Analysis of Financial Literacy, Financial Technology, and Minimum Capital Impact on Investment Interest in the Capital Market (A Case Study on Employees of PT. Anugerah Jaya Abadi)

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Abstract

The interest in investing in the stock market, with a case study of employees at PT. Anugerah Jaya Abadi. Primary data was collected through a questionnaire using Google Forms with a Likert scale and analyzed using multiple linear regression. The sampling method employed was non-probability sampling with 96 respondents. The t-test results indicate that financial literacy (significance 0.004), financial technology (0.003), and minimum capital (0.003) have a significant effect on the interest in stock market investment. The F-test results show a significance value of 0.000, indicating that the three variables collectively influence investment interest. This research provides valuable insights into the factors that influence stock market investment interest, and offers recommendations for companies to improve financial literacy, financial technology adoption, and capital accessibility for employees.

Keywords: financial literacy, financial technology, minimum capital, investment interest, stock market.

INTRODUCTION

The capital market is attracting increasing attention as financial technology (fintech) advances rapidly and investment interest grows. The capital market is a medium that connects parties in need of funds with those who have excess funds through the buying and selling of securities" (Tandelilin, 2010, p. 25). In Indonesia, fintech growth has made it easier for individuals to access the capital market and has transformed traditional investment practices. Although financial literacy in Indonesia remains relatively low, there has been an improvement over time. The proliferation of fintech platforms offering investment services has increased public interest in investing in the capital market. However, public understanding of investment products, risks, and financial management strategies remains a significant question to address.

Financial literacy refers to an individual's understanding and ability to effectively manage their finances. It includes knowledge of basic financial concepts such as savings, investments, loans, and expenditures and the ability to make sound financial decisions. Financial literacy involves an individual's ability to use their financial knowledge and skills to make effective financial decisions" (Huston, 2010, p. 300). Financial literacy also encompasses an understanding of financial risks, debt management, retirement planning, and the utilization of financial tools like credit cards, loans, and insurance (Aribawa, 2016). With adequate financial literacy, individuals can better manage their finances, make informed investment decisions, minimize financial risks, and build long-term financial security. Financial literacy is crucial in helping individuals overcome daily financial challenges and plan their financial futures more effectively.

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Financial technology, or fintech, refers to the use of technology to provide financial services in a more efficient, fast, and innovative manner. Fintech encompasses various aspects such as digital payments, peer-to-peer lending, online banking, investment through robo-advisory, and blockchain technology. This approach is transforming the way traditional financial services operate, opening doors to more flexible and affordable solutions for consumers and businesses. Fintech's role in expanding access to financial services, improving transaction efficiency, and driving innovation in the financial industry is significant (Shakhzodbek, E., et al., 2022).

Minimum capital also influences investment interest in the capital market. Amid economic uncertainty, affordable minimum capital can increase individual participation in the capital market. Minimum capital is the minimum amount required for an individual to invest in the capital market. During economic uncertainty, which refers to periods when economic conditions are unstable or unclear, such as market fluctuations or unexpected government policy changes, investors often hesitate or refrain from allocating their funds to the capital market due to high risks (Aini, N., et al., 2019).

However, affordable minimum capital can incentivize individuals to continue investing in the capital market despite economic uncertainties. With affordable minimum capital, investment in the capital market becomes more accessible to various groups, regardless of their income levels or wealth. This has the potential to increase individual participation in the capital market and reduce investment disparities, as more people have the opportunity to invest their funds.

PT. Anugerah Jaya Abadi, a company in Indonesia, serves as an example of this phenomenon. Employees of the company have the potential to become investors in the capital market, but the influence of financial literacy, fintech, and minimum capital on investment interest needs further investigation. This research aims to fill this knowledge gap by conducting a case study on PT. Anugerah Jaya Abadi employees. The findings of this study are expected to provide a deeper understanding of the factors influencing investment interest in the capital market amidst fintech development. The practical implications are expected to assist companies and governments in developing financial literacy, fintech, and fostering inclusive and sustainable capital market growth.

