

# Determinants of Generation Z Long Term Investment Interest Through Digital Literacy, Education and Risk Perception

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## ABSTRACT

**Purpose** - This study examines the roles of digital financial literacy, digital financial education, and digital risk perception in shaping Generation Z's long-term investment interest. The study addresses the gap between the rapid growth of digital investment platforms and the limited financial understanding that supports sustainable investment behavior.

**Design/methodology/approach** - A quantitative approach with an associative research design was employed. Primary data were collected from 270 Generation Z respondents in Makassar using purposive sampling. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3.0.

**Findings** - The results indicate that digital financial literacy, digital financial education, and digital risk perception all have positive and significant effects on long-term investment interest. Financial literacy enhances individuals' ability to evaluate financial information, financial education strengthens investment readiness, and rational risk perception increases confidence in making long-term investment decisions.

**Originality/value** - This study demonstrates that Generation Z's long-term investment interest is shaped by financial knowledge, educational experiences, and digital risk assessment. The findings highlight the importance of strengthening integrated digital financial literacy and education to encourage sustainable investment behavior among young investors.

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## **1. Introduction**

The advancement of digital technology has brought significant transformation to the global financial landscape, including in Indonesia. The emergence of technology based financial services (financial technology/fintech) such as e-wallets, digital banking, and investment applications has fundamentally altered the way people manage their finances and invest. Data from the Indonesia Central Securities Depository (KSEI) indicate that by the end of 2025, the number of investors in the capital market had increased substantially compared to 2024, with growth reaching 20.32 million Single Investor Identification (SID) numbers, representing a 37% increase, with the majority aged under 30 years at 52.59% (Kustodian Sentral Efek Indonesia, 2024). Generation Z those born between 1997 and 2012 and representing 27.94% of Indonesia's population Badan Pusat Statistik, (2021) has emerged as the dominant group in the national investment ecosystem, supported by the ease of access to digital platforms and the widespread adoption of fintech.

The phenomenon of increasing participation among young investors in the capital market reflects this behavioral shift, although it is not always accompanied by adequate financial literacy and risk comprehension. Studies suggest that insofar as improvements in financial literacy and the use of financial technology influence Generation Z's investment behavior, digital financial literacy has proven to be a more significant variable than traditional financial literacy in predicting their investment decisions (Liento, 2025). Capital market investors in South Sulawesi have reached 525,596 SIDs, with a continuous annual growth rate of 31.23%, indicating that the people of South Sulawesi increasingly recognize the importance of investment as part of long term financial planning (Wasi, 2026). Although Generation Z's participation in the capital market continues to grow, their interest in long term investment remains relatively low. Mahanani et al., (2025) found that many of them are more attracted to short term speculative instruments. This situation is further compounded by the low quality of investment decisions. The OJK's 2024 survey recorded a national financial literacy index of 65.43%; however, the gap between financial literacy and financial inclusion remains a serious issue, particularly in Eastern Indonesia (OJK, 2024).

Based on a preliminary survey, management students at Universitas Negeri Makassar already have some understanding of investment, yet their motivation to actually invest remains low. This is primarily because Generation Z students still struggle with managing their finances due to a consumerist lifestyle, which limits their ability and willingness to invest. When students possess a better understanding of financial concepts, they tend to make wiser investment decisions, as they are better equipped to analyze risks and opportunities a capacity further facilitated by the current advances in information technology (Sahabuddin et al., 2024). Previous studies have reported inconsistent findings. Mahanani et al., (2025) demonstrated that digital financial education and digital financial literacy are positively correlated with students' long-term investment interest in Yogyakarta. Kusnandar et al., (2022) found that digital literacy and risk perception have a significant positive effect on Generation Z's investment interest in East Priangan. Conversely, Putri et al., (2025) found that financial literacy and risk perception had no significant effect in South Tambun. Prameski & Ristianawati, (2025) even found that financial literacy had a negative and non significant effect in Jepara, while risk perception had a significant positive effect.

