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The Influence of Investment Risk, Motivation, and Investment Literacy on the Investment Interest of the Millennial Generation in the Pasar Minggu Urban Village Area

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ABSTRACT

This study examines whether investment risk, motivation, and investment literacy influence the investment interest of millennials in the Pasar Minggu urban village area, South Jakarta. Data were collected through a questionnaire from 100 respondents, a sample size determined with the Slovin formula, and were analyzed with multiple linear regression in SPSS version 26. Investment risk has no significant effect on investment interest, whereas motivation and investment literacy have significant positive effects. Together, the three variables explain 72% of the variation in investment interest. The findings suggest that efforts to increase millennials' participation in investment should focus on strengthening their motivation and investment literacy.

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Introduction

Economic development and advances in communication technology have made investing easier. Technology allows investors to choose their investment options freely and to obtain information about investment methods and products online. Investment is also an important means of supporting national development and improving public welfare. According to Halim (2003), investment is the placement of funds today in the expectation of returns in the future; it can also be understood as postponing current consumption to obtain greater returns later. Investments can take the form of real assets such as land and buildings, tangible personal assets such as gold and diamonds, financial assets such as stocks, deposits, and bonds, and commodities. People invest for different reasons, such as protecting themselves against

future inflation, achieving future goals, exercising financial self-control, or building wealth as security for the future, although the primary motivation of investors is profit. The capital market plays an important role in the Indonesian economy, both as a source of funding for companies and as a means for the public to invest in financial instruments (Otoritas Jasa Keuangan [OJK], 2019).

The millennial generation, broadly defined as those born between the early 1980s and 2000 (Burhani, 2019), is now in its most productive working years and is an important target of efforts to increase public participation in investment. Young investors already dominate Indonesia's capital market: as of June 2024, investors aged 30 or younger accounted for 55.38% and those aged 31–40 for 24.09% of individual investors (Puspadini, 2024). However, the national financial literacy index was only 65.43% in 2024 (Otoritas Jasa Keuangan & Badan Pusat Statistik, 2024), which means that about one-third of the population is not yet financially well literate. However, many people who try investing fail because they lack clear and measurable financial goals and adequate knowledge. Investors need to understand the basics of investment decision-making, including what to invest in and when; the information and knowledge they obtain strongly influence their decisions, and losses often result from a lack of investment knowledge. In addition, every investment involves a trade-off between expected returns and risks.

Research Gap and Novelty

Previous studies of the determinants of investment interest show inconsistent results. Hati and Harefa (2019) found that risk preference and capital market knowledge positively affect millennials' investment interest, whereas motivation has no effect. In contrast, Pajar and Pustikaningsih (2017) found that both investment motivation and investment knowledge significantly affect students' investment interest, and Lara et al. (2022) found that investment knowledge affects Generation Z's investment interest while risk preference does not. Among millennials in Malang, Setiawan and Mukhlis (2023) found that motivation affects investment interest, whereas investment knowledge and risk perception do not; among millennials in Surabaya, Latifah et al. (2025) found that financial literacy has a positive effect and risk perception a negative effect. Nugroho et al. (2023) found that motivation, investment knowledge, and financial literacy all positively affect Generation Z's investment interest in Jakarta. Many of these studies examine university students. This study extends the evidence to millennials in a residential community, the Pasar Minggu urban village in South Jakarta, by examining investment risk, motivation, and investment literacy together.

Literature Review and Hypotheses Development

Investment interest can be understood as an intention, which according to the theory of planned behavior is shaped by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). Investment risk is the possibility that actual returns differ from expected returns, including the possibility of loss (Mardhiyah, 2017). How individuals perceive and tolerate risk shapes their attitude toward investing; Hati and Harefa (2019) and Kusnandar et al. (2022) found that risk preferences or perceptions affect young people's investment interest, Latifah et al. (2025) found a negative effect of risk perception, and Lara et al. (2022) and Setiawan and Mukhlis (2023) found no effect.