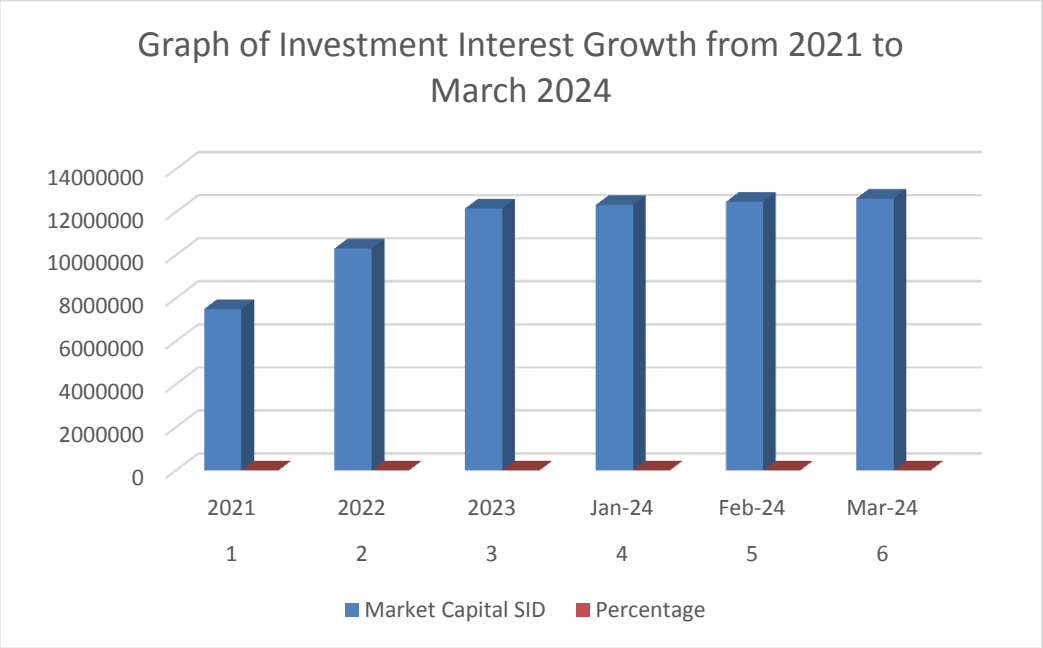
Investment interest is the drive for individuals to allocate some of their funds into various investment instruments with the hope of gaining profits in the future. This interest reflects individuals' attitudes and investment decisions influenced by several factors, including financial knowledge, availability of financial services, risk tolerance, and long-term financial goals. Psychological aspects, such as risk perception and self-confidence, also play a role in shaping investment interest, as well as economic, political, and social environments that can influence investment preferences through changes in market conditions and investor sentiment. Therefore, understanding and analyzing investment interests require a holistic approach that considers various factors influencing investor behavior (Mohamad, M., & Dahalan, J. (2017). Here is the data table and graph showing the growth of investment interest in the capital market from 2021 to March 2024.

Table 1.1
Investment Interest from 2021 to March 2024

No	Investment Interest Growth (year)	Capital Market SID	Percentage Growth (%)
1	2021	7.489.337	11%
2	2022	10.311.152	15%
3	2023	12.168.061	18%
4	Jan-24	12.326.700	18%
5	Feb-24	12.475.223	19%
6	Mar-24	12.632.117	19%

Source: Data processed from https://www.ksei.co.id/files/Statistik_Publik_Maret_2024_v2.pdf

Table 1.2: Growth of Investment Interest in the Capital Market from 2021 to March 2024



The data source was processed from:
https://www.ksei.co.id/files/Statistik_Publik_Maret_2024_v2.pdf

Graph 1: Growth of Investment Interest in the Capital Market from 2021 to March 2024

In 2021, the investor count reached 7,489,337, marking an 11% increase. This rise indicates a promising initiation in boosting investor engagement in the stock market. By 2022, investors rose to 10,311,152, showcasing a 15% surge. This higher uptick from the prior year reflects a burgeoning interest among the populace in stock market investments. Come 2023, investors peaked at 12,168,061, with an 18% climb. This notable upswing may stem from the uptick in financial literacy and improved accessibility to financial technology.