The novelty of this study lies in the development of a model of determinants for Generation Z's long term investment interest within a digital ecosystem, which simultaneously integrates

digital financial literacy, digital financial education, and digital risk perception into a single comprehensive structural framework. Unlike prior studies that generally tested these variables individually and focused on general or short term investment decisions, this study specifically emphasizes long term investment orientation as an indicator of the rationality and sustainability of Generation Z's financial behavior. Theoretically, this study extends the classical financial literacy framework developed by Lusardi & Mitchell, (2014) by contextualizing it within the digital finance landscape, where access to information, exposure to online education, and perceptions of technological risk become primary determinants of investment behavior. Furthermore, this study provides empirical evidence from the context of a public university in Eastern Indonesia, a region that has been relatively underrepresented in the national digital finance literature, thereby producing a more contextually relevant empirical model that reflects the dynamics of young investors as documented by (Kustodian Sentral Efek Indonesia, 2024).

This study posits that Generation Z's long term investment interest is the product of the interaction among cognitive capacity (digital financial literacy), the learning process (digital financial education), and subjective evaluation of risk (digital risk perception). Behavioral Finance Theory explains how cognitive and psychological factors influence investment decisions, while the Theory of Planned Behavior describes how these factors shape behavioral intentions. Accordingly, the higher an individual's literacy, the better the quality of their digital financial education, and the more rational their risk perception, the stronger their long-term investment interest becomes as a sustainable financial behavioral intention. This study is therefore highly relevant for empirically examining the relationship between digital financial literacy, digital financial education, and digital risk perception with respect to long term investment interest particularly among university students in Makassar. This study not only provides an in depth understanding of the factors influencing investment interest, but also contributes to the formulation of more targeted educational strategies, while offering insights for academic policymakers and the financial industry in designing effective interventions to promote healthy and sustainable investment participation among Generation Z.

## **2. Literature Review & Hypothesis Development**

### **2.1 Digital Financial Literacy**

Digital financial literacy is an extension of conventional financial literacy that encompasses an individual's ability to understand, manage, and make financial decisions through digital platforms and technologies. According to Morgan & Long, (2020) digital financial literacy is a combination of traditional financial competencies and the ability to effectively utilize digital technology to manage personal finances, as well as an understanding of online transaction security, app-based investment platforms, and fintech-based financial services. According to financial services authorities in the national survey on financial literacy and inclusion, the definition of digital financial literacy has been expanded to include the dimension of awareness of cybersecurity risks associated with digital financial transactions. Survey results indicate that the level of digital financial literacy among the Indonesian public reached 49.68% in 2022, representing an increase compared to the previous year; however, a significant gap still exists in digital financial literacy between younger and older generations.

According to Setiawan et al., (2022) in their study conducted in Indonesia, digital financial literacy is defined as an individual's ability to access, evaluate, and use financially available information in digital form to support rational and well-planned financial decision-making.

Therefore, this emphasizes the importance of critical thinking skills in filtering financial information in today's world, where information is abundant and easily accessible—especially for Generation Z, who frequently obtain financial information from various online sources whose accuracy is often questionable.

Thus, financial literacy is a fundamental understanding that every individual must possess to manage their finances effectively and to identify the appropriate financial products and services for the future, ensuring they are more effective, secure, and prudent in the digital age. With the advancement of technology, many financial activities are now conducted through digital platforms, necessitating additional skills in operating and evaluating technology-based financial services. The indicators used in this study include digital knowledge, digital evaluative skills, and risk management, as defined by Lusardi & Mitchell, (2014) dan OECD, (2022).

## **2.2 Digital Financial Education**

Digital financial education is a learning process aimed at enhancing individuals' knowledge, understanding, skills, and attitudes in managing and utilizing technology-based financial services wisely, safely, and effectively. In the digital era, marked by the rapid development of financial technology (fintech), financial education is no longer limited to understanding basic concepts such as saving or investing, but also encompasses the ability to use various digital platforms such as e-wallets, mobile banking, and online investment apps. Thus, digital financial education serves as a crucial foundation to ensure individuals can not only keep pace with technological advancements but also make rational and responsible financial decisions. According to Hardiyanti & Ekawati, (2025) digital financial education is a systematic effort to improve individuals' understanding of managing digital-based finances and recognizing the various risks inherent in digital transactions.

In line with this, Purnamasari et al., (2024) state that digital financial education is a training activity aimed at improving individuals' ability to use digital financial applications while assisting with financial planning and record-keeping. Meanwhile, Cahyani & Ahyar, (2025) emphasize that digital financial education also serves a protective function, namely shielding individuals from various risks such as investment fraud and illegal online lending. Marlina & Taskirah, (2025) add that digital financial education aims to foster wise, safe, and effective financial behavior in utilizing financial technology.

