ICFBE 2024

The 8th International Conference on Family Business and Entrepreneurship

FINANCIAL LITERACY AS TECHNOLOGICAL ACCELERATION IN INVESTMENT DECISIONS FOR GENERATION Z IN INDONESIA

Novi Solomasi Pratama[1] Purwanto[2]
[a]Faculty of Business, President University, West Java, Indonesia
[b]Faculty of Business, President University, West Java, Indonesia
purwanto@president.ac.id (corresponding author);
novi.pratama@student.president.ac.id

ABSTRACT

The purpose of this study is to examine the determinants of investment decisions with financial literacy as an mediating variable. By focusing on the aspects of technology ease, emotional intelligence, financial self-efficacy, and financial risk tolerance, this study determinants that guide investment decisions. In addition, financial literacy is integrated as an intervening variable to understand how financial understanding can mediate the relationship between the determinants and investment decisions. This approach provides a more in-depth and contextual insight into the dynamics of investment decision-making among the heterogeneous Generation Z. This study chose Jabodetabek, Indonesia as the focus location because this metropolitan area reflects the investment diversity of Generation Z who live in dynamic urban areas. Employing a quantitative approach, the study collected primary data through questionnaires from 118 individuals. Data analysis employed Structural Equation Modeling with Partial Least Squares (SEM-PLS), classical assumption tests, and hypothesis testing (F-test and T-test), alongside the determination of coefficients (R-square). The study found that emotional intelligence, financial literacy, and financial self-efficacy have a significant influence on investment decisions, while financial risk tolerance and technology ease have an insignificant influence. The study concludes that the influence of technology ease, emotional intelligence, financial self-efficacy, financial risk tolerance, and financial literacy can explain 66.90% of investment decisions.

Keywords: Emotional Intelligence, Financial Literacy, Financial Self-Efficacy, Financial Risk Tolerance, Technology Ease, Investment Decision

1. Introduction

Indonesia is the world's largest center of Generation Z, which comprises around 57.6% of the population (KSEI, 2023). Substantial growth in the adoption of financial technology in Indonesia reflects Generation Z's interest in technology which becomes a crucial intersection with their level of financial literacy. Alongside the increased internet access and mobile phone ownership, estimated to reach 67.88% of the population in 2022 (Statistik, 2022), wide-open opportunities are available for Generation Z to access financial services through digital platforms. The financial literacy of Generation Z in Jabodetabek is expected to be a critical factor in the extent to which they adopt and utilize financial technology. An in-depth understanding of financial concepts is important for optimizing financial services and tools acquired through technology. In addition, financial self-efficacy in managing personal finances; can be strengthened

by easy access to and use of financial technology. When Generation Z feels capable of mastering technological tools for financial purposes, their confidence in making complex financial decisions increases (Statista, 2023).

The interconnection between financial risk tolerance and technology needs attention. The use of technology in portfolio management or investment decisions can influence Generation Z's comfort level in facing financial risks. Higher levels of financial literacy reinforce financial self-efficacy, thereby opening opportunities for active engagement with financial technology. Conversely, increased financial risk tolerance may correlate with a more remarkable ability to leverage financial technology innovations (Bank Indonesia, 2018). Furthermore, an examination of the chart reveals that specific financial factors are experiencing rapid growth, notably mutual funds and SBN (Government Securities). The increased adoption of mutual funds and SBN suggests a diversification in investment strategies, potentially influenced by the accessibility and ease of these financial factors. This research aims to explore these dynamics and shed light on how they manifest in the specific context of investment decisions, particularly with the growing prominence of mutual funds and SBN among the younger demographic. As shown in the chart, instruments experiencing rapid growth include mutual funds and SBN. In the context of Generation Z in Jabodetabek, where financial literacy, technology ease, financial risk tolerance, and financial self-efficacy are interconnected, this research aims to elucidate the complex dynamics underlying their investment decisions.

Individual Investor Demographic Data shows that individual investors in Indonesia are diverse in gender, education, occupation, age, and income. This illustrates that several complex and varied factors influence their investment decisions (KSEI, 2023). Therefore, there is a direct relationship between the percentage of investors under the age of 30 and the level of investment appetite among Generation Z. There are several young investors in the capital market with the level of interest in investing shown by that age group (Rofinus, 2023).

This research came from the prosperity theory. This study should also teach Generation Z how to handle their money carefully and thoroughly, which will help them make better investing choices by giving them more information first. This study will help us develop new ideas; and we will use it as a starting point for works related to this problem. It will give them new knowledge and points of view. Further, this research can provide a valuable understanding for improving the informational decision-making capabilities of Generation Z investors amidst a dynamic investment landscape.

2. Literature Review

Lea (2023), asserts that Generation Z's investment choices are significantly influenced by of financial technology which, provides convenience and flexibility. Understanding Generation Z's tech-savviness is crucial for financial institutions and advisors to meet investors' expectations by delivering real-time capital market information and historical data (Genoveva, 2017). Factors influencing investment decisions encompass the perceived ease of investing, the impact of social media, the availability of investment options, attitudes toward technology, and the efficacy of mobile apps (LexisNexis, 2023). Fintech solutions shape this generation's choices and behaviors in managing investments by adopting convenient, controllable, and personalized ways. The accessibility of technology facilitates consumer decision-making by augmenting intentions and providing comprehensive information about the products or services being offered (Intelligence, 2021). Saputra et al., (2023) state that the relationship between technology ease and financial literacy on investment decisions is not significantly positive

Hypothesis 1: Technology ease influences financial literacy

Emotional intelligence is a critical determinant shaping financial decision-making, especially in the face of unexpected outcomes (Hutabarat, 2019). According to Raheja (2020), emotional intelligence encompasses the skillful perception, comprehension, and management of emotions to foster personal development and cultivate harmonious relationships posits that emotional intelligence encompasses perception, comprehension, and management of emotions, fostering personal development and harmonious relationships. The study by Amin and Claudia (2016), underscores the impact of emotional intelligence on emotional regulation, influencing decision-making and signaling the importance of integrating emotive factors into workplace decision processes. The study of Wijayanti and Ananda (2023), emphasized the significant effect of emotions; with anger and hope on the investment decisions of Generation Z, while happiness, sorrow, and fear exert more modest impacts. This study revealed a positive significant relationship between emotional intelligence and financial literacy. Song (2023) states that there is a positive significant relationship between emotional intelligence and financial literacy.

Hypothesis 2: Emotional intelligence have an influence on financial literacy

Restuningdyah (2023), defines financial self-efficacy as an individual's confidence in managing financial resources and issues. Individuals with higher levels of financial self-efficacy demonstrate increased confidence in making investment decisions and managing associated risks research from (Nyhus, 2022). This confidence enhances effective economic issue resolution and cultivates resilience in the face of investing obstacles (Treadway, 2021). Thus, fostering a sense of confidence and competence in managing finances from an early age may positively impact the financial habits of Generation Z, equipping them with the skills needed to make informed investment choices. This study found a positive significant relationship between financial self-efficacy and financial literacy. Saeed and Umar (2018a) state that a positive significant relationship between financial self-efficacy and financial literacy

Hypothesis 3: Financial self-efficacy have an influence on financial literacy

Twin (2022) defines financial risk tolerance as an investor's inclination to embrace unpredictability and possible drawbacks in pursuit of higher investment gains. Assessing one's willingness to take risks is crucial in creating a successful investing strategy, particularly for Generation Z, known for its cautious risk-taking tendencies McKinsey (2023). Subjective viewpoints such as emotions and personality factors have an impact on investment risks (Suardana, 2023); they are pivotal in influencing investment risks. Understanding Generation Z's attitude towards financial risk may assist in customizing appropriate investment products and advisory services aligned with their risk preferences. Understanding one's capacity for accepting risk at an early stage cultivates healthy financial habits. The study found an insignificant relationship between financial risk tolerance and financial literacy through investment decisions (Grable & Rabbani, 2023).

