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The Influence of Financial Literacy, Risk Tolerance, and Demographic Factors on Investment Decision among Generation Z and Millennial in Greater Jakarta and Greater Bandung

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ABSTRACT: Financial services and products are getting more complex and difficult to comprehend for many consumers. Consumers with limited financial literacy may struggle to make wise decisions about their financial (investment) decisions. Financial literacy capital market in Indonesia still in lowest level. In addition, low financial literacy will increase the number of illegal investments. Throughout 2022, the Indonesian police have handled 28 illegal investment cases with a total loss of 31.4 trillion to the community. The victim also came from varied backgrounds, men and women, young and old, from those who did not go to school until undergraduates, from low-income to high. The purpose of this study is to determine the relationship between financial literacy, risk tolerance, and demographic factors toward investment decisions among Generation Z and millennials in Greater Jakarta and Greater Bandung. Variable financial literacy used in this study includes financial knowledge, behavior, and attitude. An online questionnaire was conducted and there were 216 respondents who participated in this research. A quantitative approach was used to analyze the data collected using multiple linear regression through SPSS. The study found that financial knowledge, financial behavior, financial attitude, age, and occupation have a significant effect on investment decisions. Meanwhile, risk tolerance, gender, and income do not have a significant effect on investment decision.

KEYWORDS: Financial Literacy, Financial Knowledge, Investment Decision, Risk Tolerance.

INTRODUCTION

Many things must be considered when determining which financial product or service to choose, including making investment decisions. The investment decision-making process is a crucial process and depends upon various factors that may vary among individuals. The process of decision-making becomes easy when all the confounding variables are well recognized by investors. During investment decision-making, investors encounter highly complex factors such as risk, ambiguity, and choice overload [1]. Therefore, financial literacy becomes essential for investors.

Financial literacy is the knowledge, skills, and beliefs that influence attitudes and behaviors to improve the quality of decision-making and financial management to achieve well-being [2]. Based on a national survey of financial literacy and inclusion conducted by the Financial Services Authority in 2022, the level of financial literacy increased by 11.65% compared to 2019 from 38.03% to 49.68%. However, compared to the financial inclusion index, financial literacy index still tends to be low. There is still a reasonably high gap between the literacy index (49.68%) and financial inclusion (85.10%) in 2022. It shows that many Indonesians who use financial products or services but do not understand what they use.

The level of financial literacy in capital market in Indonesia 4.11% this number still low compare to another financial products. A low level of financial literacy can cause many negative impacts. Low financial literacy can lead accumulating unsustainable debt burdens which can lead to poor credit, bankruptcy, housing foreclosure, and become entry points for "predators" to increase their illegal financial activities in the name of investment [3]. There are more and more cases of illegal investment in Indonesia; the Directorate of Special Crimes (Dittipideksus) of the Criminal Investigation Agency (BARESKRIM) of the National Police from 2019 to September 2022 has explored 16 cases of illegal investment [4]. In the last five years, losses caused by illegal investments have reached 123 trillion IDR [5]. The victim also came from varied backgrounds, men and women, young and old, from those who did not go to school until undergraduates, from low-income to high [6].

The rise of illegal investment case show that people's enthusiasm for investing is tremendous but not accompanied by adequate financial literacy and understanding of what kind of legal investment. In addition, the Indonesian people are still easily tempted by

the large returns [7]. As we know, behind the large returns, investors must cover a big risk. Everyone has a different reaction to risk [8]. Therefore, before we make any financial decision, we need to know our willingness and ability to take risks; this is called the risk tolerance [9]. Knowing the risk tolerance level will help the investor plan their whole portfolio and impact how they invest. For example, if a person has a conservative risk tolerance, their investments tend to be more low-risk.
Therefore, this research aims to determine the influence between financial literacy, risk tolerance, and demographic factors on investment decisions in the capital market. Other than that, the author also examining the financial literacy index. Financial literacy that used in this research consist of financial knowledge, financial behavior, and financial attitude. Moreover, in financial knowledge section divided into two part, namely basic and advanced financial knowledge.

LITERATURE REVIEW

Financial Literacy

According to OECD through the International Network of Financial Education (INFE), financial literacy is "a combination of awareness, knowledge, skills, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being" [10]. Based on that definition, the concept of financial literacy does not constrain on knowledge level but also consider other characteristic of individuals such as behavior, attitude, and skills. Usually, we are confused between financial knowledge and financial literacy, financial literacy is a person's confidence in their ability to utilize their financial knowledge to make decisions that are beneficial to their well-being [11].