For Generation Z, digital financial education plays a crucial role. Although this generation is known to be highly tech-savvy, not all individuals possess an adequate understanding of financial management. Easy access to digital financial services often encourages impulsive spending and ill-considered financial decisions. Therefore, digital financial education serves as a vital tool for balancing technological proficiency with financial prudence. This education helps Generation Z better understand risks, manage their finances more systematically, and start investing early with careful consideration. The indicators used in this study are the intensity of educational exposure, the quality of educational materials, and the credibility of educational sources (OECD, 2022).

## **2.3 Digital Risk Perception**

Risk perception is a key concept in the study of financial behavior that refers to how individuals understand, assess, and feel about potential losses or uncertainty. Unlike objective risk, which can be measured statistically, risk perception is subjective because it is influenced by an individual's experiences, emotions, knowledge, and social environment. In practice,

individuals often do not make decisions based solely on rational data, but rather on how they perceive the risk. In more recent research, Agustina et al., (2025) define risk perception as the way individuals internalize and evaluate the likelihood of loss in a financial decision, particularly in investment activities. In line with this, Yuningsih et al., (2025) explain that in a digital context, risk perception relates to how individuals assess uncertainty and potential losses when using technology-based financial platforms. Meanwhile, Ramadani & Reza, (2025) assert that risk perception is a psychological factor that significantly determines investment decisions; the higher an individual's risk perception, the lower their tendency to invest.

Risk perception does not arise suddenly but is influenced by a variety of complex factors. Personal experience is one of the main factors; individuals who have experienced financial loss or fraud tend to have a higher perception of risk. In addition, financial literacy plays a key role in shaping a more rational perception of risk, as individuals with a solid understanding of financial matters tend to be better able to assess risk objectively. Information from the media, whether in the form of negative news or others' experiences, can also reinforce risk perception. Furthermore, social environment and individual personality traits, such as a tendency toward risk aversion or risk-taking, also influence how a person views risk. In the context of digital finance, risk perception becomes increasingly relevant due to the intangible and technology-based nature of transactions. The absence of physical interaction and high reliance on digital systems make individuals more dependent on trust and subjective perceptions when making decisions. Numerous studies indicate that risk perception has a negative correlation with investment interest; the higher the perceived risk, the lower an individual's interest in investing. However, a moderate perception of risk can actually serve as a control mechanism that encourages individuals to be more cautious and rational in making financial decisions. The indicators used in this study are financial risk, digital security risk, and regulatory and legal risk, as identified by (Wei et al., 2025).

#### **2.4 Long Term Investment Interest**

Long term investment interest is a psychological tendency reflected in an individual's interest, desire, and willingness to invest funds in investment instruments over a relatively long period of time, generally more than three to five years. This concept is not only related to the actual act of investing but also reflects an individual's intentions and future orientation in managing finances. From a financial perspective, investment is understood as a commitment of a certain amount of funds at present with the expectation of obtaining future returns, as explained by (Tandelilin, 2017). In line with this, Bodie et al., (2014) state that investment is an individual's willingness to postpone current consumption in order to obtain future benefits. Thus, interest in long-term investment is closely related to an individual's ability to plan for the future and manage resources sustainably.

Interest in long-term investing is also influenced by various interrelated factors. Financial literacy is one of the key factors, as individuals with a solid understanding of financial concepts tend to be more interested in investing. Financial education, both formal and informal, also plays a role in raising individuals' awareness and knowledge of the importance of investing. Additionally, risk perception is a critical factor that can either strengthen or hinder investment interest, as individuals who view risk as too high tend to be reluctant to make investment decisions. Social factors, such as the influence of the environment, family, and trends in digital media, also play a role in shaping investment interest, particularly among the younger generation who are highly exposed to information rapidly and extensively. In the context of daily life, an interest in long-term investing reflects how a person views the future

and manages uncertainty. Individuals with a strong interest in investing tend to have a more visionary mindset, are able to delay immediate gratification, and understand that financial well-being is built through a consistent and sustainable process. Conversely, a low interest in investing is often associated with a short-term orientation and consumerist behavior. From a humanistic perspective, an interest in long-term investing can be understood as a form of awareness to safeguard and prepare for the future starting today. Amid the fast-paced dynamics of life, the decision to invest for the long term is not merely an economic choice but also reflects maturity in financial thinking and action. The indicators used in this study are long-term investment commitment, financial planning, and behavioral intent by (Singh et al., 2025)