By January 2024, investor numbers surged to 12,326,700, maintaining an 18% growth rate. The stable growth from the preceding year to January 2024 suggests a sustained robust interest in stock market investments. In February 2024, the investor tally reached 12,475,223, with a 19% upswing. The marginal addition compared to the prior month signals a consistent growth trajectory in investment interest. In March 2024, investors surged again to 12,632,117,

with a 19% increase. This growth signifies the ongoing allure of the capital market, attracting fresh investor interest monthly.

Overall, there exists an optimistic trend in investor growth in the stock market from 2021 to 2024. Each year witnesses an uptick in growth percentages, reflecting an expanding investment enthusiasm. The substantial rise in investor numbers can be linked to fintech advancements streamlining market access. Moreover, the heightened financial literacy across society plays a pivotal role in driving interest in stock market investments. Further investigation can delve into specific factors influencing this growth, including the impact of financial education, governmental regulations, and fintech innovations. This is vital to ensure the continuity and potential enhancement of this growth trajectory in the future.

LITERATURE REVIEW

Financial Literacy

Financial literacy refers to individuals' knowledge, understanding, and skills in managing their finances. It encompasses understanding fundamental concepts such as budget management, investment, savings, loans, taxes, and insurance. A strong level of financial literacy enables individuals to make informed and effective financial decisions, as well as helping them to better manage financial risks (OJK: 2019).

Financial Technology

Financial technology (fintech) pertains to technological innovations that alter how individuals interact with financial products and services. This includes online banking applications, digital investment platforms, digital payments, and blockchain technology. Fintech has revolutionized the financial landscape by providing easier, faster, and more affordable access to various financial services, thereby enhancing financial inclusion and offering convenience to individuals and businesses (World Bank: 2019).

Minimum Capital

Minimum capital refers to the minimum amount of funds or assets required by entities or individuals to fulfill specific requirements, such as participating in the financial market or establishing a business. For instance, regulatory bodies set minimum capital requirements for establishing banks or securities firms. The establishment of minimum capital aims to ensure stability and security in financial operations (Bank for International Settlements, 2011).

Investment Interest

Investment interest denotes individuals' inclination and willingness to allocate a portion of their funds to various investment instruments with the anticipation of gaining profits in the future. This interest is influenced by various factors, including financial knowledge, financial technology, risk tolerance, financial objectives, economic conditions, and others. Investment interest reflects individuals' attitudes and behaviors in managing their finances, as well as their aspirations to achieve long-term financial success (Mohamad, M., et. al., 2017)

RESEARCH METHOD

In this study, the researcher employed a method with a quantitative approach and an associative research type. The quantitative approach is utilized to investigate a specific population or sample, employing data collection techniques that are quantitative or using statistical tools (Sugiyono: 2016).

According to Sugiyono (2016), the population represents the generalization area consisting of objects or subjects with specific qualities and characteristics determined by the researcher for study and analysis, thereby allowing conclusions to be drawn. The population in this study encompasses all employees of PT. Anugerah Jaya Abadi. The sampling method employed is non-probability sampling, referring to the Slovin formula. This research utilizes the Slovin formula to determine the appropriate sample size for a large population.

Through this method, the researcher determined a sample of 96 employees from the existing population. Hence, this research will collect data from 96 employees of PT. Anugerah Jaya Abadi uses a quantitative approach and an associative research type to analyze the relationship between the variables under investigation. In this research, the data source utilized is primary data, which entails data obtained directly from its source. The data collection method is conducted by distributing questionnaires to respondents.

FINDINGS AND DISCUSSION

Results

Reliability Test Based on the reliability test results, if each variable shows a Cronbach's alpha value greater than 0.70, then the variables of financial literacy, financial technology, minimum capital, and investment interest can be considered reliable. This indicates that the questions or items used to measure each variable are correlated and produce consistent data. According to the reliability test results, Cronbach's alpha value for each variable (financial literacy, financial technology, minimum capital, and investment interest) is greater than 0.70, with a result of 0.76. Therefore, these variables are deemed reliable or trustworthy in measurement and analysis within the context of this research.