Financial Knowledge

The knowledge of finance entails knowing how to calculate interest, how inflation affects returns, how risk affects returns, and how diversification may help to lower risk [12]. This statement is in line with OECD statement which stated, a fundamental understanding of finance and the capability to utilize numeracy skills in various financial situations, may guaranteed the consumers to have greater confidence to explore financial issue and respond to news, also should have an impact on their financial well-being [13]. The previous study research found that there is positive and significant influence between financial knowledge on investment decision making [14] [15].

Financial Behavior

Financial behavior is closely related to one's responsibilities on how to manage finances and it is as indicators examine a person's financial conduct. These include making prompt bill payments, creating and adhering to a meticulous budget, and routinely or continuously saving money. Previous research found that there is no influence between financial behavior on investment decisions [16]. On the other hand, another research found that financial behavior affects investment decision making [17].

Financial Attitude

Financial attitude can be explained as a state of mind, opinion and judgment about finances [18]. In addition, stated that financial attitudes, is a person's beliefs on planning their tendency to save and consume, which can also affect their behavior [12]. According to as a person's financial attitude improves, so does the decision of an investor, due to a psychological factor in it, such as how important to set goals for the future [15]. Past studies reveal there is an influence between financial attitudes on investment decision making [16] [19].

Risk tolerance

Investment is an activity with a risk; everyone reacts to risk differently depending on the convenience of facing risks and benefits. In terms of determining investment suitability, understanding an investor's risk tolerance is essential [20]. Risk tolerance is the level of an investor is willing to accept given the volatility in the value of an investment [21]. When viewed from attitude of investors, risk tolerance level can be divided into three types namely, risk-averse, neutral to risk, and risk seeker. Previous study reveals that risk tolerance affects investment decision-making [22] [23].

Demographic factors

There are various demographic factors, but here will be used gender, age, latest education, occupation, and income. Age is a period in life and comes with significant advantages or skills [24]. Individual skills can increase with age due to they gain a lot of experience. Prior research found that age significant to investment decision [24] [25].

in general, a male investor tends to place his funds in the capital market with assets that have a high risk, while a female investor will prefer with a lower risk (the banking industry) [26]. The past research result found that from three demography variables used in their research (gender, age and occupation), only gender which have influence on selection of portfolio investment [27]. Furthermore, for latest education, the level of a person education will demonstrate their level of mastery of knowledge that person has in understanding something well, especially in the academic field and will have an impact on a person's tolerance for risk when investing. Level of education is influences investment decisions [24] [28].

The different job on individual investors also affect to selection of different portfolio investment. Because each job has different income, there are some jobs with fixed income and some unfixed [29]. Shinde & Priyanka (2015). Therefore, previous studies discovered a significant influence on job occupation background of investors in selecting the portfolio investments [29] [30]. The last demographic factor is income, the higher income generally provides individuals with more capital to invest. They will having a larger pool of funds, which can enable individuals to consider a wider range of investment opportunities and take on high-risk investment. Thus, it can conclude that income variable has a significant effect on investment decision [15].

Investment Decision

In general, investing is putting money to work for a period of time in order to generate positive returns. Fundamentally, one can investments in types of assets namely, both real assets and financial assets [31]. The form of real assets that can be used as the purpose of placement of funds are land, buildings, machinery, and even commodities such as gold. The form of investment in financial assets are bank accounts (savings and deposits), bonds, mutual funds, stock, option, and derivatives. Because investing is oriented toward the potential for future income, there is always a certain level of risk associated with almost all types of investment. There is a positive relationship between the level of expected return and risk. When someone expects a high level of return, he must be willing to bear a high level of return uncertainty. Savings and deposit bank placements are generally safe investments because it is unlikely that the bank won't be able to honor its commitments to pay interest or profit sharing along with principal repayment. It's different with stocks, is a form of investment that has the highest risk but also largest degree of required return [32].

It is important for investors to see the factors in investment related to asset allocation, since the levels of risk and profit in investment are vary. Asset allocation is related to the decision process on how to allocate funds to various asset classes [21]. The asset allocation strategy is influenced by the investor's risk tolerance, investing objectives, and financial limitations. For making wise investment decision, investors must adapt totally and accurately the potential chances and these decisions ought not to be made in a surge [33]. It is important to comprehend the fundamental thoughts of the investment decision to get the greatest incentive from the evaluation procedure. Therefore, selecting an investment instrument that is appropriate for the objectives connected with the magnitude of projected rewards, time period, and risks that exist is a key step in making effective investment decisions.