### **3. Methodology**

This study employs a descriptive and associative quantitative approach, with the aim of examining the influence of digital financial literacy, digital financial education and perceptions of digital risk on Generation Z interest in long term investment. The study was conducted at a university in Makassar, with the research subjects being active students aged 18-27 who belong to Generation Z. The population for this study consists of all active students at universities in Makassar during the 2026/2027 academic year. The sampling technique used was purposive sampling, with a minimum sample size of 100 respondents consisting of students who are familiar with or interested in investing. The data used was primary data collected by distributing an online questionnaire via Google Forms based on a likert scale, ranging from a score of 1 (strongly disagree) to a score of 5 (strongly agree), to measure the respondents level of agreement with each statement. The questionnaire instrument was developed based on indicators of financial literacy theory, including digital knowledge, digital evaluation skills and digital risk management Lusardi & Mitchell, (2014), indicators of digital financial education, including the intensity of educational exposure, the quality of educational materials and the credibility of educational sources (OECD, 2022), digital risk perception indicators financial risk, digital security risk and regulatory and legal risk (Wei et al., 2025) and long term investment interest indicators, including long term investment commitment, financial planning and behavioral intent (Singh et al., 2025). The analysis in this study uses Partial Least Squares Structural Equation Modeling (SEM-PLS), which consists of three analyses outer model testing, inner model testing and hypothesis testing.

#### **3.1 Hypotheses**

**H1:** Digital financial literacy has a positive and significant effect on the long-term investment interest of Generation Z at universities in Makassar.

**H2:** Digital financial education has a positive and significant effect on the long-term investment interest of Generation Z at universities in Makassar.

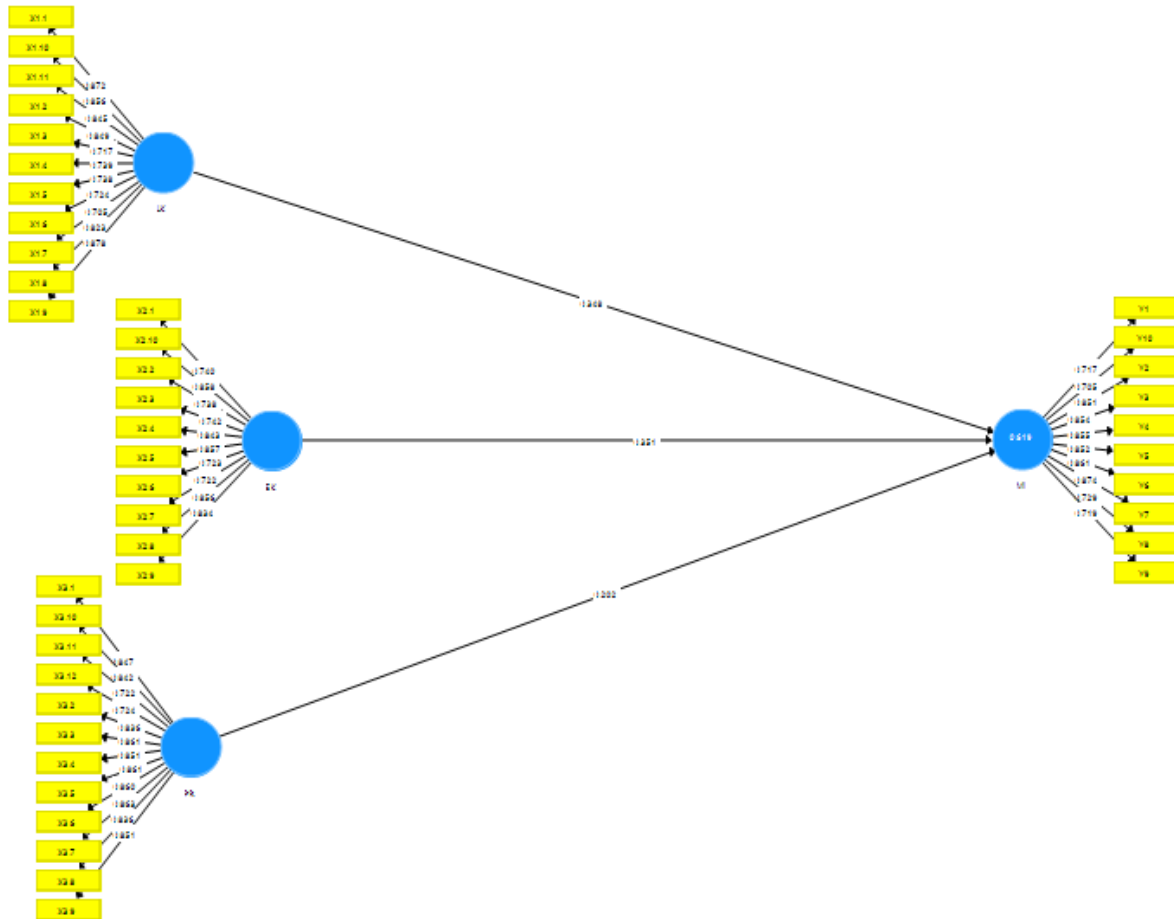
**H3:** Digital risk perception has a positive and significant effect on the long-term investment interest of Generation Z at universities in Makassar.