Table 2: Reliabilty Test

Variable	*Cronbach Alpha*	*Alpha*	Description
Financial Literacy	0,894	0,76	Reliable
Financial Technology	0,887	0,76	Reliable
Minimum Capital	0,793	0,76	Reliable
Investment Interest	0,783	0,76	Reliable

Source Data: SPSS Version 25

From the reliability test results, the Cronbach's alpha values for each variable (i.e., financial literacy, financial technology, minimum capital, and investment interest) exceed the threshold of 0.70, with a score of 0.76. Therefore, it can be concluded that these variables are reliable and can be depended upon for analysis.

Normality Test

A normality test is a method used to evaluate the distribution of data within a variable or data set, determining whether it meets the criteria for a normal distribution. When data is normally distributed, it is assumed that the data has been randomly sampled from a population that follows a normal distribution pattern. Data is considered normally distributed if it does not show significant or standardized differences compared to a standard normal distribution. Using statistical tests such as the Kolmogorov-Smirnov test, a variable is considered normally distributed if its significance value is equal to or greater than 0.05. Conversely, if the significance value is less than 0.05, the variable or data does not meet the criteria for a normal distribution.

Tabel 3 Normality test

One- Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		81
Normal Parameter[a]	Mean	.0000000
	Std. Deviation	.31274766
Most Extreme Differences	Absolute	.135
	Positive	.092
	Negative	-.126
Kolmogorov-Smirnov Z		1.082
Asymp. Sig. (2-tailed)		.189

Source Data: SPSS Version 25

A variable is considered to follow a normal distribution if the significance value is equal to or greater than 0.05. Based on the normality test results in Table 3, a Sig. value of 0.189 was found, which is greater than 0.05. Therefore, it can be inferred that the residuals in the normality test are normally distributed.

Multicollinearity Test

The multicollinearity test can be conducted by examining the Tolerance values and Variance Inflation Factor (VIF) in the regression model. The decision-making criteria related to the multicollinearity test are as follows (Ghozali, 2016).

1. If the VIF value is less than 10 or the Tolerance value is greater than 0.01, then there is no multicollinearity.

2. If the VIF value is greater than 10 or the Tolerance value is less than 0.01, then multicollinearity is present.

3. If the correlation coefficient of each independent variable exceeds 0.8, then multicollinearity occurs. However, if the correlation coefficient of each independent variable is less than 0.8, then multicollinearity does not occur.

Table 4: Multicollinearitas Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	.871	.359		2.529	.017		
	Financial Literacy	.386	.072	.493	5.814	.000	.788	1.329
	Financial Technology	.255	.081	.244	3.270	.005	.986	1.159
	Minimum Capital	.192	.087	.264	3.187	.004	.753	1.394

Source Data: SPSS Version 25

Based on Table 4, it is known that the tolerance value for the financial literacy variable is 0.788 > 0.10. The tolerance value for the financial technology variable is 0.986 > 0.10. Meanwhile, the tolerance value for the minimum capital variable is 0.753 > 0.10. Additionally, the VIF value for the financial literacy variable is 1.329, the financial technology variable is 1.159, and for the minimum capital variable is 1.394, all of which are less than 10. Based on these results, it can be concluded that there is no multicollinearity in this study.

Homoscedasticity Test

The homoscedasticity test is a statistical test used to check whether the variation of errors (residuals) in the regression model remains constant at every level of the independent variables. In regression analysis, homoscedasticity is an important assumption that must be met for the results to be reliable.

Tabel 5 Homoscedastivity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.189	.227		.835	.406
	Financial Literacy	-.0.79	.044	.197	-.1648	.108
	Financial Technology	.079	.053	.149	1.163	.274
	Minimum Capital	.015	.043	.032	.273	.798

Source Data: SPSS Version 25

Based on Table 5, the results of the homoskedasticity test show significance values (sig.) for the financial literacy variable at 0.108 < 0.05. For the financial technology variable, the sig. value is 0.274, and for the minimum capital variable, it is 0.798, both of which are also smaller than 0.05. Therefore, it can be concluded that the data meets the assumption of homoskedasticity. Thus, this study passes the homoskedasticity test.

Autocorrelation Test

The autocorrelation test, also known as the serial correlation test, is a statistical technique used to test whether there is a pattern of correlation between successive residual values in a regression model.