Hypothesis 4: Financial risk tolerance have an influence on financial literacy

As defined by Lusardi (2019a), financial literacy is paramount in facilitating informed and effective decision-making regarding management, investments, and other financial matters. Individuals with higher levels of financial literacy are more likely to make suitable and effective investment decisions. Dwiastanti's (2015); research supports this, indicating that enhanced financial literacy correlates with better-informed investment decisions and improved economic prosperity. Given Generation Z's insufficient fundamental financial understanding and challenges in managing debt (Chen, 2022), the imperative to bolster financial literacy within this demographic becomes evident. Initiatives aimed at developing financial literacy at a young age may empower Generation Z to proficiently manage their finances, comprehend potential risks and rewards of investments, and foster confidence in achieving financial objectives. D.A.T (2020) states that there is a positive significant relationship between financial literacy and investment decisions. Munir (2018) reveals that a positive significant relationship between emotional intelligence on financial literacy through investment decisions. Bhat (2022) states that there is a significant relationship between financial self-efficacy and financial literacy through investment decisions.

Hypothesis 5: Financial literacy has an influence on investment decisions

Hypothesis 6: Technology eases through financial literacy as an intervening influence on investment decisions.

Hypothesis 7: Emotional intelligence through financial literacy as an intervening have an influence on investment decisions.

Hypothesis 8: Financial self-efficacy through financial literacy as an intervening have an influence on investment decisions.

Hypothesis 9: Financial risk tolerance through financial literacy as an intervening have an influence on investment decisions

The framework above was analyzed using Partial Least Square-Structural Equation Modeling (PLS-SEM). This research comprises independent factors, dependent variables, and mediating variables. The independent variables are technology ease, emotional intelligence, financial self-efficacy, financial literacy, and financial risk tolerance. The dependent variable is investment decisions, while financial literacy is a variable that moderates the this study's independent and dependent variables as shown Figure 1.

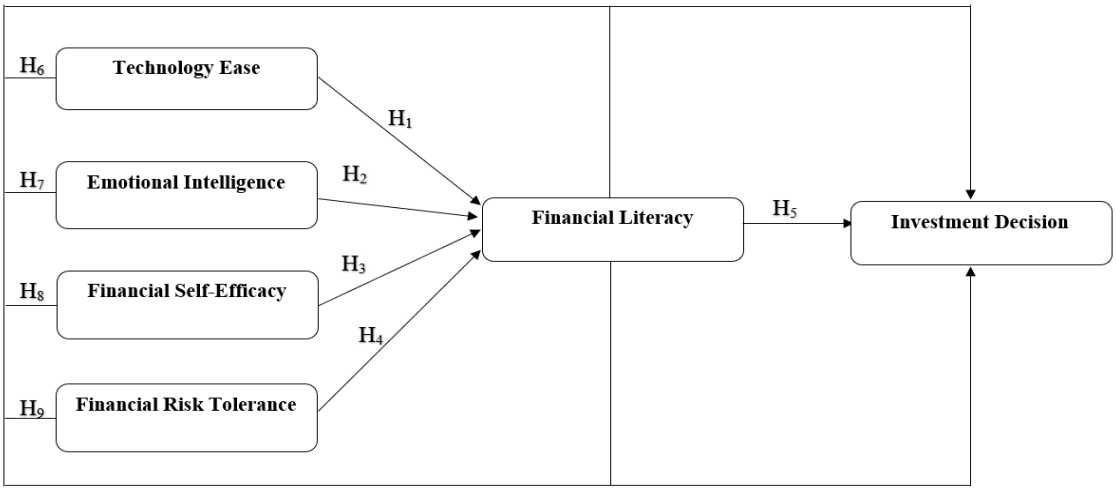

Figure 1. Theoretical Framework
Source: Compiled by the researcher, 2024

3. RESEARCH METHOD

This research aims to establish a theoretical framework that accurately shows the relationship between each variable and its underlying foundation. The study comprises one mediating variable, four independent variables, and one dependent variable. Conducted in Indonesia in October 2023, quantitative data was collected using a sample that effectively represents the population (Hair et al., 2019). Surveys, commonly employed in exploratory and descriptive research, were utilized for data collection (Sekaran, 2016). Quantitative research involves methodologies that yield numerical data, subsequently analyzed statistically to assess validity (Neuman, 2014a).

The population under examination is defined as the population, encompassing entities, or individuals meeting the study's criteria, often identified as a sample frame (Leavy, 2017). This study was conducted across Jakarta, Bogor, Depok, Tangerang, and Bekasi. The population is generation Z comprises individuals aged between 18 and 26 with firsthand experience in investing in the capital market. The total sample size is 118. When dealing with negative numbers in a sample, rounding up is common practice to ensure a slightly larger sample size, enhancing statistical power and minimizing the risk of inaccurate results (Nanjundeswaraswamy, 2021; Rahman, 2013).

The questionnaire consists of 20 questions, with each of the five variables having four. A Likert scale ranging from 1 to 5 was employed to assess the statements provided (1 = strongly disagree, 2 = disagree, 3 = somewhat agree, 4 = agree, 5 = strongly agree).

Table 1. Operational Definition

Variables	Operational Definitons	Dimension
Independent Variables		
Emotional intelligence	Emotional intelligence enables investors to recognize and interpret emotions, and then integrate that information into productive strategies that help make more reasonable and optimal financial Decisions (Forbes, 2022).	Financial literacy Financial risk tolerance
Financial literacy	Most people define financial literacy as the ability to acquire and understand information related to managing money wisely and making well-informed financial decisions (Lusardi, 2019).	Emotional intelligence Financial literacy

Financial self-efficacy	The belief in one's ability to handle finances and achieve financial objectives is known as financial self-efficacy. As one gets more proficient in managing money, they will take more responsibility, which helps them achieve their goals (Hu et al., 2021).	Emotional intelligence Financial literacy
Financial risk tolerance	Financial risk tolerance is an investor's ability to handle losses or surprises. This fundamental factor affects all investors' choices (Bayar et al., 2020).	Finansial risk tolerance Investment decision
Technology ease	Technology ease is the efficiency and accessibility of telephony, the internet, and digital gadgets for work and information. It involves choosing when and where to access materials and services, usually online (Noteboom & Hafner, 2015).	Financial technology Financial literacy
Dependent variable		
Investment decisions	Investors' investment decisions are heavily influenced by internal factors. Emotional aspects and moods influence biased and irrational decisions-making (Armansyah et al., 2023).	Emotional intelligence Investment decision

Source: Compiled by the researcher, 2024

Data Analysis Design

Respondent profiles enable the researchers to evaluate the respondents' overall demographics and supplementary information. The respondent profile in this research includes information on gender, age, highest level of education, place of residence, and investment status.

