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THE INFLUENCE OF FINANCIAL SOCIALIZATION, FINANCIAL EXPERIENCE, AND FINANCIAL LITERACY ON INVESTMENT INTENTION

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Abstract

The rapid advancement of technology has made it easier for individuals to carry out various activities, including investing. Amid the current weakening of Indonesia's Composite Stock Price Index (IHSG), an increase in public investment interest is expected to contribute positively to the national economy. Generation Z, as digital natives, holds significant potential in the development of the investment sector. This study aims to analyze the influence of financial socialization, financial experience, and financial literacy on investment intention among Generation Z in Sukabumi City. A quantitative approach with an associative method was employed in this research. Data were collected using purposive sampling, involving 170 respondents categorized as members of Generation Z. The data were analyzed using multiple linear regression analysis. The results reveal that financial socialization does not significantly influence investment intention, indicating that social interaction or exposure alone may not be sufficient to drive investment behavior among Generation Z. In contrast, financial experience has a positive and significant effect on investment intention. Similarly, financial literacy also shows a positive and significant effect on investment intention among Generation Z. These findings suggest that financial experience and financial literacy play crucial roles in shaping individuals' intentions to invest. Therefore, stakeholders are encouraged to enhance financial education programs and provide more practical financial experiences to increase investment interest among younger generations, particularly Generation Z.

Keywords: Investment Intention, Financial Socialization, Financial Experience, Financial Literacy, Generation Z.

INTRODUCTION

Globalization and rapid technological advancements have brought significant transformations to various aspects of human life, including the financial and investment sectors. The emergence of digital innovations—such as mobile investment applications, online trading platforms, robo-advisors, and real-time market data access—has revolutionized how individuals interact with financial markets. These technologies have made investing more accessible, convenient, and flexible than ever before. Transactions can be carried out instantly, regardless of time or location, allowing people to manage their portfolios directly from their mobile devices. As a result, investment has become a more practical and attractive activity, particularly among the younger generations who are more technologically inclined (Selawati et al., 2022).

The Financial Services Authority (OJK, 2017) defines investment as an activity of capital placement, typically undertaken with a long-term horizon, aimed at generating future returns. These returns may come in various forms, including income, capital gains, asset appreciation, or other financial benefits. Investment plays a dual role: it not only benefits individual investors through wealth accumulation but also serves as a crucial source of capital for businesses seeking to grow. This function supports overall economic development by enhancing productivity, innovation, and job creation across sectors (Hidayat et al., 2019).

Among the most noteworthy emerging investor segments is Generation Z—those born roughly between 1997 and 2012. As digital natives, members of this generation have grown up surrounded by technology and the internet, making them highly adaptable to digital tools and platforms. They are known for their openness to innovation, strong connectivity through social networks, and tendency to rely on online sources for decision-making. Compared to earlier generations, Gen Z tends to be more analytical, skeptical, and pragmatic, especially in financial matters (Budiyono & Tololiu, 2025). These characteristics position them as a promising demographic for the growth of retail investing, particularly in the context of digital finance.

The increasing interest in investment among Generation Z is closely tied to their familiarity with technology and their ability to easily access financial information. Unlike previous generations, Gen Z has grown up in an environment where financial content is abundant and widely disseminated through various digital media. From YouTube financial influencers to TikTok investment tips, from online articles to podcasts—investment-related information is now available at the click of a button. Social media platforms also play a significant role in shaping financial behavior, as young individuals often learn from peer experiences, trends, and community discussions (Dewi & Apriyati, 2023). This easy access to diverse sources of financial knowledge enhances their awareness and encourages more active financial participation.

In addition to access to information, financial experience is another critical factor influencing investment behavior. Experience refers to the personal involvement of individuals in managing financial activities, which can include budgeting, saving, handling debt, or making investment decisions. As individuals gain more experience, they become better equipped to evaluate risks, identify investment opportunities, and formulate appropriate strategies. Financial experience also fosters resilience, helping individuals to learn from both success and failure, and build confidence in managing uncertainty (Widyatamaka & Anwar, 2023).