H1: Investment risk has a significant effect on investment interest.

Motivation is the internal and external drive that encourages a person to invest, such as the

desire for profit, personal satisfaction, and long-term needs. Pajar and Pustikaningsih (2017), Firdaus and Ifrochah (2022), Setiawan and Mukhlis (2023), and Nugroho et al. (2023) found that investment motivation has a significant positive effect on investment interest.

H2: Motivation has a positive effect on investment interest.

Investment literacy is the understanding of investment-related information, products, and skills. Better understanding increases individuals' confidence and perceived control over investment decisions (Ajzen, 1991). Hati and Harefa (2019), Pajar and Pustikaningsih (2017), and Lara et al. (2022) found that investment knowledge positively affects investment interest, and Nugroho et al. (2023) and Latifah et al. (2025) found the same for financial literacy. Asari and Kurnianingsih (2022) also found that financial literacy and investment knowledge, together with financial behavior and risk tolerance, affect the investment interest of millennials in Surakarta.

H3: Investment literacy has a positive effect on investment interest.

Method

Research Design

This study uses a quantitative approach, which is grounded in positivism and seeks to understand a population or sample systematically through measurement and statistical analysis (Balaka, 2022). The data are primary data collected directly from respondents through a Google Forms questionnaire. The population consists of 11,378 millennials in the Pasar Minggu urban village. The sample size was determined with the Slovin formula, $n = N/(1 + Ne^2)$, with a margin of error of 10%, which gives $11{,}378/(1 + 11{,}378 \times 0.1^2) = 99.1$, rounded up to 100 respondents. Respondents were selected by purposive sampling, that is, millennials in the Pasar Minggu urban village who were able to provide the required information.

Variable Measurement

All variables were measured with six questionnaire items each on a five-point Likert scale, so that each variable score ranges from 6 to 30 (Table 1).

Data Analysis

The data were analyzed with SPSS version 26. The analysis included descriptive statistics, validity and reliability tests, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), multiple linear regression, the t test, and the coefficient of determination. The research model is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Results

Respondent Profile

Table 2 shows that most respondents were female (82%) and aged 26–30 years (62%).

Descriptive Statistics

All variables range from 6 to 30 (Table 3). The means are 23.01 for investment risk, 23.52 for motivation, 24.54 for investment literacy, and 23.95 for investment interest, all well above the

Table 1. Definition, Operationalization, and Measurement of Variables

Variable	Definition	Indicators	Scale
Investment risk (X1)	The possibility that actual returns differ from expected returns, including the possibility of loss	Prediction; selection of investment instruments; ability to withstand losses for profit; concern about losses; postponement of investment decisions	Likert
Motivation (X2)	A person's internal condition and the influence of the surrounding environment that encourage the person to invest	Personal satisfaction from investing; peer influence; desire for profit; long-term needs	Likert
Investment literacy (X3)	The ability to understand various aspects of investment	Understanding of investment-related information; interest in learning about investment; investment skills	Likert
Investment interest (Y)	A person's desire to learn about investment and to put that knowledge into practice	Interest in investing; understanding of investing; confidence in investing	Likert

Table 2. Respondent Profile ($n = 100$)

Characteristic	Category	Frequency	Percentage (%)
Gender	Female	82	82
	Male	18	18
Age	26–30 years	62	62
	31–40 years	27	27
	41–45 years	11	11

Table 3. Descriptive Statistics ($n = 100$)

Variable	Minimum	Maximum	Mean	Std. deviation
Investment risk (X1)	6	30	23.01	3.815
Motivation (X2)	6	30	23.52	3.873
Investment literacy (X3)	6	30	24.54	3.886
Investment interest (Y)	6	30	23.95	3.794

scale midpoint of 18, which indicates that respondents generally gave favorable responses. Investment literacy has the highest mean.

