Millennial Generation Investment Interest through Financial Technology in the Post-Covid-19 Pandemic Period

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A R T I C L E   I N F O

ABSTRACT

This study aims to analyze the effect of financial literacy, personnal interest and enviromental on the interest milenial generation to invest by financial technology. This type of research is quantitative. The population of this study were students of the Accounting Study Program of the Faculty of Economics and Business, Muhadi Setiabudi University with the sample criteria of active student and those who were or had taken capital market and financial management course. Data collection in this study using the questionnaire method. Instrument testing was analyzed using validity test and reliability test. Data analysis techniques used in this study by SmartPLS. The result showed that financial literacy, personnal interest and environment had a positif significant effect on investment interest by financial technology.

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INTRODUCTION

The COVID-19 pandemic that has occurred until now has had a negative impact on life. One of the impacts is that we are required to carry out government recommendations to reduce outdoor activities. Instead, we are required to do some activities or desires online, such as studying, shopping to investing in the capital market. The desire to make profits online has made the number of investors during the pandemic increase. The number of investors in the capital market increased by 96% year on year (yoy), and in June 2021 it reached 5.6 million new investors (Susilo, 2009). The increase occurred as a result of high funds in the banking industry with interest rates declining from 6.5% to 4% per year. during the COVID-19 pandemic. This makes people choose other investment alternatives through financial technology with higher interest and cooperative considerations, especially for millennials who are just starting out or learning to invest(Kharisma, 2020). The following is an overview of the increase in investors during the Covid-19 pandemic.
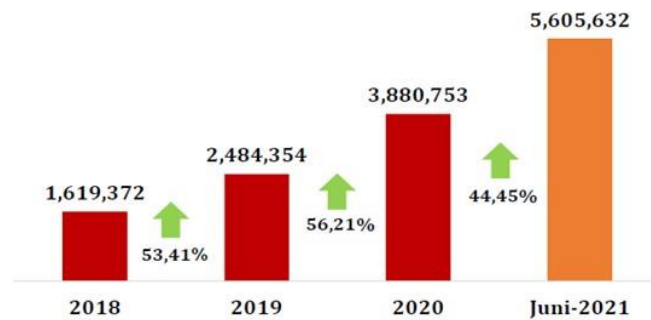
Figure 1. Increasing the Number of Capital Market Investors

From Figure 1. It can be concluded that there was an increase in capital market investors from 2018 to June 2021. In 2021, the data that was only obtained until June has increased by 44.45%. Whereas the previous year it increased by more than 50% within a period of one year. This shows that the Covid-19 pandemic has not reduced investor enthusiasm in investing in the capital market. The increase in the number of investors in the capital market is mainly young investors, that is, under 30 years old. This age is at the age of the millennial generation where the millennial generation is a generation that has a birth year range of around 1982 to 2002 (Howe & Strauss, 2009). Here's a picture of investor demographics by age.
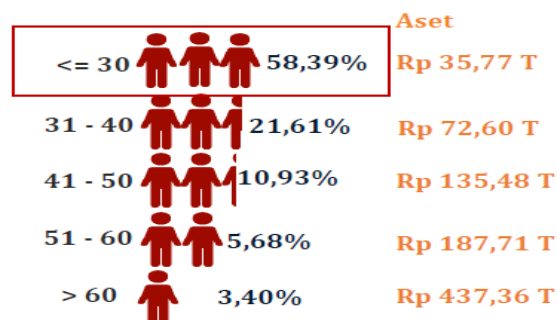

Figure 2. Demographics of Capital Market Investors in Indonesia

Figure 2. explained that Indonesian capital market investors are dominated by investors aged less than equal to 30 years old by 58.39% with assets of 35.77 T in June 2021. This shows that the millennial generation has an attraction for investment in the capital market. The millennial generation sees the existence of a large phenomenon in the capital market as an opportunity for long-term fund preparation and updating information in the economic field. Head of marketing and sales of PT Indo Premier Sekuritas, Paramita Sari explained that the millennial generation's interest in investing has doubled during the Covid-19 pandemic (Ambarphati, 2020).

The reason for the increase is the first because of the large amount of free time owned by the millennial generation which makes them like to look for information such as investments and stocks. This can be seen from the number of participants who took part in seminars about stocks and investments during the Covid-19 pandemic. The second reason is because of the development of information technology such as financial technology which makes all information easier to access(Anisa Sains Kharisma, 2021). One of them is looking for information about stocks and investments through financial technology platforms. Based on a survey conducted by the IDX, Nielsen, and the University of Indonesia, it is known that young people have great potential to become stock investors (Marlin, 2020). The results of the study showed that it turned out that share ownership began to become part of people's lifestyles (Tumewu, 2019). The trend in buying luxury and branded goods to be used as investment instruments has begun to recede.