Tabel 6 Uji Autokorelasi

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.775[a]	.585	.568	.31935	2.300

Sumber: SPSS Versi 25

When checking for autocorrelation, the condition is met if the dW (Durbin-Watson) value falls between dL (lower bound) and 4 - dL (upper bound). In this study, using K = 3 and N = 80, the dW value was found to be 2.300 in Table 6. Therefore, it can be concluded that there is no significant autocorrelation.

Hipotesis Testing

Partial Hypothesis Testing (T-Test)

Table 7 t-test

Variabel	T	Sig.	Remarks
Financial Literacy	5.824	.004	Significant
Financial Technology	3.260	.003	Significant
Minimum Capital	3.188	.003	Significant

Dependent Variabel : Investment Interest

Source: SPSS version 25

Based on the calculations in Table 7, we can make the following conclusions: a. The financial literacy variable has a significance value (sig.) of 0.004, which is less than 0.05. Therefore, we reject the null hypothesis (H0), indicating that financial literacy influences investment interest. b. The significance value for the financial technology variable is 0.003, which is also less than 0.05. Consequently, we reject the null hypothesis (H0), indicating that financial technology influences investment interest. c. The minimum capital variable has a significance value of 0.003, which is less than 0.05. This, we reject the null hypothesis (H0), indicating that the minimum capital influences investment interest.

F Test

The F test produces the F statistic and the p-value. If the resulting p-value is smaller than the predetermined significance level (usually 0.05), then we reject the null hypothesis and conclude that at least one independent variable has a significant impact on the dependent variable

collectively. In other words, the overall regression model is significant.

Table 8 f-test

ANOVA[b]						
Model		Sum of squares	Df	Mean Square	F	Sig
1	Regression	11.542	3	3.854	37.966	.000[a]
	Residual	8.605	87	.102		
	Total	20.247	88			

Source: SPSS version 25

Based on the values obtained from Table 8, the significance value (sig.) is 0.000 < 0.05, thus rejecting H0. This means that financial literacy, financial technology, and minimum capital collectively influence investment decision-making.

Coefficient Of Determination

The coefficient of determination, symbolized as R^2 has a range of values between 0 and 1. A higher R^2 value indicates that the regression model is more effective in explaining the variation in the dependent variable. When R^2 approaches 1, it indicates that the independent variables in the regression model can explain most of the variation in the dependent variable.

Table 9 Coefficient of Determination Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the	Durbin-Watson
1	.765[a]	.597	.565	.31825	2.100

Dependent Variable: Investment Interest

ource: SPSS version 25

From the data in Table 9, the R Square value is found to be 0.597 or equivalent to 59%. This indicates that approximately 59% of the variation in the investment interest variable can be explained by the independent variables of financial literacy, financial technology, and minimum capital. The remaining variation is likely influenced by other factors not examined in this study.

LIMITATION & FURTHER RESEARCH

Limitations

1. This study focused only on employees of PT. Anugerah Jaya Abadi, which may limit the generalizability of the findings to employees in different industries or regions. The unique characteristics of this organization could influence the observed investment behavior and attitudes.

2. The study primarily examined the impact of financial literacy, financial technology, and minimum capital on stock market investment interest. Other potential influencing factors, such as risk tolerance, economic background, or market volatility, were not included and may provide additional insights if explored.

3. The reliance on self-reported data can introduce biases, as participants might overestimate or underestimate their financial knowledge and investment interest. This limitation could affect the accuracy of the results.

Suggestions for Future Research

1. Future studies should include employees from multiple companies or sectors, which would allow for broader generalizations. A larger, more diverse sample would also provide insights into how different demographic or occupational factors influence investment interest.

2. Expanding the variables in future research to include factors such as risk preference, economic stability, and stock market knowledge could provide a more comprehensive understanding of what drives investment interest. These variables may uncover nuanced relationships that could guide more targeted investment encouragement strategies.

3. Conducting a longitudinal study to observe changes in investment interest over time, especially in response to evolving financial technology or economic changes, would help understand the long-term effects of financial literacy and technology on investment decisions.

4. Integrating qualitative methods, such as interviews or focus groups, could offer in-depth insights into employees' motivations and barriers in stock market investment. These qualitative data points could complement quantitative findings, providing a richer context for interpreting results.

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