Validity and Reliability

The validity of each item was tested by comparing its item–total correlation (r) with the critical value $r_{table} = 0.1966$ ($n = 100$, $\alpha = 0.05$). All 24 items have correlations between 0.401 and 0.851 and are therefore valid (Table 4). Cronbach's alpha ranges from 0.743 to 0.874, above the threshold of 0.60; therefore, all variables are reliable (Table 5).

Table 4. Item Validity (Item–Total Correlation, $r_{table} = 0.1966$)

Item	r	Item	r	Item	r	Item	r
X1.1	0.677	X2.1	0.621	X3.1	0.756	Y1	0.715
X1.2	0.663	X2.2	0.705	X3.2	0.700	Y2	0.615
X1.3	0.401	X2.3	0.810	X3.3	0.851	Y3	0.804
X1.4	0.780	X2.4	0.818	X3.4	0.837	Y4	0.820
X1.5	0.794	X2.5	0.750	X3.5	0.776	Y5	0.820
X1.6	0.694	X2.6	0.756	X3.6	0.823	Y6	0.601

Note. All items are valid ($r > 0.1966$).

Table 5. Reliability

Variable	Cronbach's alpha	Critical value	Remark
Investment risk (X1)	0.743	0.60	Reliable
Motivation (X2)	0.831	0.60	Reliable
Investment literacy (X3)	0.874	0.60	Reliable
Investment interest (Y)	0.826	0.60	Reliable

Classical Assumption Tests

Table 6 summarizes the classical assumption tests.

Table 6. Classical Assumption Test Results

Test	Method	Result	Conclusion
Normality	K–S (Lilliefors)	$D = 0.080$, Sig. $= 0.111$	Normal
Multicollinearity	Tolerance / VIF	X1: 0.500 / 2.002	No multicollinearity
		X2: 0.585 / 1.710	
		X3: 0.401 / 2.496	
Heteroscedasticity	Glejser	X1: Sig. $= 0.275$	No heteroscedasticity
		X2: Sig. $= 0.676$	
		X3: Sig. $= 0.255$	
Autocorrelation	Runs test	$Z = -1.809$, Sig. $= 0.070$	No autocorrelation

Normality. The Kolmogorov–Smirnov test yields a significance value of 0.111, above 0.05; therefore, the residuals are normally distributed.

Multicollinearity. The tolerance values are 0.500 for investment risk, 0.585 for motivation, and 0.401 for investment literacy, and the VIF values are 2.002, 1.710, and 2.496. All tolerance values are above 0.10 and all VIF values are below 10; therefore, there is no multicollinearity.

Heteroscedasticity. In the Glejser test, all significance values (0.275, 0.676, and 0.255) are above 0.05; therefore, there is no heteroscedasticity.

Autocorrelation. The runs test yields a significance value of 0.070, slightly above 0.05; therefore, there is no autocorrelation. Because the data are cross-sectional, autocorrelation is in any case of limited concern.

Table 7. Multiple Linear Regression Results (Dependent Variable: Investment Interest)

Variable	B	Std. error	Beta	t	Sig.
Constant	2.076	1.450		1.432	0.155
Investment risk (X1)	-0.054	0.075	-0.055	-0.729	0.468
Motivation (X2)	0.438	0.068	0.447	6.433	0.000
Investment literacy (X3)	0.523	0.082	0.536	6.379	0.000
R / R^2 / Adjusted R^2	0.854 / 0.729 / 0.720				
Std. error of the estimate	2.006				

Multiple Linear Regression Analysis

Based on Table 7, the estimated regression equation is:

$$\hat{Y} = 2.076 - 0.054\,X_1 + 0.438\,X_2 + 0.523\,X_3$$

The constant of 2.076 is the predicted investment interest score when the three independent variables are zero, a condition that cannot occur on the 6–30 scale; it is therefore not interpreted substantively. The coefficient of investment risk (-0.054) is negative but not significant. The coefficient of motivation (0.438) indicates that a one-point increase in the motivation score is associated with an increase of 0.438 points in investment interest, holding the other variables constant. The coefficient of investment literacy (0.523) indicates that a one-point increase in the literacy score is associated with an increase of 0.523 points in investment interest. Based on the standardized coefficients, investment literacy (Beta $= 0.536$) has the strongest effect, followed by motivation (Beta $= 0.447$).