Financial literacy—the ability to understand and use various financial skills, including personal financial management, budgeting, and investing—is equally essential. A high level of financial literacy enables individuals to make informed decisions regarding their financial resources. It helps them distinguish between legitimate investment options and scams, understand the trade-off between risk and return, and select financial products that match their goals and risk tolerance. For Generation Z, enhancing financial literacy is particularly crucial, as they are in the early stages of financial independence and wealth accumulation.

Moreover, the development of financial behavior among Generation Z is often shaped by a process known as financial socialization. This process refers to how individuals acquire knowledge, attitudes, and behaviors related to finance through interaction with parents, peers, media, educational institutions, and broader society. Those who receive early exposure to positive financial habits are more likely to develop responsible attitudes toward money and investing. For instance, discussions about money management within families, financial education in schools, or access to mentors can significantly impact one's confidence and interest in investing.

Indonesia, as a developing country with a growing digital economy, presents substantial opportunities to tap into the investment potential of Generation Z. The national government and regulatory bodies, such as the OJK and the Indonesia Stock Exchange (IDX), have implemented various programs to promote financial literacy and market participation among the youth. Despite these efforts, participation rates among young investors remain relatively low when compared to the potential size of the demographic. This gap highlights the need to understand the underlying factors that influence Gen Z's investment behavior, particularly in the Indonesian context.

In conclusion, the investment landscape is undergoing a significant transformation driven by digitalization, accessibility, and changing investor demographics. Generation Z, with its unique characteristics and strong orientation toward technology, holds great potential to become an active contributor to the investment ecosystem. Understanding the factors that influence their investment intentions—such as access to information, financial experience, literacy, and socialization—is essential for developing effective strategies to engage and empower this generation in making sound financial decisions. By fostering a financially literate and investment-savvy young population, Indonesia can ensure a more inclusive, resilient, and forward-looking economic future.

METHODOLOGY

This study employs a quantitative research methodology with an associative approach. The associative approach aims to examine the relationship between two or more variables empirically and systematically (Jaya, 2020:51). By applying this approach, the research seeks to identify and analyze the influence of financial socialization, financial experience, and financial literacy on investment intention among Generation Z. The quantitative nature of the study allows for statistical testing and objective analysis of the hypothesized relationships between variables.

The object of this study is investment intention, which is assumed to be influenced by three independent variables: financial socialization, financial experience, and financial literacy. Therefore, the research model consists of one dependent variable—investment intention—and three independent variables: financial socialization, financial experience, and financial literacy. The dependent variable refers to the individual's intention or willingness to engage in investment activities, while the independent variables are external and internal factors that are presumed to shape or influence this intention.

The study specifically targets Generation Z individuals residing in the city of Sukabumi, Indonesia. Generation Z refers to individuals born between the years 1997 and 2012, who are considered digital natives and represent a key demographic for future investment participation. Based on demographic data, the total population of Generation Z in Sukabumi is approximately 93,077 individuals.

To determine the sample for this study, a purposive sampling technique is employed. Purposive sampling is a non-probability sampling method in which respondents are selected based on specific characteristics or criteria that align with the research objectives (Jaya, 2020:80). This technique ensures that the sample is relevant and appropriate for answering the research questions. The sample criteria are as follows:

1. Individuals aged above 16 years and up to 27 years at the time of data collection.
2. Individuals who do not currently hold any investment instruments (i.e., non-investors).

These criteria were chosen to ensure that the respondents are within the typical age range of Generation Z and represent potential investors rather than experienced or active ones. This focus allows the study to better assess factors that influence initial investment intention rather than ongoing investment behavior.