One of the financial technology platforms that are widely used by millennials to invest is the Bibit application. The Bibit application is a mutual fund provider application to help novice investors

invest. Millennials who are just learning to invest, can immediately make investments with a level of risk that can be determined by themselves without the need for experience. Bibit Technology uses Nobel Prize-winning research, Modern Portfolio Theory to adjust mutual fund investments that match the risk profile, according to age, risk tolerance and the financial situation of investors when they are about to make investments. In 2021 Bibit received an award as 'The Best Fintech Company 2021' because it has been downloaded by more than 5 million users. Not only that, in January 2022 Bibit has been appointed by the Ministry of Finance as a Distribution Partner (MitDis) for the sale of Government Securities (SBN). The interesting thing about this SBN is that the coupon or interest from SBN investment is higher than the average interest on state-owned bank deposits, so it will attract investors to invest using the Bibit application. One of the main target objects of the Bibit application in attracting the interest of millennial investors, especially students, is to provide a choice of mutual funds with a minimum purchase of IDR 10,000, - considering the limited funds owned by students who want to learn to invest.

Interest is one of the important aspects that influence investors in investing. Millennials' interest in investing using financial technology has many factors, including the ease of technology and profitability (Tumewu, 2019). The attitude of individuals who feel that minimal investment capital is considered inexpensive and can increase interest in investing (Wibowo, 2019), while investment interest is not influenced by investment knowledge (Malik, 2017). This happens because investment knowledge will be obtained when the investor has made an investment. In line with the results of Nisa's research, it can be concluded that investment materials are no longer considered by students to become investors (Nisa, 2017). Other factors that do not affect investment interest are knowledge, investment motivation, minimum investment capital, understanding of investment, and profitability (Aini et al., 2019). This research will further study the concept which will be discussed with the theory of reasoned action (Theory of Planned Behavior). The author is interested in conducting research with the title Interest in Investing in Millennial Generation through Financial Technology Bibit during the Covid-19 Pandemic.

The main focus of the Theory of Planned Behavior is the individual's interest in carrying out certain behaviors. Interest is considered to be able to see motivational factors that influence behavior (Riono, 2021). Interest is an indication of how hard people are willing to try and how much effort an individual will expend to carry out a behavior. This theory suggests that a person acting with intention and control perceived through certain actions can be influenced by behavior, norms, and behavioral control(Hening Karatri et al., 2021).

The Theory of Planned Behavior explains that behavioral intention can be influenced by perceived behavioral control, so that if someone is interested in investing, they will be more likely to adopt behaviors that can satisfy investment desires in the capital market (Hasan, 2022). A person will behave if something attracts interest, so that he will act to obtain it (Taufiqoh et al., 2019). These behaviors include participating in online seminars on capital market investment, increasing investment knowledge through social media, so as to eventually make market investments (Wibowo, 2019). The interest in this research is the desire or interest of the millennial generation to invest using financial technology, namely the Bibit application. Factors that influence this interest include financial literacy, personal interest, and the environment.

Financial literacy is a person's ability to process financial information and make decisions related to financial arrangements. Financial literacy as a series of activities to improve knowledge and skills, so as to be able to manage finances better in accordance with what is needed (Bastian, 2022). Financial literacy in this study is measured by using knowledge in making investments. Investment knowledge is information about how to manage funds or resources owned to make a profit in the future (Darmawan et al., 2019). This information can be obtained from a learning received from various existing literature that has been absorbed by human memory, while investment knowledge is an understanding that every investor must understand about various

aspects such as basic knowledge of investment assessment, rate of return, and level of investment risk (Mega Lestari, 2019). The formulation of the hypothesis is as follows:

H1: Financial literacy positively affects millennial generation investment interest through financial technology

Personal interest is a condition in individuals personally that are able to create a person's willingness to carry out various activities or certain activities to obtain certain goals (Darmawan et al., 2019). This personal interest that exists in the individual will lead to a person's behavior to achieve the desired satisfaction goal (Aramiko et al., 2021). Personal interest can be said to be the first step to give encouragement that will show a person in achieving the desired goal and greatly affects the psychological factors of a person (Taufiqoh et al., 2019). Personal interest is part of the process of a person or group. Ownership of investment knowledge will positively affect investment interest in using financial technology. The formulation of the hypothesis is as follows:

H2: Personal interest positively affects millennial generation investment interest through financial technology

In the theory of planned behavior, subjective norms or in this study referred to as environment is a person's perception of social or environmental pressures to do or not to do a behavior. In general, a person will tend to do a behavior if it is supported by the surrounding environment and tend not to do something if it is not supported by the surrounding environment (Riono, 2021). Meanwhile, investors' decisions are largely influenced by expert or peer advice as well as the investor's surroundings. The environment is an inseparable part of a process carried out by an individual. The reference used in measuring the environment in this study is the influence of family recommendations, colleagues (friends) and the social environment where investors live (Azhar et al., 2017). The formulation of the hypothesis is as follows:

H3: Environment positively affects millennial generation investment interest through financial technology

Financial Technology is a service that combines technology and finance where this service provides innovation to the business. Financial technology is an industry that moves very quickly and dynamically where there are many different models and is a new financial model developed through information technology innovation (Miswan Ansori, 2019). The rapid development of financial technology in Indonesia can bring many benefits to borrowers, investors and banks in Indonesia:

1. For borrowers, the benefits that can be felt such as encouraging financial inclusion, providing alternative loans for debtors who are not yet creditworthy, the process is easy and fast, and the competition caused encourages a reduction in loan interest rates.
2. For investors, the benefits that can be felt such as alternative investments with higher returns with scattered default risks in many investors can choose loans that are funded according to their preferences
3. For conventional banking, cooperation with financial technology can reduce costs such as the use of non-traditional credit scoring for initial filtering of credit applications, increase lending channels and is an investment alternative for conventional banking.

Investment is an investment, usually in the long term in the context of procuring complete assets or purchasing shares or other securities to obtain profits (Marlin, 2020). Some examples of investments include stocks, sukuk, deposits, bonds, savings, insurance, mutual funds (financial sector), land, gold, machinery and buildings (real sector). Investment as a delay in consumption is now to be used in efficient production over a period of time(Marlin, 2020). Investment in the financial sector is categorized into 2 types, namely:

1. Direct investment, which is an investment made by buying financial assets that are traded in the money market, capital market or derivatives. Direct investment can also be done by buying assets that are not traded. It is usually obtained from a bank, in the form of savings and certificates of deposit.

2. Indirect investment, which is an investment made by buying securities from an investment company, for example a mutual fund.

METHOD

This type of research is quantitative research. This research will examine the investment interests of the millennial generation through financial technology. The data in the study was obtained using a survey, namely by providing a list of questions to respondents in the form of a questionnaire. The object of this study is the investment interest of the millennial generation through financial technology, while the subjects in this study are millennial generai or in this study are students who use financial technology facilities to invest.

The data used in this study are primary data. The source of the data obtained is to look at the results of the distribution of questionnaires. The questions on the questionnaire were filled out or answered by respondents, namely students of Muhadi Setiabudi University (UMUS) who used financial technology to make investments. The questionnaire consists of two parts. The first section contains some questions of a general nature regarding the identity of the respondent. The second part contains a number of statements related to financial technology, financial literacy, personal interest, environment and interests.

The population in this study were students who used financial technology in carrying out investment activities. Sampling is carried out by a stratified random sampling method to group the characteristics of respondents and take samples proportionally, then the next stage uses purposive sampling, which is a sampling technique that is carried out with certain considerations according to the criteria that must be set and must be met by the sample. Such criteria include:

1. Students of the Faculty of Economics and Business, UMUS who have and or are taking capital market courses
2. Using financial technology facilities, namely the Bibit application to make investments.
3. The minimum sample in this study was calculated using the Slovin formula.

Table 1. Operational Definition of Variables and Indicators of Research Variables

Variable	Definition	Scale	Source
Financial literacy	The ability to read, interpret and analyze, manage money, communicate about personal financial conditions affecting material well-being, calculate, develop independent judgments and take actions resulting from the process.	Likert 5 point	(Azhar, et al, 2017)
Personal Interest	A person's personal interest in making decisions regarding financial products.	Likert 5 point	(Azhar, et al, 2017)
Environment	The environment around individuals who support or are not supportive of making investments.	Likert 5 point	(Azhar, et al, 2017)
Investment Interest	The tendency of individuals to invest.	Likert 5 point	(Azhar, et al, 2017)

Data management in this study will use smartPLS Software 3.2.7. Partial Least Square is a powerful method of analysis which in this method is not based on many assumptions. The PLS approach is distribution free (does not assume specific data, it can be nominal, category, ordinal, interval and ratio). PLS uses a random bootstrapping or doubling method where the assumption of normality will not be a problem for PLS.

