

Gen Z investment behavior: Does literacy in line with intention?

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Abstract

This study aims to reveal the characteristics of literacy and investment intention of Generation Z (Gen Z). This type of research is descriptive with 80 respondents. The results showed that the investment intention of Gen Z was in a good category but was not accompanied by a sufficient level of literacy. This study provides a preliminary offer that the unique characteristics of Gen Z are very likely to lead to higher intention without proper knowledge.

Keywords: Investment intention; investment literacy

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Introduction

The intention is a conscious response to be attracted to an object. At the same time, investment is defined as a commitment to a certain amount of capital or other resources carried out in this era to get benefits in the future (Tandelilin, 2017; Ifana, 2015). Investment intention is a person's desire to learn everything that has to do with investing to the stage of putting it into practice (Chaerul, 2017). The characteristics of someone interested in investing can be seen from the size of the effort to understanding investment from the benefits, weaknesses, and investment performance and they invest in the types of investments that have been studied or add to the portion of the weight of existing investments (Kusmawati, 2011).

Investment literacy is a person's knowledge through both formal and informal education (Hermanto, 2017). The main point of investment literacy is an understanding that individuals must have regarding various types of investments, ranging from basic knowledge on investment assessment, the level of risk, and the rate of return on investment Pardiansyah (2017). According to Endang (2008), adequate education regarding investment instruments and assessing company performance is necessary to minimize risk and obtain maximum profits.

Previous research has shown a positive influence of investment literacy, including perceptions of risk and returns on university student investment interest. Although not explicitly mention, the sample of those studies is Millennial Generation (Wiwin 2006; Hamonangan 2007; Yuwono 2011; Raditya 2014). However, the effect of investment literacy has not been investigated on investment intentions in Generation Z (Gen Z). Experts state that Gen Z has very different traits and characteristics from the previous generation. This generation is labeled as the generation without boundaries. Ryan Jenkins (2017) states that Gen Z has different expectations, preferences, and work perspectives and is considered challenging for the organization. One thing that stands out, Gen Z can take advantage of technological changes in various aspects of their lives. The technology they use is as natural as they breathe.

Based on the characteristics of Gen Z, this study proves that the investment characteristics of Gen Z are very likely to have different characteristics. Therefore, this study offers a relatively new point of view of how related parties such as the Indonesia Stock Exchange or investment companies should offer investment products that are in line with the unique characteristic of Gen Z

Method

This research is descriptive research with a qualitative approach. The investment intention variable was measured using an instrument adapted and

developed by Khoirunnisa's research (2017); Situmorang, Masri, Andres, and Natariasari (2014). Meanwhile, Investment literacy is measured by several indicators starting from investment assessment, the level of risk, and the rate of return. The investment literacy variable was measured using an instrument modified from Khoirunnisa (2017). Investment intention and investment literacy are categorized based on quartile: Excellent, Good, Insufficient, and Poor.

This research was conducted on students of Development Economics, Faculty of Economics and Business, University of Muhammadiyah Makassar. Who was born in the period 1997-2012 (Gen Z). The time of the study was carried out from January to March 2021. In this study, the sample size is 80 students, and data collection techniques use the distribution of questionnaires in the form of statements and tests.

Empirical Result

The normality test was carried out using the Kolmogorov-Smirnov Test method, the residual value of the two variables was $0.702 >$ from a significant value of 0.05, so it could be stated that the two variables in the study were normally distributed.

Based on Table 1, it can be seen that the average overall investment interest variable is 2.78; this illustrates that investment interest is good. The highest average is found in item number 2, namely attention of 2.95, meaning that the respondents have been interested and have paid attention to investment. At the same time, the lowest average is in item number 1, with a preference indicator of 2.67 with a good category. Meanwhile, the overall score of investment literacy is an average of 7.53. This illustrates that the literacy of respondents is still low even though the respondent has an educational background in the economic field.

Table 1. Quizioner result of investment intention and literatiron

No.	Variable	Average	Criteria
1	Investment intention	2.78	Good
	Awareness	2.67	Good
	Attention	2.95	Good
	Participation	2.71	Good
2	Investment literacy	7.53	Insufficient

Even though the intention is good, Gen Z's literacy regarding investment is still lacking. In fact, our respondents are Generation Z with an educational background in economics. This raises a strong suspicion that Gen Z with a non-economic and business educational background will have poorer investment literacy even though their intentions may be the same. The different perspectives

and characteristics of Gen Z are very likely to influence these findings. Therefore, the next study can examine the comparison of investment literacy and investment intention across generations. In addition, this study also provides an initial hypothesis if the unique characteristics of Gen Z cause higher intention without literacy.

Conclusions

This study shows that the investment literacy of Gen Z is not directly proportional to investment intention. Gen Z's investment intention is in a good category or the second category after excellent, while investment literacy is in the insufficient category, one level above the poor category. This finding shows that Gen Z tends to have a strong intention to invest but lacks knowledge. This is certainly dangerous if high intentions are not balanced with good literacy. Of course, it is too early to generalize these findings; therefore, larger samples and intergenerational comparisons could be carried out in subsequent studies.

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