### **4. Result and Discussion**

The measurement model in this study employs the Partial Least Squares (PLS) method, and data analysis was conducted using SmartPLS 3 software to examine the effects of digital financial literacy, digital financial education, and perceptions of digital risk on Generation Z's interest in long-term investment. The measurement model was tested to ensure that each

research indicator met the validity and reliability criteria. The following diagram illustrates the path analysis of the outer and inner models in this study.

**Figure 1.** Path Analysis



#### 4.1 Measurement Model

The data analysis technique using SmartPLS to evaluate the outer model involves examining validity and reliability test, which include convergent validity, discriminant validity and composite reliability (Cronach’s Alpha) (Ghozali & Latan, 2020).

##### 4.1.1 Validity Test

A validity test is a method used to determine the extent to which a measurement instrument is capable of capturing the construct it is intended to measure. Thus, a validity test using SmartPLS can be conducted by examining the outer loadings for each construct; an indicator is considered valid if it has an outer loading greater than 0.70 and an AVE value greater than 0.50.

##### 4.1.2 Convergent Validity Test

According to Hair et al. (2017), convergent validity refers to the extent to which a measure correlates positively with alternative measures of the same construct. The convergent validity test uses the Average Variance Extracted (AVE), and it is important to note that the outer loading must be greater than 0.70 and the AVE must be greater than 0.50 to indicate that the indicators for each variable are valid.

**Table 1.** Result of Outer Loading Test

Variable	Indikator	X1	X2	X3	Y	Hasil
Digital Financial Literacy	X1.1	0,872				Valid
	X1.2	0,849				Valid
	X1.3	0,717				Valid
	X1.4	0,739				Valid
	X1.5	0,738				Valid
	X1.6	0,724				Valid
	X1.7	0,705				Valid
	X1.8	0,823				Valid
	X1.9	0,878				Valid
	X1.10	0,856				Valid
	X1.11	0,845				Valid
Digital Financial Education	X2.1		0,740			Valid
	X2.2		0,738			Valid
	X2.3		0,742			Valid
	X2.4		0,843			Valid
	X2.5		0,857			Valid
	X2.6		0,723			Valid
	X2.7		0,722			Valid
	X2.8		0,856			Valid
	X2.9		0,834			Valid
	X2.10		0,858			Valid
Perception of Digital Risk	X3.1			0,847		Valid
	X3.2			0,836		Valid
	X3.3			0,861		Valid
	X3.4			0,851		Valid
	X3.5			0,861		Valid

	X3.6	0,860	Valid
	X3.7	0,863	Valid
	X3.8	0,836	Valid
	X3.9	0,851	Valid
	X3.10	0,842	Valid
	X3.11	0,722	Valid
	X3.12	0,836	Valid
Long Term Investment Interest	Y1	0,717	Valid
	Y2	0,851	Valid
	Y3	0,854	Valid
	Y4	0,855	Valid
	Y5	0,852	Valid
	Y6	0,861	Valid
	Y7	0,874	Valid
	Y8	0,729	Valid
	Y9	0,719	Valid
	10	0,705	Valid

**Source: Authors’s Analysis, (2026)**

As shown in Table 1 above, the outer loadings for all indicators in this study are greater than 0.70, indicating that the indicators for each variable meet the criteria for convergent validity and that each indicator effectively represents the latent construct. Consequently, data testing or analysis can proceed to the next stage.

a. AVE (Average Variance Extracted) Test

In the AVE test, if the AVE value for each indicator is greater than 0.50, the indicator is considered valid. The following are the AVE values from this study.