Inferential statistics is one of the two primary divisions of statistical techniques, with the other division being descriptive statistics (Cooper, 2014). It encompasses the enumeration of population figures and the use of statistical hypothesis testing to verify the correlation between variables and draw conclusive findings (Sekaran et al., 2016). This study employed the Structural Equation Model-Partial Least Square (SEM-PLS) methodology. SEM-PLS is a growing statistical modelling technique. SEM-PLS can efficiently handle both reflective and formative measurement models, as well as single-item constructs, without encountering any identification issues. PLS-SEM is specifically developed to optimize the level of explanation. The variance of internal latent variables may be determined by iteratively computing the partial model connections using ordinary least squares regression, as described by Hair (2019). This research uses Smart-PLS to examine data using SEM-PLS analysis.

In addition to validity, model measurement evaluates construct reliability, reflecting the instrument's accuracy, consistency, and precision. Cronbach's Alpha and composite reliability assess the reliability of reflective indicator constructs in PLS-SEM with SmartPLS 4.0. A construct is deemed reliable when both composite reliability and Cronbach's alpha exceed 0.70 (Kurniasari, 2023b). Indicators correspond to latent variables in the external measurement model. MultiTrait-MultiMethod (MTMM) confirmatory factor analysis confirms convergent and discriminant validity. Scores converge above 0.70, indicating strong reflective measures aligned with the intended purpose. Values between 0.50 and 0.60 are suitable for scale development investigations (Yoon et al., 2021). Discriminant validity is demonstrated by cross-loadings between indicators and constructs. If constructs show higher associations than indicators with other constructs, discriminant validity is established. It can be assessed by comparing the square root of average variance extracted (AVE) for each construct to correlations with other model components. Discriminant validity is achieved when AVE surpasses correlations with other constructs. AVE values are pivotal in examining construct validity (Saputra et al., 2021); a well-fitting model exhibits AVEs over 0.50 for each construct.

The evaluation of the structural model includes an assessment of the R-Square a test of the goodness of model fit. This statistic quantifies the degree of predictability shown by the structural model. The R-square number is used to evaluate the accuracy of the structural model's fit. Variations in the R-Square value measure the extent to which external latent factors affect endogenous latent variables. R-Square values of 0.75, 0.50, and 0.25 correspond to strong, moderate, and weak models.

The model's goodness of the model may be evaluated using f-square analysis. By using f-square values, such as 0.02, 0.15, and 0.35, one may ascertain the extent to which the predictor latent variables influence

the structural level (Ariyanti & Joseph, 2020). Afterward, the analysis examines the importance of the relationship between variables by closely reviewing the values of parameter coefficients and the statistically significant values of T. This is accomplished by implementing the bootstrapping technique (Ariyanti & Joseph, 2020).

PLS (Partial Least Squares) hypothesis testing requires the use of bootstrapping. This approach applies Geisser and Stone's concepts to analyze the structural model. Bootstrapping allows for using widely dispersed data without making assumptions about normal distribution or requiring a high sample size (minimum of 30 samples). Probability and the t-statistic are used to test hypotheses. The t-statistic or t-test serves as the foundation for this methodology. The P-value for a significance threshold of 5% (alpha) should be below 0.5. The t-table has a critical value of 1.96 for a significance level of 5%. The process of selecting a hypothesis entails the comparison of the T-Statistic with the T-Table. If the P-value of the t-test at a significance level of 5% is below the threshold, the data may be considered statistically significant, indicating its importance (Firmansyah et al., 2021).

4. RESULTS AND DISCUSSION

1. Respondent Profile

This research examines Generation Z investment decision factors. The target responders are Jabodetabek investors. A total of 123 Jabodetabek residents completed questionnaires. However, only 118 provided meaningful data. Respondents are categorized by gender, work position, highest education level, age, and residence. Figure 2 shows that most responses were from women. The total responders were 61 women (51.7%). The total responders are 48.3% male, with 57.

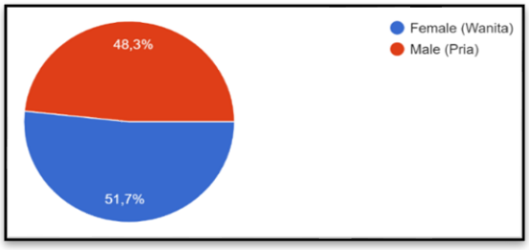

Figure 2. Respondent Profile by Gender

Source: Created by Researcher, 2024

This section summarizes the highest level of education (Last Education) of the study respondents based on the data in Figure 3 below, 118 people in all took part in the study. The data shows considerable variation in the level of education among the respondents. 39% of respondents had completed a bachelor's degree (S1), 28.8% achieved a diploma, 21.2% completed a high school or equivalent, and 11% completed a postgraduate degree. This wide distribution reflects the diverse educational backgrounds of the respondents in this study. Respondents'; education level can help us understand how other topics under consideration may affect them.

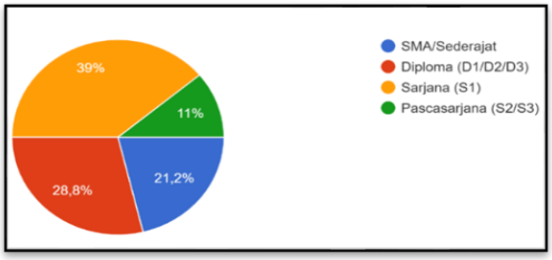

Figure 3. Respondent Profile by Last Education

Source: Created by Researcher, 2024

Figure 4 below provides an overview of the distribution of employment status among all respondents in this study. The total number of participants in this research was 118. The results show a significant variation in the employment status of the respondents. Most of them, 30.5%, are employees, 28.8% are students, followed by entrepreneurs at 27.1%, and professionals at 10.2%. This broad distribution reflects the different occupational histories of the study's respondents, which may influence the research results

regarding the other aspects under consideration.

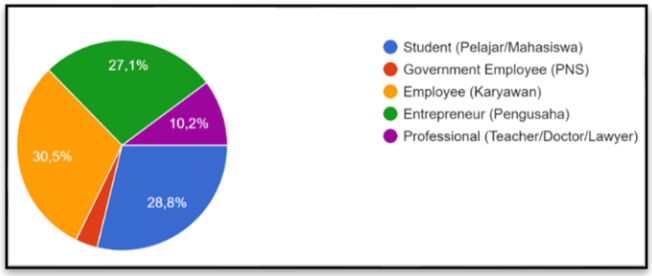

Figure 4. Respondent Occupation
Created: Researcher, 2024

Figure 5 summarizes the distribution of respondents' residential location in this study. The total number of respondents involved in this study was 118 people. The findings show a significant variation in the area of respondents' residence. 31.4% came from Jakarta, 23.7% from Tangerang, 18.6% from Bogor, 13.6% from Depok, and 12.7% from Bekasi. These results reflect that respondents may come from diverse geographical areas. Nevertheless, this diversity in residential locations is important in the analysis of consumer preferences and behavior in a geographical context.