Hypothesis Testing

Hypotheses are evaluated at the 5% significance level; with 96 degrees of freedom, the critical two-tailed t value is 1.985.

- **H1.** Investment risk has no significant effect on investment interest ($t = -0.729$, Sig. $= 0.468$); therefore, H1 is rejected.
- **H2.** Motivation has a significant positive effect on investment interest ($t = 6.433$, Sig. < 0.001); therefore, H2 is accepted.
- **H3.** Investment literacy has a significant positive effect on investment interest ($t = 6.379$, Sig. < 0.001); therefore, H3 is accepted.

Coefficient of determination. The adjusted R^2 is 0.720, meaning that investment risk, motivation, and investment literacy explain 72.0% of the variation in investment interest, while the remaining 28.0% is explained by factors outside the model.

Discussion

The Effect of Investment Risk on Investment Interest

Investment risk has no significant effect on investment interest. Although the coefficient is negative, the effect is small and not statistically significant, so it cannot be generalized. This finding is consistent with Lara et al. (2022) and Setiawan and Mukhlis (2023), who found that risk preference and risk perception do not affect young people's investment interest, but differs from Hati and Harefa (2019) and Kusnandar et al. (2022), who found significant effects, and from Latifah et al. (2025), who found a negative effect of risk perception among millennials in

Surabaya. Respondents in this study may give less weight to risk than to other considerations when forming an interest in investing.

The Effect of Motivation on Investment Interest

Motivation has a significant positive effect on investment interest: the higher a person's motivation, the higher their interest in investing. This finding is consistent with Pajar and Pustikaningsih (2017), Firdaus and Ifrochah (2022), Setiawan and Mukhlis (2023), and Nugroho et al. (2023), who found that investment motivation significantly affects investment interest, but differs from Hati and Harefa (2019), who found no effect of motivation among millennial students. The result indicates that motivation, including the desire for profit, personal satisfaction, peer influence, and long-term needs, is a strong driving force for millennials in the Pasar Minggu urban village to invest.

The Effect of Investment Literacy on Investment Interest

Investment literacy has a significant positive effect on investment interest and the largest standardized effect among the three variables. This finding is consistent with Hati and Harefa (2019), Pajar and Pustikaningsih (2017), and Lara et al. (2022), who found that investment knowledge positively affects investment interest, and with Nugroho et al. (2023) and Latifah et al. (2025), who found positive effects of financial literacy; it differs from Setiawan and Mukhlis (2023), who found no effect of investment knowledge among millennials in Malang. Knowledge about investment makes a person more interested in investing because it improves their ability to manage investments and increases their confidence and perceived control over investment decisions (Ajzen, 1991).

Conclusion and Recommendation

This study concludes that investment risk does not significantly affect the investment interest of millennials in the Pasar Minggu urban village, whereas motivation and investment literacy have significant positive effects; investment literacy has the strongest effect. Together, the three variables explain 72% of the variation in investment interest.

Investment education programs by regulators, securities companies, and local communities should therefore focus on strengthening investment literacy and motivation. This study has several limitations: the sample is limited to 100 respondents in one urban village, most of whom are female, and the investment risk construct combines aspects of risk perception and risk tolerance. Future research is encouraged to use larger and more balanced samples, to separate risk perception from risk tolerance, and to add other variables, such as advances in information technology, economic conditions, and social or media influences.

Authors' Declaration

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation, and discussion of the results. The authors read and approved the final manuscript.

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