The sample size in this study was determined using a calculation based on the recommendation of Hair et al. (2019), who suggest a minimum ratio of 5 respondents per indicator in multivariate analysis. Given that the research instrument includes a total of 32 indicators, the sample size is calculated as follows:

Sample size = Number of indicators x 5

= 32 x 5 = 160

Thus, the final sample for this study consists of 160 respondents, which is deemed adequate for statistical analysis and model testing. This approach ensures that the data collected is sufficient to explore the hypothesized relationships and provides a reliable basis for generalizing the findings within the defined population segment.

By combining a well-defined sampling strategy with a robust associative framework, this research is expected to yield meaningful insights into the financial behavior and investment potential of Generation Z in Sukabumi**.**

RESULTS AND DISCUSSION

Results

The data collected in this study were analyzed using Statistical Package for the Social Sciences (SPSS) version 22. This software was selected due to its widespread use in social science research and its capability to perform comprehensive statistical analyses with a high degree of accuracy and efficiency.

As part of the quantitative methodology, the research includes hypothesis testing to evaluate the influence of the independent variables—financial socialization, financial experience, and financial literacy—on the dependent variable, namely investment intention. The hypothesis testing is divided into two main statistical tests:

1. Simultaneous effect test (F-test)
2. Partial effect test (T-test)

Through these tests, the study aims to identify both the collective and individual contributions of the selected financial factors to the investment intention of Generation Z in Sukabumi. The findings from the F-test and T-test will provide empirical evidence on the

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strength and direction of the relationships hypothesized in the research model, thereby supporting or rejecting the proposed hypotheses based on the significance levels obtained.

Simultaneous effect test (F-test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1178.712	3	392.904	37.536	.000[b]
	Residual	1737.576	166	10.467		
	Total	2916.288	169			

Based on the calculations, the calculated F-value (F_{count}) is 37.536. This value is then compared to the F-table value at a 5% significance level ($\alpha = 0.05$) with the appropriate degrees of freedom, which is 2.66. This result indicates that, collectively, the independent variables in the regression model make a statistically significant contribution to changes in the dependent variable.

Partial effect test (T-test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.519	2.102		5.479	.000
	F.S	.103	.087	.091	1.191	.235
	F.E	.258	.086	.238	2.981	.003
	F.L	.409	.089	.393	4.617	.000

Based on the results of the partial (t-test) analysis, the following findings were obtained:

1. The financial socialization variable has a significance value of 0.235 > 0.05 and a t-value of 1.191 < 1.974, thus H_1 is rejected. This indicates that financial socialization has no significant effect on investment intention.
2. The financial experience variable has a significance value of 0.003 < 0.05 and a t-value of 2.981 > 1.974, thus H_2 is accepted. This indicates that financial experience has a positive and significant effect on investment intention.
3. The financial literacy variable has a significance value of 0.000 < 0.05 and a t-value of 4.617 > 1.974, thus H_3 is accepted. This indicates that financial literacy has a positive effect on investment intention.

Discussion

The purpose of this study was to examine the influence of financial socialization, financial experience, and financial literacy on investment intention among Generation Z in Sukabumi. Based on the results of statistical analysis using SPSS 22, several key findings were obtained that offer meaningful insights into the financial behavior of this demographic group.

The first hypothesis proposed that financial socialization has a significant influence on investment intention. However, the findings of this study revealed that the variable financial socialization does not have a statistically significant effect on investment intention among Generation Z in Sukabumi. This conclusion is supported by the significance value ($p = 0.235$), which exceeds the conventional alpha level of 0.05, and a t-value (1.191) that is lower than the critical t-table value (1.974). As a result, the first hypothesis (H_1) was rejected.

This finding suggests that while financial socialization—defined as the process by which individuals acquire financial attitudes, knowledge, and behaviors through interactions with parents, peers, educators, and media—does occur in the lives of Generation Z, it is not sufficient in itself to drive their intention to invest. In the context of Sukabumi, it is possible that financial discussions within families are still limited or focused primarily on basic money management rather than long-term financial planning or investment. Moreover, peer influence may center more on consumer habits rather than financial growth or asset accumulation.