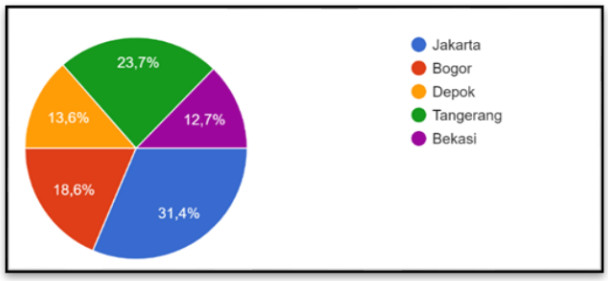

Figure 5. Respondent Domicile
Created: Researcher, 2024

2. SEM Analysis

2.1. Outer Model Analysis

Latent constructs with reflecting indicators and formatives may be used in research models. The validity and reliability of these indicators are examined. Here is a validity and reliability test using the PLS algorithm in SmartPLS v.4.0.9.5 for the whole reflecting indicator model used in the current study.

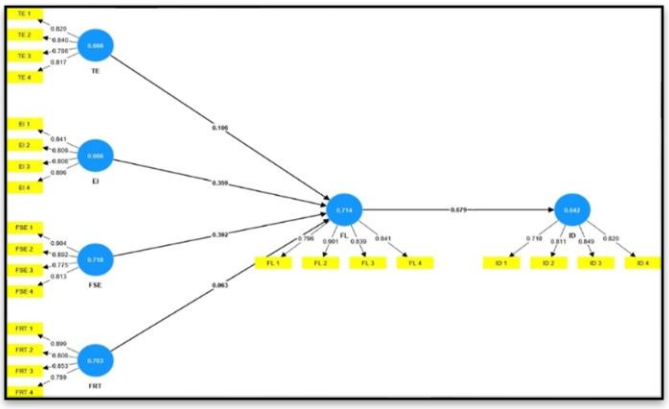

Figure 6. Result of Outer Model
(Source: Primary data processed in SmartPLS4, 2024)

Latent Variable	Indikator	Item Loading	AVE	Remarks
Technology Ease			0.666	Reliable
	TE1	0.820		Valid
	TE2	0.840		Valid
	TE3	0.786		Valid
	TE4	0.817		Valid
Emotional Intelligence			0.666	Reliable
	EI1	0.841		Valid
	EI2	0.809		Valid
	EI3	0.808		Valid
	EI4	0.806		Valid
Financial Self-Efficacy			0.718	Reliable
	FSE1	0.904		Valid
	FSE2	0.892		Valid
	FSE3	0.775		Valid
	FSE4	0.813		Valid
Financial Risk Tolerance			0.703	Reliable
	FRT1	0.899		Valid
	FRT2	0.808		Valid
	FRT3	0.853		Valid
	FRT4	0.789		Valid
Financial Literacy			0.714	Reliable
	FL1	0.796		Valid
	FL2	0.901		Valid
	FL3	0.839		Valid
	FL4	0.841		Valid
Investment Decisions			0.642	Reliable
	ID1	0.718		Valid
	ID2	0.811		Valid
	ID3	0.849		Valid
	ID4	0.820		Valid

Table 2. Factor Loading

2.2. Convergent Validity

To determine whether there is a connection between the associated constructs, the researcher must examine convergent validity. This study evaluates convergent validity using specific benchmarks, namely the factor loading value and the Average Variance Extracted (AVE). The criteria stipulate that the factor

loading value should be equal to or greater than 0.5 (Hair J et al., 2010), and the AVE should also be equal to or greater than 0.5 (Hair et al., 2019). In the parallel validity assessment, Table 2 shows how much weight each signal has on the factors.

2.3. Discriminant Validity

Table 3. Discriminant Validity

	EI	FL	FRT	FSE	ID	TE
EI	**0.816**					
FL	0.754	**0.845**				
FRT	0.575	0.594	**0.838**			
FSE	0.716	0.764	0.658	**0.847**		
IDE	0.907	0.679	0.607	0.683	**0.801**	
TE	0.733	0.682	0.629	0.695	0.753	**0.816**

Table 3 shows the discriminant validity analysis of the constructs using the Fornell-Larcker criterion. The table shows the square root of the Average Variance Extracted (AVE) for each diagonal build (bold numbers). The construct correlations are below the diagonal. To test discriminant validity, we compared the square root of the AVE for each construct (along the diagonal) to its correlations with other constructs (below the diagonal). Discriminant validity is maintained when a construct's square root of AVE is larger than its correlations with other constructs. In this table:

1) “EI” represents the Emotional Intelligence construct.
2) “FL” represents the Financial Literacy construct.
3) “FRT” represents the Financial Risk Tolerance construct.
4) “FSE” represents the Financial Self-Efficacy construct.
5) “ID” represents the Investment Decision construct.
6) “TE” represents the Technology Ease construct.

For every construct, the values on the diagonal correspond to the square roots of the AVE. For example, the square root of the AVE for “EI” is 0.816, for “FL” is 0.845, for “FRT” is 0.838, for “ID” is 0.801, and for "TE" is 0.816. In this case, the item that measures FSE has a high score of 0.845 compared to other factors that are lower than 0.801. Similarly, all the other associations are smaller than the square root of the AVE. This shows that the constructs can be distinguished from each other. The results of Henseler (2014) make it clear that the constructs being studied are not measured in the same way across factors. Change from one variable to another. Even though many of the variables' Fornel-Larcker ratios are close to the limit, they are still within the allowed range because they are less than 1.

2.4. Construct Reliability

Reliability tests are conducted to make sure the research's instruments and measurements are trustworthy and able to be utilized for an extended period. With a threshold reliability of CA>0.7 and CR>0.7, the test employs the composite reliability approach, which is distinguished by Cronbach's Alpha (CA) and Composite Reliability (CR).

Table 4. Construct Reliability

Variables	**Cronbach’s Alpha**	**Composite Reliability**	**Remarks**
EI	0.834	0.842	Reliable
FL	0.866	0.874	Reliable
FSE	0.860	0.874	Reliable
FRT	0.869	0.884	Reliable
IDE	0.816	0.848	Reliable

TE	0.833	0.840	Reliable

Table 4 shows that each variable's Cronbach's Alpha values are more than 0.6. As per the established criteria (Henseler et al., 2016). Every indication inside the variable is deemed reliable and exhibits consistent outcomes. Furthermore, while considering Composite Reliability, it is worth noting that all variables have values above 0.7. The data in Table 4.9 indicates that all the variables are reliable, and each indicator accurately represents its corresponding variable (Hair et al., 2019).

2.5. Inner Model Analysis

The measurement known as the inner model, or structural model, is a method used to accurately ascertain the relationships between construction factors (Henseler et al., 2016). The inner model measurement in this study employs the Path Coefficient and Determinant Coefficient (R^2).