**Table 2** Results of the Average Variance Extracted Test

Variable	Average Variance Extracted (AVE)	Result
X1	0,636	Reliabel
X2	0,630	Reliabel
X3	0,690	Reliabel
Y	0,648	Reliabel

**Source: Authors’s Analysis, (2026)**

Based on Table 2 above, the AVE values obtained indicate that the constructs have good convergent validity, as all AVE values are greater than 0.50. This indicates that more than 50% of the variance in the indicators used to measure each construct can be explained by the relevant latent variable; thus, it can be concluded that the indicators used in this study have a high level of suitability for measuring their respective variables.

**4.1.3 Reliability Test**

A reliability test is used to measure the extent to which the questionnaire is reliable. In this study, the reliability test examined the composite reliability and Cronbach’s alpha values. An indicator is considered reliable if its composite reliability and Cronbach’s alpha values are greater than 0.70.

**Table 3.** Result Reliability Test

Variable	Composite Reliability	Cronbach Alpha	Description
Digital Financial Literacy (X1)	0,950	0.942	Reliabel
Digital Financial Education (X2)	0,944	0.934	Reliabel
Perception of Digital Risk (X3)	0,964	0.959	Reliabel
Long Term Investment Interest (Y)	0,948	0,938	Reliabel

**Source: Authors’s Analysis, (2026)**

As shown in Table 3 above, all composite reliability values for each variable meet the reliability criteria, as all variables have values greater than 0.70. Similarly, the Cronbach’s alpha values are greater than 0.70, meaning that the questionnaire used in this study is considered valid because all concepts measured by each variable are reliable.

**4.2 Inner Model**

**Table 4.** R Square Test Results

	R Square
Long Term Investment Interest	0,619

**Source: Authors’s Analysis, (2026)**

As shown in Table 4 above, the R-squared value of 0.619 indicates that this research model has a fairly strong ability to explain the long-term investment interest construct. Thus, it can be concluded that 61.9% of the long-term investment interest construct is explained by the variables of digital financial literacy, digital financial education, and digital risk perception, while 38.1% is explained by other variables outside the scope of this study.

**Table 5.** F Square Test Results

Digital Financial Literacy (X1)	Digital Financial Education (X2)	Perception of Digital Risk (X3)	Long Term Investment Interest (Y)
Digital Financial Literacy (X1)			0,158
Digital Financial Education (X2)			0,140
Perception of Digital Risk (X3)			0,064
Long Term Investment Interest (Y)			

**Source: Authors’s Analysis, (2026)**

Based on Table 5 above, it can be concluded that:

- a. Digital financial literacy has an F-square value of 0.158 regarding long-term investment interest, indicating that the resulting effect is moderate.
- b. Digital financial education on long-term investment interest yields an F-square value of 0.140, so it can be concluded that the resulting effect is small.
- c. Digital risk perception on long-term investment interest yields an F-square value of 0.064, so it can be concluded that the resulting effect is small.

**Table 6.** Artial Test Results

	Orginal Sample	P-Value
Digital Financial Literacy → Long Term Investment Interest	0,348	0,000
Digital Financial Education → Long Term Investment Interest	0,351	0,000
Perception of Digital Risk → Long Term Investment Interest	0,202	0,000

Based on Table 6 above, it can be concluded that:

- a. The digital financial literacy variable (X1) has a p-value of 0.000 regarding long-term investment interest (Y), meaning its significance is less than 0.05 ( $0.000 < 0.05$ ). The original sample value is 0.348, so it can be concluded that digital financial literacy has a positive and significant effect on long-term investment interest.
- b. The digital financial education variable (X2) on long-term investment interest (Y) yields a p-value of 0.000, meaning its significance is less than 0.05 ( $0.000 < 0.05$ ). The original sample value is 0.351, so it can be concluded that digital financial education has a positive and significant influence on long-term investment interest.

c. The digital risk perception variable (X3) on long-term investment interest (Y) yields a p-value of 0.000, meaning its significance is less than 0.05 ( $0.000 < 0.05$ ). The original sample value is 0.202, so it can be concluded that digital risk perception has a positive and significant influence on long-term investment interest.

