumption that increasing investment understanding will directly increase students' interest in investing.

This finding contradicts several previous studies, such as those by Fadilah (2024) and Wibowo & Purwohandoko (2019), which stated that investment understanding positively contributes to a person's interest in participating in investment activities. They stated that understanding basic concepts and investment risks can increase a person's tendency to

engage in capital market activities. This discrepancy may be due to the characteristics of student respondents at Polibatam, who may have acquired theoretical knowledge but lacked experience or direct involvement in investment practice. This means their knowledge is not yet strong enough to stimulate real investment interest.

From a SDT perspective, knowledge alone does not guarantee interest without fulfilling psychological needs such as intrinsic motivation, self-confidence (competence), or social connectedness. Knowledge can be a source of motivation, but in this context, it appears insufficient to generate a real drive to invest. Therefore, these findings indicate that cognitive knowledge needs to be complemented by affective and contextual approaches, such as experiential education, role models, or investment simulation programs that engage students directly active, so that it can encourage knowledge to become interest.

#### **Investment Knowledge on Investment Motivation**

The seventh hypothesis was rejected. The test results indicated that investment knowledge did not significantly influence respondents' investment motivation. This was reflected in the relatively small coefficient value of 0.107.

The T-statistic (0.856) and P-value (0.196) show that the relationship between investment knowledge and investment motivation is not statistically significant. This means that the contribution of investment knowledge to the emergence of investment motivation is still very weak and is not supported by strong empirical evidence.

These results contradict several previous studies, including those by Hariyani et al., (2023) and Wibowo & Purwohandoko (2019), which showed that the stronger a person's investment knowledge, the stronger their internal motivation to invest. In their view, knowledge creates confidence, which then fuels motivation. In the context of Polibatam students, these results can be explained by the disconnect between knowledge and concrete action. Students may already be familiar with various investment concepts theoretically, but may not yet feel "emotionally connected" to the activity. Passive knowledge does not always trigger motivation unless accompanied by a strong psychological need or social drive.

This explanation is supported by Ryan & Deci's (2000) SDT, which states that motivation is formed not only from information or knowledge, but also from fulfilling psychological needs such as competence, autonomy, and social connectedness. In this case, knowledge alone is not enough to create the sense of competence needed for students to feel motivated to invest. These results highlight that investment knowledge alone is not enough; it is important to combine it with efforts that build self-confidence, social support, and personal goals. This combination is crucial for knowledge to transform into a stronger internal motivation to invest.

TABLE IV  
RESULTS OF PATH COEFFICIENT BOOTSTRAPPING INDIRECT EFFECT

Path Coefficient	P-Values	Note
Investment Knowledge (X2) -> Investment Motivation (Z) -> Investment Interest (Y)	0.194	not supported
Financial Literacy (X1) -> Investment Motivation (Z) -> Investment Interest (Y)	0.036	supported
Social Media (X3) -> Investment Motivation (Z) -> Investment Interest (Y)	0.000	supported

Source: Primary Data Processed in 2025

### Investment Motivation Mediates the Effect of Investment Knowledge on Investment Interest

The eighth hypothesis was rejected. The results showed that the effect of investment knowledge on investment interest was insignificant when mediated by investment motivation. Although there was a tendency for a positive relationship, investment motivation did not effectively mediate this relationship.

The results ( $\beta = 0.051$ ;  $T = 0.863$ ;  $P = 0.194$ ) indicate that the relationship is not statistically significant. Therefore, it can be concluded that investment motivation is unable to effectively mediate the relationship between investment knowledge and student investment interest.

This finding contradicts SDT, which states that a person's understanding and competence in investment matters can trigger intrinsic motivation, ultimately leading to action. In the context of Polibatam students, investment knowledge appears insufficient to foster a strong sense of psychological competence, thus failing to significantly stimulate interest.

These results also contradict research by Hariyani et al., (2023) and Triana & Yudiantoro (2022), which found that motivation can mediate the effect of knowledge on investment interest. One possible reason for the difference in results is that students' knowledge is still theoretical or not fully understood in depth, thus not being strong enough to form strong beliefs or internal drives. Furthermore, the characteristics of Gen Z students who are more open to visual and social approaches may make the mediation pathway through motivation more effective if triggered by social media or direct experience, rather than just cognitive knowledge. Therefore, an educational strategy is needed that emphasizes not only material mastery but also fosters emotional engagement and real-world practice, so that knowledge can truly transform into motivation and ultimately increase investment interest.

### Investment Motivation Mediates the Effect of Financial Literacy on Investment Interest

The ninth hypothesis was accepted. The results demonstrate that financial literacy positively and significantly affects investment interest, with investment motivation serving as a mediating variable. The results ( $\beta = 0.121$ ;  $T = 1.797$ ;  $P = 0.036$ ) indicate a

statistically significant relationship, as the P-value is below the 0.05 significance level. In other words, increased financial literacy tends to encourage investment motivation, which in turn increases a person's interest in investing.

These findings indicate that students with a good level of financial literacy not only have a better understanding of basic concepts such as money management, risk, and financial planning, but are also more motivated to apply this knowledge in concrete actions, namely investing. In other words, financial literacy provides a cognitive foundation, while investment motivation serves as an affective driver that bridges knowledge and action.