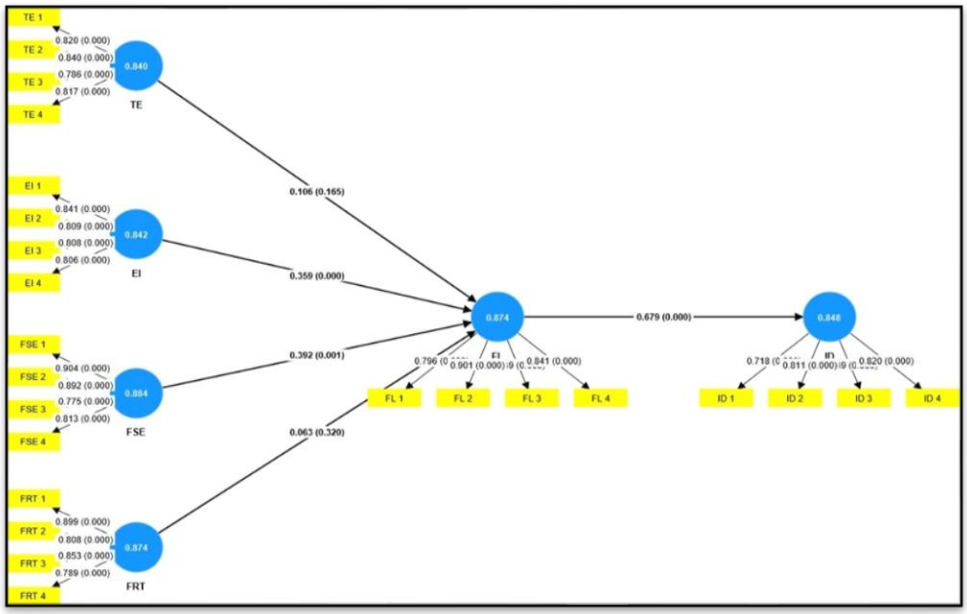

Figure 7. Result of Inner Model
(Source: Primary data processed in SmartPLS4, 2024)

2.6. Coefficient of Determinant (R^2)

Table 5. Coefficient of Determinant (R^2)

Variables	R-Square	R-Square Adjusted	Remarks
FL	0.668	0.669	Moderate/Substantial
IDE	0.456	0.456	Moderate/Substantial

The R^2 measures the proportion of variance in the dependent variable that is explained by the independent, or predictor, variables (Hair et al., 2010). R^2 values within the range of 0 to 1 indicate the degree of explanatory power of a statistical model, whereas values closer to 1 signify more robust descriptive capabilities. In Table 4.10, both endogenous variables, financial literacy (FL) and investment decisions (ID), are categorized as having a moderate to substantial explanatory power. The FL variable has an R^2 value of 0.669 of the variability in ID. Similarly, the ID variable exhibits an R^2 value of 0.456, indicating in FL. This underscores the model's moderate to substantial explanatory capacity over both variables.

2.7. Coefficient of Determinant (F^2)

Table 6. Coefficient of Determinant (F^2)

Variables	F-Square
EI -> FL	0.153
FL -> ID	0.854
FRT -> FL	0.006
FSE -> FL	0.180
TE -> FL	0.0130

In line with Hair et al., (2019b), R^2 values between 0 and 1 represent the extent to which a statistical model can explain the data, with values closer to 1 indicating more vital descriptive skills. The f-square is used as a quantification of effect magnitude. A number equal to or larger than 0.020 suggests a minor impact size. In contrast, a value equal to or greater than 0.150 indicates a medium effect size and a value equal to or greater than 0.350 indicates a significant effect size. Table 6 displays the F-Square value for each link between the FL variable and the EI, FRT, FSE, TE, and ID variables. Emotional intelligence (EI) has the highest and most significant F-Square value among all the variables, namely financial literacy (FL), with a value of 0.153.

2.8. Discussion and Findings

Table 7. Direct Effect

				95% Confidence Interval Path Coefficient			
Hypothesis	Path Coefficient	T statistics	P values	Lower Limit	Upper Limit	F-Square	Remarks
EI -> FL	0.359	3.490	**0.000**	0.156	0.559	0.153	Significant
FL -> ID	0.679	8.462	**0.000**	0.488	0.803	0.854	Significant
FRT -> FL	0.063	0.994	**0.320**	-0.056	0.195	0.006	Insignificant
FSE -> FL	0.392	3.225	**0.001**	0.154	0.630	0.180	Significant
TE -> FL	0.106	1.387	**0.165**	-0.044	0.260	0.013	Insignificant

Table 8. Indirect Effect

Hypothesis	Estimate	T statistics	P values	Remarks
EI -> FL -> ID	0.244	2.987	**0.003**	Significant
FRT -> FL ->ID	0.043	0.993	**0.321**	Insignificant
FSE -> FL -> ID	0.266	3.088	**0.002**	Significant
TE -> FL -> ID	0.072	1.351	**0.177**	Insignificant

The first hypothesis, emotional intelligence toward financial literacy results, is statistically significant. This result is shown by the path coefficient (0.359) and p-value (0.000<=0.050). There is a 95% chance that the influence of emotional intelligence on enhancing financial literacy will be between 0.156 and 0.375. At the structural level (f-square=0.153), the findings above suggest that an individual's emotional intelligence increases with their financial literacy score. This result aligns with previous research (Song, 2023; Munir, 2018). In the study, it was found that emotional intelligence has an important influence to help individuals understand financial literacy better.

The second hypothesis, financial literacy toward investment decisions results, is statistically significant. This result is shown by the path coefficient (0.679) and p-value (0.000<=0.050). There is a 95% chance that the influence of financial literacy on enhancing investment decisions will be between 0.488 and 0.803. At the structural level (f square=0.854), the above-mentioned findings suggest that financial literacy and the ability to apply it can influence their profitability. This outcome is consistent with earlier studies by (D.A.T, 2020; Lusardi, 2019a). In the study, it is known that with good financial literacy, one will tend to choose investments with more controlled risks.

The third hypothesis is not accepted, indicating that there is no significant influence of financial risk tolerance on financial literacy as measured by the path coefficient value of (0.063) and p-value of (0.320=>0.050). The influence of financial risk tolerance on improving financial literacy ranges from -0.056 to 0.195 within the 95% confidence interval. As a result, there is no structural influence of financial risk tolerance in improving financial literacy (f square=0.006). The need for the value of financial risk tolerance is very important, and when the value of financial risk tolerance increases, financial literacy increases to 0.195. A shift in risk tolerance towards money will lead to an increase in financial literacy (Yong, 2017).

The fourth hypothesis is accepted, namely that there is a significant effect of financial self-efficacy on increasing financial literacy with a path coefficient (0.392) and p-value (0.001 <=0.050). Any change in financial self-efficacy will increase financial literacy. Within the 95% confidence interval, the influence of financial self-efficacy in advancing financial literacy lies between 0.154 and 0.630. However, the presence of financial self-efficacy in increasing financial literacy has a moderate effect at the structural level (f square=0.180). The need for financial self-efficacy is considered very important, when financial self-efficacy increases, financial literacy will increase by up to 0.630. This result aligns with previous research by Saeed (2018b), individuals who are aware of their financial limitations and manage their resources accordingly often make more logical investments consistent with their objectives and risk tolerance.