#### **4.3 Discussion**

##### **4.3.1 The Impact of Digital Financial Literacy on Interest in Long Term Investing**

Based on the results of the hypothesis testing conducted, the significance level for digital financial literacy was found to be less than 0.05, and the original sample value was positive. This indicates that Generation Z's ability to understand and evaluate digital financial information plays a crucial role in shaping long-term investment orientation; the higher an individual's digital financial literacy, the greater their ability to assess investment opportunities and risks, thereby fostering more strategic investment decisions for the future. The results of this study indicate that as Generation Z's level of understanding of current digital financial concepts increases, so does their interest in long-term investing. A solid understanding will enable Generation Z to access and filter investment information from various digital platforms, thereby making them less susceptible to misleading information. Good digital financial literacy will strengthen their confidence in choosing suitable long-term investment instruments such as mutual funds, stocks, or bonds. A good understanding of the concept of time value and investment growth based on compound interest can encourage Generation Z to focus more on long-term gains rather than short-term speculative gains; they can understand that the earlier they invest, the greater the profits they will earn in the future. The findings of this study are consistent with research conducted by Prameswari & Setyorini, (2025), who found that digital financial literacy has a positive and significant effect on Generation Z's interest in long-term investment. They noted that individuals with strong digital financial literacy are more confident in assessing risks and selecting appropriate investments, as Generation Z being familiar with digital technology can more easily use various platforms to evaluate opportunities and risks before deciding to invest. In contrast to the study conducted by Viana et al., (2021), which found that digital financial literacy does not have a significant effect on interest in long-term investment even among those classified as well literate this is because the respondents are not yet employed and do not have their own income; their current income is used to meet basic needs, and they do not yet understand investment procedures and systems. The findings of this study support Behavioral Finance Theory, as individuals' ability to understand financial information leads to better and more planned investment behavior. Therefore, based on the findings above, it is hoped that universities, financial institutions, regulators, and digital investment platform providers will further strengthen digital financial literacy not only by focusing on a basic understanding of investing but also on the ability to evaluate financial information, understand investment risks, and make more well-planned investment decisions.

##### **4.3.2 The Impact of Digital Financial Education on Interest in Long Term Investing**

Based on the results of the hypothesis test, the significance level for digital financial education was found to be less than 0.05, and the original sample value was positive. This means that the higher an individual's level of digital financial education, the greater their interest in long-term investment. Digital financial education can enhance Generation Z's ability to evaluate and select suitable investment platforms. As such, this education helps Generation Z make informed decisions about choosing the best financial instruments by considering factors such as feature comparisons, fees, security, and potential returns across the various investment

platforms available in today's digital age. It also enables them to understand the risks and benefits they may face in the future when investing in a particular financial instrument.

The results of this study are consistent with the research conducted by Mahanani et al., (2025), which states that education has a positive and significant effect on long-term investment interest. This is because digital financial education plays a crucial role in shaping long-term financial behavior, particularly in making investment decisions, as digital financial education encompasses basic knowledge of financial management, an introduction to various types of investments, and wise investment choices. In contrast, research conducted by Hidayah et al., (2026) states that digital financial education does not have a significant effect on long-term investment interest; this is due to a phenomenon consistent with the knowledge action gap perspective, where individuals may understand investment concepts but remain hesitant to engage due to risk factors, limited funds, or a lack of practical experience.

The findings of this study align with the Theory of Planned Behavior, as an understanding of digital financial education and information shapes Generation Z's long-term investment goals. Therefore, based on these findings, universities, financial institutions, and regulators should strengthen their digital-based financial education programs to focus not only on conveying investment information but also on improving analytical skills and fostering better financial decision-making. In this regard, digital education should be developed through various media familiar to Generation Z, such as social media, webinars, investment apps, and digital education platforms, so that the learning process is easily accessible.