RESULTS AND DISCUSSIONS

Outer model describes how latent variables are measured by their indicators. The model measures how much the level of validity and reliability of the data collected. Structural model as can be seen in the figure below.
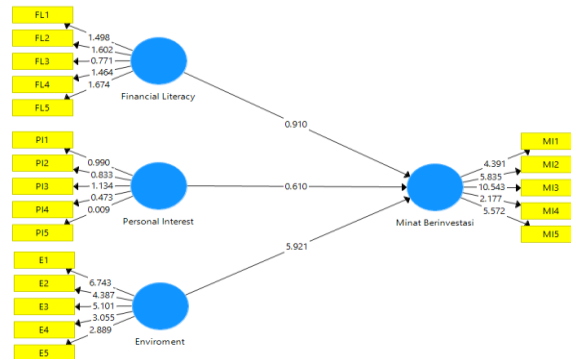
Figure 3. Structural Model Output

The outer SmartPLS results in Figure 3. shows that the variables of financial literacy, personal interest and environment have a loading factor value above 0.50. Thus it can be concluded that all indicators of each construct are declared valid. Validity discriminant test results in Table 2. indicates that the cross loading for each indicator of each variable is greater than the cross loading value of other construct sizes. This means that each indicator already has a good discriminate validity.

Table 2. Discriminant Validity Value

	FL	PI	E	MI
FL1	0.795	0.576	0.659	0.609
FL2	0.839	0.519	0.575	0.582
FL3	0.854	0.694	0.651	0.718
FL4	0.853	0.601	0.617	0.558
FL5	0.853	0.666	0.601	0.595
PI1	0.777	0.844	0.709	0.812
PI2	0.530	0.840	0.659	0.703
PI3	0.530	0.816	0.594	0.631
PI4	0.548	0.774	0.665	0.587
PI5	0.613	0.813	0,646	0.704
E1	0.601	0.845	0.614	0.717
E2	0.571	0.569	0.720	0.619
E3	0.621	0.554	0.778	0.602
E4	0.619	0.733	0.851	0.807
E5	0.579	0.654	0.856	0.688
MI1	0.677	0.503	0.490	0.648
MI2	0.666	0.636	0.598	0.828
MI3	0.687	0.713	0.651	0.882
MI4	0.709	0.675	0.615	0.862
MI5	0.812	0.767	0.680	0.817

Based on table 2, it shows that the cross loading value indicates the presence of good validity discriminate because the correlation value of the indicator to its construct is higher than the correlation value of the indicator with other constructs.

Inner models show how the relationships between latent variables are based on their substantive theory. The inner model in this study was measured using the R-square value.

Table 3. R-square value

	R-Square
Financial Literacy	0.550
Personal Interest	0.461
Environment	0.404

The test results showed that the R-square values for each of the financial literacy, personal interest and environment variables were 0.550, 0.461 and 0.404. The results explained that the Financial Literacy variable affects the Investment Interest variable by 55%. The Personal Interest variable affects the Investment Interest variable by 46.1% and the Environment variable affects the Investment Interest variable by 40.4%. Table 4 shows the hypothesis test results between independent variables to dependent variables using the output of the path coefficient.

Table 4. Path Coefficient

	Original sample estimate	Mean of subsample	Standard deviation	T- statistics
Financial Literacy→ Investing Interest	0.139	0.010	0.074	2.806
Personal Interest → Investing Interest	0.254	0.258	0.072	3.506
Environment → Investing Interest	0.127	0.125	0.056	2.259

Source: data processed in 2022

1. Hypothesis 1: from table 4 it can be seen that the original sample estimate value of 0.139 with a significance of 5% indicated by a t-statistical value of 2.806 is greater than the t-table value of 2.009. The value of a positive original sample estimate indicates that financial literacy has a positive effect on investment interest. Based on these results, it can be concluded that the first hypothesis is accepted.

2. Hypothesis 2: from table 4 it can be seen that the original sample estimate value of 0.254 with a significance of 5% indicated by a t-statistical value of 3,506 is greater than the t-table value of 2,009. The value of a positive original sample estimate indicates that personnal interest has a positive effect on investment interest. Based on these results, it can be concluded that the second hypothesis is accepted.

3. 3. Hypothesis 3: from table 4 it can be seen that the original sample estimate value of 0.127 with a significance of 5% indicated by a t-statistical value of 2,259 is greater than the t-table value of 2,009. The value of a positive original sample estimate indicates that the environment has a positive effect on investment interest. Based on these results, it can be concluded that the third hypothesis is accepted.

CONCLUSION

Financial Literacy affects the millennial generation's interest in investing through Bibit financial technology because millennials who are literate in technology, especially aware of financial management, are interested in investing using digital investment platforms, especially Bibit. In addition to financial literacy, other factors that influence the investment interest of the millennial generation are personal interest and environment. Personally, the millennial generation is interested in investing in the Bibit platform because of The Bibit's attractive appearance, easy use and has been registered and supervised by the OJK. The environment of the millennial generation today is also very supportive to invest using Bibit because most of the millennial generation's social environment uses the Bibit platform to invest. In addition, the Bibit application also provides a menu for investing with a minimum nominal of IDR 10,000 so that it is very attractive for users, especially millennial users whose income is still limited.

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