The fifth hypothesis is not accepted, namely, there is no significant influence of technology ease on financial literacy with a path coefficient value (0.106) and p-value (0.165> 0.050). Any change in technology ease will increase financial literacy. In the 95% confidence interval, the effect of technology ease in advancing financial literacy lies between -0.044 and 0.260. Thus, technology's ease in increasing financial literacy does not influence the structural level (f square =0.013). The need for technology ease is essential; when technology increases, financial literacy will increase up to 0.260. This result aligns with previous research by (Sarwin, 2017). Technology ease does not significantly influence people's

understanding of financial matters. On the other hand, technology can improve investment efficiency.
The sixth hypothesis, emotional intelligence through financial literacy as an intervening on investment decision results, is statistically significant, as shown by a path coefficient of 0.244. The T-statistic value of 2.44 is significantly high. The deficient P value of 0.003 provides further support for this conclusion. This result aligns with previous research by Irfan (2018), that good emotional intelligence helps people make smart financial investments based on their objectives and risks.
The seventh hypothesis, financial risk tolerance through financial literacy as an intervening on investment decision results, is not statistically significant. The results indicate no significant influence, as the path coefficient is only 0.043. The T-statistic value of 0.993 is low, and the P-value of 0.321 shows no statistically significant difference. This result aligns with previous research by Grable & Rabbani (2023), investment choices that are strategic and appropriate for the goal are shaped by financial literacy.
The eighth hypothesis, financial self-efficacy through financial literacy as an intervening on investment decision results, is statistically significant, as shown by a path coefficient of 0.266. The T-statistic value of 3.088 is significantly high. The deficient P value of 0.002 provides further support for this conclusion. This result aligns with previous research by Bhat (2022b), successful financial planners and managers have stronger financial literacy, which affects investment choices.
The last hypothesis, technology ease through financial literacy as an intervening on investment decision results, is not statistically significant. The results indicate no significant influence, as the path coefficient is only 0.072. The T-statistic value of 1.351 is low, and the P-value of 0.177 shows no statistically significant difference. This result aligns with previous research by Iqbal (2022), although user-friendly, the technology has little influence on financial literacy and awareness.

5. CONCLUSIONS

Emotional Intelligence has a significant influence on financial literacy. The results show that the better the emotional intelligence will be in understanding and controlling emotions. This implies that people with better emotional intelligence will have better financial literacy. Financial literacy has a significant influence on investment decisions. The results show that financial literacy significantly influences the formulation of strategic investment choices that are in agreement with the objectives of the financial plan. Financial Risk Tolerance does not have a significant influence on financial literacy. Consequently, from the results of this study, there is no clear correlation between financial literacy and the ability to handle financial risk. This suggests that other factors may be more dominant in shaping respondents' financial literacy. Financial Self Efficacy has a significant influence on investment decisions. The above results indicate that people who are aware of their limits in managing and allocating money tend to make investments that are more reasonable and in accordance with their goals and the risks they are willing to take. Technology Ease does not have a significant influence on financial literacy. This research suggests that the technology ease does not significantly influence an individual's understanding of financial topics. However, it is possible that technology can increase efficiency in making investments. Emotional Intelligence has a significant influence on financial literacy and influences investment decisions. Individuals with a high degree of emotional intelligence are more likely to make financially sound investing choices that align with their objectives and the dangers they encounter. Financial Risk Tolerance with financial literacy does not significantly influence investment decisions. The findings above indicate that there is no substantial correlation between an individual's financial risk tolerance and their degree of financial literacy, and it does not have a major impact on the investment choices made. Financial self-efficacy has a significant influence on financial literacy and influence on investment decisions. Individuals with a strong aptitude for financial planning and management often possess a greater degree of lack of financial literacy, which has a big impact on their investment decisions. The relationship between Technology Ease with Financial Literacy does not statistically significant influence on investment decisions. Although technology is user-friendly, its impact on individuals' financial literacy and knowledge is not substantial.

REFERENCES

Amin, G., & Claudia, G. (2016). The Effect of Motivation, Competency and Organizational Learning towards Global Mindset (Study of PUC Employees on Competitive in AFTA 2015). *Universal Journal of Management*, *4*(5), 228–233. https://doi.org/10.13189/ujm.2016.040502

Angga, Z., & Purwanto, B. (2013). Analysis of Factors Affecting Foreign Direct Investment Mineral Mining Sector in Indonesia Period *2009-2012*. The First International Conference on Law, Business

and Government.
Armansyah, R. F., Ardianto, H., & Rithmaya, C. L. (2023). Understanding Gen Z Investment Decisions. Journal of Management and Entrepreneurship. Vol. 25 No. 2 (2023): September 2023. https://doi.org/10.9744/jmk.25.2.105-119.
Ariyanti, F. D., & Joseph, A. A. (2020). Partial least squares structural equation modeling approach: How e-service quality affects customer satisfaction and behavior intention of e-money. *IOP Conference Series: Earth and Environmental Science*, *426*(1). https://doi.org/10.1088/1755-1315/426/1/012130
B, P. H., & Restuningdyah, N. (2023). Proceedings of The International Conference on Language, Education, and Social Science (Icless 2022). In Proceedings Of The International Conference on Language, Education, and Social Science (Icless 2022) (Vol. 1). Atlantis Press Sarl. https://Doi.Org/10.2991/978-2-494069-15-2
Bank Indonesia. (2018). *Mengenal Financial Teknologi. Departement Komunikasi.* https://Www.Bi.Go.Id/Id/Edukasi/Pages/Mengenal-Financial-Teknologi.Aspx
Bayar, Y., Sezgin, H. F., Öztürk, Ö. F., & Şaşmaz, M. Ü. (2020). Financial Literacy and Financial Risk Tolerance of Individual Investors : Multinomial Logistic Regression Approach. https://Doi.Org/10.1177/2158244020945717
Bhat, U. M. L. And S. A. (2022). Impact of Financial Literacy on Financial Well-Being: A Mediational Role of Financial Self-Efficacy. National Library of Medicine. https://Www.Ncbi.Nlm.Nih.Gov/Pmc/Articles/Pmc9527722/
Chen, X. (2022). The Roles of Financial Literacy and Overconfidence in Investment Decisions in Saudi Arabia. Frontiers in Psychology Volume 13 - 2022 | https://doi.org/10.3389/fpsyg.2022.1005075
Cooper, Donald R.; Schindler, P. (2014). Business Research Methods (12th Edition). McGraw-Hill/Irwin. Dai Hoc Hoa Sen. Center of Information - Library.
Cui Ling Song, D. P. A. A. B. C. (2023). The Interplay Between Financial Literacy, Financial Risk Tolerance, and Financial Behaviour: The Moderator Effect Of Emotional Intelligence. National Library of Medicine. doi:10.2147/PRBM.S398450
D.A.T, K. (2020). The Impact of Financial Literacy on Investment Decisions: With Special Reference to Undergraduates in Western Province, Sri Lanka. Asian Journal of Contemporary Education, 4(2), 110–126. https://Doi.Org/10.18488/Journal.137.2020.42.110.126
Dwiastanti, A. (2015). Financial Literacy as The Foundation for Individual Financial. Journal of Education and Practice. ISSN 2222-1735 (Paper) ISSN 2222-288X (Online) Vol.6, No.33, 2015
Firmansyah, M., Masrun, M., & Yudha S, I. D. K. (2021). *Esensi Perbedaan Metode Kualitatif dan Kuantitatif. Elastisitas. Jurnal Ekonomi Pembangunan*, 3(2), 156–159. https://Doi.Org/10.29303/E-Jep.V3i2.46
Forbes. (2022). Emotional Investing is a Risky Strategy, but Leveraging Emotional Intelligence can Transform Your Investment Choices. Forbes Financial Council. https://www.forbes.com/sites/forbesfinancecouncil/2022/11/02/emotional-investing-is-a-risky-strategy-but-leveraging-emotional-intelligence-can-transform-your-investment-choices/?sh=7417914716e0
Grable, J. E., & Rabbani, A. (2023). The Moderating Effect of Financial Knowledge on Financial Risk Tolerance. Journal of Risk and Financial Management. Doi:10.3390/jrfm16020137. License CC BY 4.0
Hair J, Anderson R, Babin B, & Black W. (2010a & 2010b). Multivariate Data Analysis Book. In Australia : Cengage: Vol. 7 Edition. published by Pearson Prentice Hall
Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to Use and How to Report The Results of Pls-Sem. European Business Review. ISSN: 0955-534X https://Doi.Org/10.1108/Ebr-11-2018-0203
Henseler, J., Hubona, G., & Ray, P. A. (2016). Using Pls Path Modeling in New Technology Research: Updated Guidelines. Industrial Management and Data Systems, 116(1), 2–20. https://Doi.Org/10.1108/Imds-09-2015-0382
Hesniati, & Lasmiyanto. (N.D.). Analysis of Factors Influencing Investment Decision. Vol 2 No 1 (2020): Journal of Global Business and Management Review. http://dx.doi.org/10.37253/jgbmr.v2i1.805
Hu, J., Quan, L., Wu, Y., Zhu, J., Deng, M., Tang, S., & Zhang, W. (2021). Financial Self-Efficacy and General Life Satisfaction: The Sequential Mediating Role of High Standards Tendency and Investment Satisfaction. Frontiers in Psychology, 12(March). https://Doi.Org/10.3389/Fpsyg.2021.545508