These results align with SDT, which states that the drive to act stems from fulfilling psychological needs such as competence, autonomy, and social connectedness. Students who understand personal finance will feel more competent, and when these needs are met, an internal drive to take action, in this case, investing, emerges. This research also supports the findings of Ratihningih et al., (2024) and Auliana (2024), who stated that financial literacy contributes to increased investment interest, especially when accompanied by strong motivation. Students with adequate financial understanding will be more confident. They feel in control of their finances, which ultimately drives investment decisions. Therefore, these findings indicate that financial literacy plays a dual role in shaping investment interest, both through a direct influence and indirectly through motivational mediation. A higher level of financial literacy increases the likelihood of developing internal motivation, which in turn stimulates a stronger interest in investing.

### Investment Motivation Mediates the Effect of Social Media on Investment Interest

The tenth hypothesis was accepted. This study revealed that social media positively and significantly influences investment interest, with investment motivation acting as a mediating variable. The results show a significant indirect effect ( $\beta = 0.254$ ;  $T = 3.861$ ;  $P = 0.000$ ), indicating very strong statistical significance. The combination of these statistical indicators strongly suggests that investment motivation

Investment plays a crucial role in explaining how social media influences investment interest. Therefore, social media drives students' investment interest not only directly but also indirectly by increasing their investment motivation. These findings suggest that social media not only directly impacts students' investment interest but also indirectly enhances it by igniting students' internal motivation to invest. When students are actively exposed to investment content on social media, whether through education, influencer experiences, community discussions, or viral financial trends, a strong psychological drive to follow suit is created.

These results are supported by SDT, which explains

that motivation arises when a person's basic psychological needs are met, including feelings of social connectedness and competence. Social media provides a space to fulfill both of these aspects: students feel connected to a community of like-minded individuals while simultaneously gaining education and social validation from what they learn and experience. This research also corroborates the findings of Sani & Paramita (2024) and Winarso et al., (2024), who stated that social media acts as a catalyst in stimulating investment interest among the younger generation. In the context of Polibatam students, who are part of Generation Z and are highly active on social media, the motivation built through digital interactions is highly effective in encouraging concrete actions such as starting to invest. Therefore, it can be concluded that social media is an external influence capable of activating students' internal motivation, ultimately leading to increased investment interest. This mediation pathway is crucial to consider, particularly in developing digital-based financial education and literacy strategies for the younger generation.

From the processing results, a final model was obtained which showed a significant relationship between the variables studied:

$$Y = 0.194x + 0.014x^2 + 0.282x^3 + 0.474Z + e_2 \quad (1)$$

$$R^2 = 0.768 \quad (2)$$

$$Z = 0.225 X_1 + 0.107 X_2 + 0.536 X_3 + e_1 \quad (3)$$

$$R^2 = 0.659 \quad (4)$$

Where:

X1 = Financial Literacy

X2 = Investment Knowledge

X3 = Social Media

Z = Investment Motivation (Mediator)

Y = Investment Interest

$e_1, e_2$  = Error (residuals from each model)

The results show that financial literacy (X1) and social media (X3) have significant direct effects on investment motivation (Z) and investment interest (Y), while investment knowledge (X2) has no significant effect on either variable. This indicates that investment motivation acts as a partial mediator, strengthening the influence of financial literacy and social media on students' investment interest.

The  $R^2$  value for investment motivation is 0.659, meaning 65.9% of its variance is explained by financial literacy, investment knowledge, and social media. Meanwhile, the  $R^2$  value for investment interest is 0.768, indicating that 76.8% of the variation is explained by these variables along with investment motivation.

## 5. Conclusion

The research results indicate that financial literacy and social media positively and significantly drive students' investment interest. This effect is seen both directly and through the intermediary role of investment

motivation. Students with good financial literacy and active social media experience higher motivation and interest in investing. However, investment knowledge alone has not been shown to significantly influence this interest. Therefore, investment motivation plays a fundamental role in translating the influence of external factors into investment interest concrete, especially for students who interact with the Investment Gallery at Batam State Polytechnic.

## Academic Implications

Theoretically, the results of this study strengthen the relevance of using the TRA and SDT in explaining students' investment intentions. TRA emphasizes the importance of social norms and individual attitudes in shaping behavioral intentions, while SDT explains the role of psychological needs in building internal motivation. However, the finding that investment knowledge has no significant effect on investment interest or motivation suggests that the influence of cognitive variables on financial behavior is not always linear. This opens up space for further research to explore more complex mechanisms, for example by adding mediating or moderating variables that can strengthen the relationship between knowledge and behavior, such as self-efficacy, confidence in the capital market, or risk perception. Furthermore, future research could also use an experimental or longitudinal approach to more dynamically examine the transformation of knowledge into investment motivation and behavior over time.

## Practical Implications and Recommendations for Improvement

From a practical perspective, these findings suggest that investment education in higher education settings is insufficient if it focuses solely on enhancing theoretical knowledge. Educational programs need to be designed to be more applicable and engage students' affective aspects to foster concrete motivation and interest. Experiential activities such as investment simulations, interactive training, and involvement in digital investment communities will provide students with the space to internalize the concepts they learn. Furthermore, social media has proven to be a strategic channel for fostering investment motivation and interest. Therefore, educational institutions and capital market authorities need to utilize these platforms optimally to deliver informative, engaging, and easily accessible information to students, who are part of the digital generation.

Meanwhile, the results showing the insignificant effect of investment knowledge are an important indicator that knowledge transfer alone is insufficient. An educational approach is needed that can build students' confidence and emotional engagement in investment activities. Relevant recommendations for improvement include designing contextual learning materials,

providing real-life examples through young investors as role models, and developing learning programs that enable

Students learn through hands-on practice. This ensures that the knowledge gained doesn't remain passive information but can develop into real motivation and behavior that supports student literacy and active participation in the Indonesian capital market.

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