Another possible explanation lies in the quality of the financial information received. If financial socialization is not accompanied by accurate, relevant, and practical knowledge, it may not effectively translate into investment behavior. Generation Z may be passively exposed to financial information without developing a deep understanding or motivation to act upon it. This aligns with studies suggesting that informal sources of financial knowledge are often insufficient unless complemented by structured education and personal engagement.

Thus, this result emphasizes the need for more targeted and structured financial education programs in schools, families, and community settings, especially those that go beyond saving and budgeting to include long-term financial planning, investment risks, and the benefits of asset growth. For financial socialization to be impactful, it must be intentional, informative, and tailored to the real-life context of the younger generation.

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The second hypothesis posited that financial experience positively influences investment intention. The findings support this hypothesis, as financial experience was shown to have a statistically significant and positive effect on investment intention ($p = 0.003 < 0.05$; $t = 2.981 > 1.974$). Therefore, hypothesis H_2 is accepted.

This result is consistent with the notion that individuals who have had greater exposure to real-life financial activities—such as saving money, managing expenses, using financial services, or even attempting to invest—are more confident and capable of making investment decisions. Practical experience helps individuals become familiar with financial tools, understand the dynamics of financial markets, and appreciate the consequences of financial choices. Over time, this experience builds a foundation of knowledge, risk awareness, and self-efficacy that encourages investment intention.

For Generation Z, who are at the early stages of their financial journey, even small experiences such as using digital wallets, setting budgets, or saving for short-term goals can be influential in developing a proactive financial mindset. Furthermore, exposure to financial setbacks, such as mismanaging money or experiencing budget shortfalls, can also serve as valuable lessons, reinforcing the importance of financial planning and risk mitigation.

The findings suggest that encouraging Generation Z to engage in practical financial activities may be an effective strategy for fostering investment interest. Educational institutions, parents, and financial institutions can play an important role by providing opportunities for financial engagement, such as budgeting simulations, youth savings programs, or investment games. Additionally, youth-oriented financial products and digital platforms that allow safe and accessible participation may increase both experience and intention over time.

Overall, financial experience appears to be a bridge between abstract financial knowledge and actionable investment behavior. It converts awareness into application, thus serving as a strong predictor of investment intention among young adults.

The third hypothesis, which proposed that financial literacy significantly influences investment intention, is also supported by the findings. Financial literacy demonstrated a strong and statistically significant positive effect on investment intention ($p = 0.000 < 0.05$; $t = 4.617 > 1.974$), leading to the acceptance of hypothesis H_3.

This finding reinforces the critical role of financial literacy in shaping financial decision-making, particularly in relation to investments. Financial literacy encompasses an individual's ability to understand, evaluate, and apply financial information in ways that promote sound financial decisions. It includes knowledge of financial concepts (such as interest rates, inflation, and risk diversification), the ability to interpret financial products (such as stocks, bonds, mutual funds), and the skills to manage personal finances responsibly.

Among Generation Z, financial literacy appears to function as both a motivational and an enabling factor. Those with higher levels of financial literacy are more likely to recognize the benefits of investing, understand how investments work, and feel confident in making financial decisions. Conversely, low financial literacy may lead to hesitation, fear of risk, or misunderstanding of investment opportunities, which can inhibit engagement.

In the context of Sukabumi, this result highlights the importance of targeted financial education initiatives tailored to young people. Many youths may not receive adequate financial instruction through formal education, and as such, there is a strong need for community-based programs, digital learning platforms, and peer-to-peer education efforts that focus on practical and applicable financial knowledge. Government agencies, schools, universities, and financial service providers should collaborate to integrate investment literacy into youth engagement strategies.

The positive relationship found in this study also suggests that increasing financial literacy could be a powerful intervention to stimulate early investment behaviors. As Generation Z prepares to take on financial responsibilities such as higher education, employment, and long-term savings, equipping them with the tools and understanding to invest wisely is both timely and necessary.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study, several important conclusions can be drawn regarding the factors that influence investment intention among Generation Z in Sukabumi, particularly in relation to financial socialization, financial experience, and financial literacy.