Hui-Nee Au Yong, & Kock-Lim Tan. (2017). The Influence of Financial Literacy Towards Risk Tolerance. International Journal of Business and Society, 18(3), 469–484. https://Doi.Org/10.33736/Ijbs.3139.2017

Hutabarat, E. (2019). Students Perception of The Role of Emotional Intelligence on Academic Achievements. International Journal of Management, Accounting and Economics. Students Perception of The Role of Emotional Intelligence on Academic Achievements. Vol. 6, No. 2, February, 2019 ISSN 2383-2126 (Online)

Indonesia (Ksei), K. S. E. (2023). *Statistik Pasar Modal Indonesia Juli 2023. Pertumbuhan Investor*. Indonesia Central Securities Depository. https://www.ksei.co.id/files/Statistik_Publik_-_Juli_2023_v3.pdf

Intelligence. (2021). Us Generation Z Financial Behaviors Careful Saving, Frugal Spending, and A Strong Sense of Purpose. Marketer. https://Www.Insiderintelligence.Com/Content/Us-Generation-Z-Financial-Behaviors

Iqbal, M. J., Hassan, S., & Kayani, M. B. (2022). Impact of Global Economics Review. License CC BY-NC 4.0. https://Doi.Org/10.31703/Ger.2022(Vii-Iii).03

Irfan Ullah Munir. (2018). Effect of Emotional Intelligence on Behavior of Investment: Possible Role of Financial Literacy and Gender. Vol. 2 No. 2 (2018): Asia Proceedings of Social Sciences. https://doi.org/10.31580/apss.v2i2.342

Junianto, Y., & Kohardinata, C. (2021). Financial Literacy Effect and Fintech in Investment Decision Making. Primanomics : *Jurnal Ekonomi & Bisnis*. https://Doi.Org/10.31253/Pe.V19i1.515

Kurniasari, F., & Abubakar, A. (2023a &2023b). The Effects of Financial Literacy, Self-Efficacy, and Financial Stress on Risky Credit Behavior of Generation Z: Evidence from Pay Later Users. Journal of Entrepreneurship, Business and Economics. ISSN 2345-4695 2023, 11(1), 180–210

Lea, H., Master, W., & Date, S. (2023). Impact Investment Intentions of Generation Z : Exploring The Factors that Drive Young Private Investors to Decide for Environmental, Social, and Governance (ESG) Funds. Internasional Business.

Leavy, P. (2017). Research Design: Quantitative, Qualitative, Mixed Methods, Arts-Based, and Community-Based Participatory Research Approaches. The Guilford Press.

LexisNexis. (2023). Investing Trends for Gen Z and What That Means for Financial Services. https://Www.Lexisnexis.Com/Community/Insights/Professional/B/Industry-Insights/Posts/Gen-Z-Investing-Habits

Genoveva (2017). The Business Strategy Analysis to Gain Competitive Advantage in the Logistics Industry. In International Journal of Management and Applied Science (Issue 5). International Journal of Management and Applied Science. ISSN: 2394-7926. Volume-3.

Lusardi, A. (2019a & 2019b). Financial Literacy and The Need for Financial Education: Evidence and Implications. Swiss Journal of Economics and Statistics. https://Doi.Org/10.1186/S41937-019-0027-5

Maharani Abhelia Simanjuntak, R. (N.D.). *Pengaruh Pengetahuan Investasi, Manfaat Motivasi, dan Modal Minimal Investasi Terhadap Keputusan Investasi di Pasar Modal*. Owner: *Riset & Jurnal Akuntansi*. e–ISSN: 2548-9224 | p–ISSN: 2548-7507. Volume 6 Nomor 4, Oktober 2022. https://doi.org/10.33395/owner.v6i4.11186

Mathew, A., Kumar Verma, M., & Parkash Singh, P. (2022). Impact of Emotional Intelligence on Investment Decisions. Journal of Pharmaceutical Negative Results. ISSN: 2394-2770, Impact Factor: 4.878, Volume 05 Issue 01, March 2018, Pages: 255-260 https://Www.Pnrjournal.Com/Index.Php/Home/Article/View/6310

Mckinsey. (2023). Is Gen Z Up For a Little Game of Risk? Https://Www.Mckinsey.Com/~/Media/Mckinsey/Email/Genz/2023/05/2023-05-23b.Html

Mumtaz Ali Memon Ting, H., Cheah, J.-H., Thurasamy, R., & Cham, F. C. And T. H. (2020). Sample Size For Survey Research: Review and Recommendations. eISSN: 2590-4221 Journal of Applied Structural Equation Modeling: 4(2), i-xx, June 2020. https://Jasemjournal.Com/Wp-Content/Uploads/2020/08/Memon-Et-Al_Jasem_-Editorial_V4_Iss2_June2020.Pdf

Nanjundeswaraswamy, T. S., & Divakar, S. (2021). Determination of Sample Size and Sampling Methods in Applied Research. Proceedings on Engineering Sciences. Vol. 03, No. 1 (2021) 25-32, doi: 10.24874/PES03.01.003

Neuman, W. L. (2014). Social Research Methods: Qualitative and Quantitative Approaches (7th Edition). ISBN 1292020237, 9781292020235.