#### **4.4. The Effect of Risk Perception on Generation Z's Interest in Long Term Investment**

Based on the results of the hypothesis test, the significance level for risk perception was found to be less than 0.05, and the original sample value was positive. This implies that as risk perception increases, it will lead to a rise in Generation Z's interest in long-term investments. In this context, it is important to understand that it is not merely the case that the more risk-averse one becomes, the higher the investment interest; rather, the better an individual is at understanding and evaluating risks, the greater their confidence in making long-term investment decisions. Because Generation Z possesses a sound risk perception, they will not view risk solely from a negative perspective but will be able to identify potential returns commensurate with the risks taken. This evaluative capability will encourage Generation Z to no longer avoid investment but to be interested in selecting long-term investment instruments that align with the risk profiles they have previously evaluated.

The results of this study are consistent with the research conducted by Prameski & Ristianawati, (2025), which states that risk perception has a positive and significant effect on long-term investment interest; a high level of risk perception regarding investments will result in higher investment decisions because, in investing, a better risk perception leads to better investment decisions. In contrast, the study conducted by Hernanda & Mildawati, (2023), who found that risk perception does not significantly influence long-term investment interest; this is because the level of students' risk perception whether high or low does not affect investment interest. Students' assessments reveal that there are differing perceptions of risk in the capital market: some believe that risk is unavoidable when investing in the capital market, while others believe that investment risk will result in losses.

This perception of risk can be an individual's ability to evaluate the impact of an investment, thereby strengthening their confidence in making a long-term investment decision. Therefore, based on the findings above, it is hoped that this study can provide insight into risk perception

which is not always interpreted as fear of potential losses but rather as an individual's ability to understand, evaluate, and effectively manage investment risks. This is because the better Generation Z's ability to assess investment risks, the higher their level of confidence in making long-term investment decisions.

## **5. Conclusion and Suggestion**

This study aims to analyze the determinants of Generation Z's interest in long-term investment within the context of the digital financial ecosystem, by examining the influence of digital financial literacy, digital financial education, and perceptions of digital risk. Based on the results of the analysis using the Structural Equation Modeling Partial Least Squares (SEM-PLS) approach, several key findings were obtained. First, digital financial literacy was found to have a positive and significant effect on long-term investment interest. This finding indicates that an increase in an individual's cognitive capacity to understand, evaluate, and utilize digital financial information contributes to strengthening a long-term investment orientation. Literacy functions not only as knowledge but also as a mechanism for building confidence in making more rational financial decisions. Second, digital financial education has a positive and significant impact on interest in long-term investing. These results indicate that the learning process whether through exposure to digital content, training, or other educational resources plays a crucial role in shaping individuals' awareness and readiness to invest. High-quality education bridges the knowledge-action gap, thereby fostering the internalization of sustainable investment behavior. Third, perceptions of digital risk also have a positive and significant impact on long-term investment interest. This finding confirms that rational risk perception is not always a barrier but can function as a control mechanism in investment decision-making. Individuals who are able to understand and evaluate risk proportionally tend to have a higher level of confidence in selecting investment instruments that align with their risk profile. Therefore, strengthening digital risk literacy, education, and understanding is crucial to serve as a strategic aspect in fostering healthier, long-term investment behaviors among Generation Z in this digital era.

## **6. Limitations and Future Research**

This study has several limitations that must be taken into account when interpreting the results. First, the study was conducted only among students in Makassar who belong to Generation Z; therefore, the findings do not fully reflect the circumstances of Generation Z in other regions with different social and economic characteristics or levels of access to technology. Second, the research data was collected through a questionnaire, so respondents' answers are highly dependent on each individual's perceptions and understanding. This situation allows for differences in interpretation and subjectivity in providing answers. Third, this study focuses only on three main factors: digital financial literacy, digital financial education, and perceptions of digital risk. In reality, interest in long-term investment can also be influenced by various other factors such as economic conditions, income, a consumerist lifestyle, social environment, investment experience, and the level of trust in digital investment platforms. Additionally, this study was conducted over a specific time period, so it has not yet been able to observe sustained changes in Generation Z's investment behavior over the long term.

Future research is expected to expand the scope of respondents to include different regions or generational groups in order to obtain more comprehensive results with broader generalizability. It is also recommended that future research employ a mixed-methods or longitudinal approach to gain a deeper understanding of changes in Generation Z's investment behavior over time.

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