HYPOTHESIS DEVELOPMENT

Based on the literature review and the purpose of the study, following are the hypotheses are formulated:

a. Financial knowledge to investment decision
   H_0: financial knowledge has no significant effect on investment decision
   H_1: financial knowledge has significant effect on investment decision
b. Financial behavior to investment decision
   H_0: financial behavior has no significant effect on investment decision
   H_1: financial behavior has significant effect on investment decision
c. Financial attitude to investment decision
   H_0: financial attitude has no significant effect on investment decision
   H_1: financial attitude has significant effect on investment decision
d. Risk tolerance to investment decision
   H_0: risk tolerance has no significant effect on investment decision
   H_1: risk tolerance has significant effect on investment decision
e. Age to investment decision
   H_0: age has no significant effect on investment decision
   H_1: age has significant effect on investment decision

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f. Gender to investment decision
H_0: gender has no significant effect on investment decision
H_1: gender has significant effect on investment decision

g. Education to investment decision
H_0: education has no significant effect on investment decision
H_1: education has significant effect on investment decision

h. Occupation to investment decision
H_0: occupation has no significant effect on investment decision
H_1: occupation has significant effect on investment decision

i. Income to investment decision
H_0: income has no significant effect on investment decision
H1: income has significant effect on investment decision

METHODOLOGY

This research, use primary data by distributing online questionnaire that was conducted from January-February 2023. Population in this research are generation Z and millennial in Greater Jakarta (Jakarta, Bogor, Depok, Tangerang, and Bekasi) and Greater Bandung (Bandung and Cimahi) who have invested in capital market. The sample size is determined by using Cochran's formula, therefore the minimum number of samples that are needed is 97 respondents, but the author rounds up the sample size to 100. In this research as many as 216 respondents have been filled and eligible for data research. The questionnaire is divided into 4 parts, namely, respondent demographic information, financial literacy (financial knowledge, financial behavior, financial attitude), risk tolerance, and investment decision. For the financial literacy questionnaire, the author uses the OECD/INFE Toolkit as a reference and also for calculate the level of financial literacy.

Financial knowledge is the main financial concept of financially literate person. To measure the respondents' financial knowledge there will be 12 questions, which divided into 2 parts namely basic financial knowledge and advanced financial knowledge. Basic financial knowledge consists of fundamental knowledge of finance (calculation interest, definition inflation, time value of money, etc.), meanwhile for advanced financial knowledge consist of capital market instrument knowledge (relationship between inflation and price of bond, knowledge of bond, etc.). Furthermore, for financial behavior there will be 6 questions and the last for financial attitude there are 5 questions to represent it.

For risk tolerance questionnaire, the author uses risk tolerance questionnaire from the book with tittle Personal Financial Planning as a reference [34]. There are consists of six simple questions about the activity preferences, investment portion preferences, profit and loss tolerance, financial scenario preference, and financial instrument preference. The last part is investment decision, consists of 6 questions about time frame factor, return, and risk [35]. Investment decision is a dependent variable on this research. The assessment of all the variables was carried out using a Likert scale, multiple choice and short answer. The data collected from the questionnaire will be analyzed using descriptive statistical analysis methods and multilinear regression analysis using SPSS. To ensure that questionnaires that have been compiled are applicable, the results of the questionnaire will be tested using validity and reliability tests as well as normality tests, multicollinearity test, and heteroscedasticity test. Here is the model of regression:

$$ID = \alpha + \beta_1 FK + \beta_2 FB + \beta_3 FA + \beta_4 RT + \beta_5 Age + \beta_6 Gen + \beta_7 Edu + \beta_8 Occu + \varepsilon$$

Whereas:
FK = Financial knowledge
FB = Financial behavior
FA = Financial attitude
RT = Risk tolerance
Age = Age
Gen = Gender
Edu = Education
Occu = Occupation

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DATA ANALYSIS

Characteristic of Respondents

The age of respondents divided into 4 groups namely 19-24 years, 25-30 years, 31-36 years, and 37-42 years. The spread of respondents is varied, in the first place as many as 38% of total respondents were 25-30 years, the second place as many as 31% of total respondents were 31-36 years, the third place as many as 21% were 37-42 years, the fourth place as many as 10% were 19- to 24-year-old. According to the result most of respondents were in generation Z and millennial. The questionnaire result, it is dominated by 53% male and 47% are female. As much as 49% of respondents mostly have bachelor degree, the rest are diploma, master degree, doctoral, and senior high school.

The most of respondents are private employee, as many as 50%. Moreover, 22% of the respondents are state-owned enterprises (BUMN) employee, 8% of the respondents are college students, 7% of the respondents are government employees, 4% of the respondents are freelancer, 4% of the respondents are entrepreneurs, and the rest are non-profit organization workers, BUMD employee, tutor and job seeker. The monthly income of respondents, mostly have an income more than Rp 10.000.000 with 41%. In addition, 15% of these respondents have monthly income between Rp 2.500.001 and Rp. 5.000.000. Those with monthly income between Rp 5.000.001 and Rp 7.500.000 are represented by 18%. Moreover, as many as 20% respondents have monthly income between Rp 7.500.001 and Rp 10.000.000. Last, 6% of respondents have monthly income less than Rp 2.500.000.