https://books.google.co.id/books/about/Social_Research_Methods.html?hl=id&id=Ybn3ngEACAAJ&redir_esc=y

Ni Putu Priscilia Kartika Dewi, & Krisnawati, A. (2020). *Pengaruh Financial Literacy, Risk Tolerance dan Overconfidence Terhadap Pengambilan Keputusan Investasi Pada Usia Produktif di Kota Bandung. Jurnal Mitra Manajemen* (JMM Online). *Vol.4, No. 2, 236-250. ISSN 2614-0365 e-ISSN 2599-087X*. https://Doi.Org/10.52160/Ejmm.V4i2.344

Noteboom, C., & Hafner, J. H. (2015). Challenges of Change: Technological Ease or Technological Upset? 2015 Americas Conference on Information Systems, Amcis 2015, March. ISBN 9780996683104. https://core.ac.uk/download/pdf/301365828.pdf

Nur Fadilah Amin. (2023). *Konsep Umum Populasi Dan Sampel Dalam Penelitian*. *Jurnal Pilar: Jurnal Kajian Islam Kontemporer*. Vol. 14 No. 1, Juni 2023 p-ISSN: 1978-5119; e-ISSN: 2776-3005

Nyhus, E. K. (2022). Financial Self-Efficacy, Financial Literacy, and Gender: A Review. Wiley Online Library. Journal of Consumer Affairs. Volume 56, Issue 2 p. 743-765. https://Onlinelibrary.Wiley.Com/Doi/10.1111/Joca.12436

Raheja, S., & Dhiman, B. (2020). How Do Emotional Intelligence and Behavioral Biases of Investors Determine Their Investment Decisions? Rajagiri Management Journal. ISSN: 0972-996814. Doi.Org/10.1108/Ramj-12-2019-0027

Rahman, M. M. (2013). 42-62 Review and Set of Recommendations. In Journal of Entrepreneurship, Business and Economics. ISSN 2345-4695 (Vol. 11, Issue 1). Www.Scientificia.Com

Riset Akuntansi Juara, J., Riset Akuntansi Prodi Akuntansi Feb Unmas Denpasar, J., Angga Pradipa, N., Sinta Trisnadewi, K., & Made Ayu Dwijayanti, N. (N.D.). *Pengaruh Literasi Keuangan Terhadap Keputusan Investasi dengan Financial Technology sebagai Pemediasi di Kota Denpasar. JUARA: Jurnal Riset Akuntansi.* Vol.13. ISSN: 2443-0641.

Rofinus Leki, A. (2023). *Faktor – Faktor Yang Mempengaruhi Minat Investasi Generasi Z Mahasiswa Stie Surakarta di Pasar Modal. Kindai*. e-ISSN: 2964-0911; p-ISSN: 2964-1667. Vol. 2 https://doi.org/10.56444/transformasi.v2i3.963

Saeed, & Umar. (2018a & 2018b). Impact of Emotional Intelligence and Financial Literacy on Investor Decision Making. Faculty of Management Sciences Riphah International University. https://www.academia.edu/38065932/Impact_of_Emotional_Intelligence_and_Financial_Literacy_on_Investor_Decision_Making

Saputra, R. F., Suyanto, S., & Japlani, A. (2021). *Pengaruh Literasi Keuangan Terhadap Minat Berinvestasi di Pasar Modal dengan Perkembangan Teknologi Digital Sebagai Variabel Moderasi (Studi Empiris Mahasiswa Akuntansi Universitas Muhammadiyah Metro). Jurnal Akuntansi Aktiva*. ISSN: 2722-0273.

Sarwin Kiko Napitupulu, Rubini, A. F., Khasanah, K., & Rachmawati, A. D. (2017). *Kajian Perlindungan Konsumen Sektor Jasa Keuangan: Perlindungan Konsumen Pada Fintech. Departemen Perlindungan Konsumen, Otoritas Jasa Keuangan*.

Sekaran, U. & Bougie, R. (2016). Research Methods for Business. 7th Edition, Wiley & Sons, West Sussex. Scientific Research. An Academic Publisher. Vol.5 No.10. https://www.scirp.org/(S(351jmbntvnsjt1aadkposzje))/reference/referencespapers.aspx?referenceid=2371540

Statista. (2023). Countries with the Biggest Share of Internet Users in Asia as of July 2022, by Country. https://Www.Statista.Com/Statistics/272358/Distribution-Of-Internet-Users-In-Asia-Pacific-By-Country/

Statistik, B. P. (2022). *Statistik Telekomunikasi Indonesia* 2022. *Nomor Katalog*: 8305002. *Nomor Publikasi*: 06300.2313. ISSN/ISBN: 2476-9134. https://Www.Bps.Go.Id/Publication/2023/08/31/131385d0253c6aae7c7a59fa/Statistik-Telekomunikasi-Indonesia-2022.Html

Suardana, I. B. B. K. D. K. A. (2023). *Pengaruh Literasi Keuangan, Toleransi Risiko, dan Faktor Demografi Terhadap Keputusan Investasi Mahasiswa*. Vol. 12 No. 5. e-ISSN: 2337-3067

Tannady, H., Damanik, D., Sy, A., Wiarta, I., & Widia, T. (2022). *Peran Literasi Keuangan dan Karakteristik Kepribadian Terhadap Keputusan Investasi Gen-Z di Provinsi Dki Jakarta Dengan Persespi Risiko Sebagai Variabel Intervening. Kewarganegaraan*. Vol.6 No.3. https://doi.org/10.31316/jk.v6i3.3832

Treadway, D. C. (2021). Financial Self-Efficacy and General Life Satisfaction: The Sequential Mediating Role of High Standards Tendency and Investment Satisfaction. Volume 12 - 2021

| https://doi.org/10.3389/fpsyg.2021.545508
Twin. (2022). What is Risk Tolerance, and Why Does it Matter? https://Www.Investopedia.Com/Terms/R/Risktolerance.Asp
Utami, N., & Sitanggang, M. L. (2021). The analysis of Financial Literacy and Its Impact on In-Vestment Decisions: A Study on Generation Z in Jakarta. In Inovbiz: *Jurnal Inovasi Bisnis* (Vol. 9). Www.Ejournal.Polbeng.Ac.Id/Index.Php/Ibp
Uttari, L. P. J. A., & Yudantara, I. G. A. P. (2023). *Pengaruh Literasi Keuangan, Pendapatan dan Perilaku Keuangan Terhadap Keputusan Investasi Generasi Milenial Melalui Aplikasi Bibit. Jurnal Riset Akuntansi*. p-ISSN: 2337-537X. e-ISSN: 2686-1941
Wijayanti, & Ananda. (2023). Five Basic Human Emotions and Investment Decisions on Generation Z in Surabaya-Indonesia. Atlantis Press International Bv. https://Doi.Org/10.2991/978-94-6463-244-6
Yoon, S., Yang, Y., Ro, E., Ahn, W. Y., Kim, J., Shin, S. H., Chey, J., & Choi, K. H. (2021). Reliability, and Convergent and Discriminant Validity of Gaming Disorder Scales: A Meta-Analysis. In *Frontiers in Psychology* (Vol. 12). Frontiers Media S.A. https://doi.org/10.3389/fpsyg.2021.764209