First, financial socialization was found to have no significant effect on investment intention. This suggests that the financial socialization processes experienced by individuals—such as financial discussions with parents, influence from peers, or exposure to financial norms in their social environment—are not strong enough to influence their desire or motivation to engage in investment activities. Although financial socialization plays a role in shaping general financial attitudes and behaviors, this study indicates that it may not be sufficient to foster a concrete intention to invest. It is possible that the financial messages received through informal channels lack the depth, clarity, or relevance needed to trigger meaningful investment planning. Therefore, merely being exposed to financial influence through social interactions does not automatically translate into an intention to take specific investment actions.

Second, financial experience showed a significant and positive effect on investment intention. This finding underscores the importance of direct involvement in financial activities in shaping one's readiness and willingness to invest. Individuals who have actively managed their personal finances—such as through budgeting, saving, using financial products, or having previous investment experience—tend to develop a better understanding of how financial systems work. This hands-on engagement builds familiarity and confidence, which in turn increases their likelihood of forming investment intentions. The more experience a person gains in managing their financial life, the more capable they become in evaluating investment opportunities, understanding potential returns, and managing associated risks. As such, financial experience acts as a foundation for developing more advanced financial behaviors, including investment.

Third, and most importantly, financial literacy was also found to have a significant positive impact on investment intention. This indicates that individuals with higher levels of financial knowledge and understanding are more likely to exhibit rational and well-planned investment intentions. Financial literacy equips individuals with the ability to interpret financial information, evaluate investment products, assess risks, and make informed decisions. Those who are financially literate are not only more confident in their investment choices but also more capable of aligning those choices with their long-term financial goals. As such, financial literacy plays a central role in promoting responsible and proactive investment behavior, especially among young adults entering an increasingly complex financial environment.

In conclusion, this study highlights the pivotal roles of financial experience and financial literacy in shaping investment intentions, while suggesting that financial socialization alone may not be sufficient. Efforts to encourage investment behavior among Generation Z should therefore focus on increasing their direct financial involvement and enhancing their financial education through structured and practical learning opportunities.

Theoretical Recommendations

Based on the results of this study, future researchers are encouraged to further explore the model by incorporating additional variables, such as media exposure, digital behavior, or moderating variables like financial self-efficacy, trust in financial institutions, or perceived behavioral control. The inclusion of these variables could help clarify and strengthen the understanding of the relationships between financial socialization, financial experience, financial literacy, and investment intention.

By expanding the theoretical framework, future studies may uncover indirect or conditional effects that are not captured in this current model. For instance, the insignificant influence of financial socialization found in this study may be better understood through the presence of mediating or moderating factors. Furthermore, comparative studies across different regions, socioeconomic backgrounds, or levels of education could offer a more comprehensive picture of how generational characteristics interact with financial behaviors. In this regard, the theoretical understanding of financial behavior, particularly among Generation Z, could be developed in greater depth and with broader generalizability.

Practical Recommendations

Given the findings that financial experience and financial literacy significantly influence investment intention among Generation Z in Sukabumi, there are several practical steps that can be taken by key stakeholders. Educational institutions, local governments, and financial organizations are encouraged to design and implement practical, interactive, and youth-friendly financial education programs. These programs should focus on not only delivering theoretical knowledge but also offering hands-on financial experiences that can simulate real-world scenarios.

Such initiatives may include investment training workshops, personal finance simulations, digital budgeting tools, and community outreach programs tailored to the characteristics and interests of Generation Z. Financial content can also be disseminated through digital platforms, social media, and mobile apps that resonate with how this generation consumes information. Additionally, partnerships between schools and financial institutions could facilitate youth access to simplified investment products or educational accounts that encourage early financial engagement.

By enhancing access to both knowledge and experience, these efforts can help build financial confidence, nurture responsible financial behavior, and foster a stronger intention to invest. Ultimately, this will contribute not only to the financial well-being of young individuals but also to the broader development of a financially literate and economically active society.

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