Validity and Reliability Analysis

Validity test is referred to the extent to which a measurement tool is able to measure what is being measured [36]. Validity test were carried out 36 item that were part of the questionnaire, to measure whether each question used is valid or not, it is done by comparing the r count with the r table. If r count > r table the related questions item is valid. In this research the r table used was determined based on the number of samples and using a significance value of 5%, the r table was 0.133. Based on table 1, all of question items is greater than the r table, so all questions used in the research are valid. Furthermore, reliability in study context refers to how consistent the findings are [36]. Reliability test in this research using Cronbach's Alpha value. If the variable has Cronbach's Alpha >0.60 then the variable is said to reliable. According to table 1 it is found that the all the variables obtain Cronbach's Alpha value above 0.60, this mean all the variables were stated to be reliable.

Table 1. Validity and Reliability Result

Variable	Measurement	r Count	r Table	Explanation	Cronbach Alpha	Explanation
FK	Time value of money	0.611	0.133	Valid	0.796	Reliable
	Risk and return	0.559	0.133	Valid		
	Interest rate and principal calculation	0.669	0.133	Valid		
	Compound interest	0.655	0.133	Valid		
	Money illusion	0.634	0.133	Valid		
	Definition of inflation	0.559	0.133	Valid		
	Risk diversification	0.672	0.133	Valid		
	Knowledge of bond	0.650	0.133	Valid		
	Knowledge of stock	0.669	0.133	Valid		
	Risk elements of financial assets	0.695	0.133	Valid		
	Attribute of financial asset	0.624	0.133	Valid		
	Relationship between interest rate and bond prices	0.640	0.133	Valid		
FA	Financial well-being	0.661	0.133	Valid	0.771	Reliable
	Choose spending money	0.791	0.133	Valid		
	Opinion of money	0.744	0.133	Valid		

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	Using public Wi-Fi when shop online	0.738	0.133	Valid		
	Not important to read T&C	0.735	0.133	Valid		
FB	Budgeting	0.767	0.133	Valid	0.833	Reliable
	Considered purchase	0.778	0.133	Valid		
	Time bill payment	0.790	0.133	Valid		
	Keep watch of financial affairs	0.825	0.133	Valid		
	Long-term goal setting	0.785	0.133	Valid		
	Share password and PIN to close friend	0.557	0.133	Valid		
RT	Activity preferences	0.674	0.133	Valid	0.868	Reliable
	Investment portion preferences	0.853	0.133	Valid		
	Profit and loss tolerance	0.730	0.133	Valid		
	Financial scenario preferences	0.810	0.133	Valid		
	Financial instrument preferences	0.650	0.133	Valid		
	Long of investment preferences	0.732	0.133	Valid		
	Risk preferences	0.808	0.133	Valid		
ID	Time frame	0.772	0.133	Valid	0.891	Reliable
	Purpose of investing	0.740	0.133	Valid		
	Return	0.787	0.133	Valid		
		0.871	0.133	Valid		
	Risk	0.852	0.133	Valid		
	Time frame factor	0.836	0.133	Valid		

Normality Test

Normality test is a test that aimed for assessing the distribution of data whether distribution normal or not. In this research, use Kolmogorov-Smirnov method to test normality, with the following conditions if the significance above 5% then data is normally distributed. The result shown that has significance 0.061 which above 0.05 thus the data in this research is normally distributed.

Multicollinearity Test

Multicollinearity test aims to see whether is there any the existence of a linear relationship among some or all independent variable of a regression model. In this research the author used tolerance values and VIF, if the tolerance values >0.10 and VIF <10 then it could be concluded that there is no multicollinearity in the research model. In this research, all of the independent variable has tolerance values >0.10 and VIF <10, thus it could be said that there is no multicollinearity in the regression model in this research.

Heteroscedasticity Test

Heteroscedasticity is a condition where the variance of each residual in the linear regression model is not fixed or different [37]. The heteroscedasticity test the author use Spearman's rho test method. If the residual 2-tailed significance value generated from the test is >0.05 it can be stated that there is no heteroscedasticity. The result show that all independent variable residual has 2-tailed significance value >0.05, it can be concluded that there are no symptoms of heteroscedasticity.

Multiple Regression Result

Multiple linear regression analysis was carried out by analyzing financial knowledge (FK), financial behavior (FB), financial attitude (FA), risk tolerance (RT), age, gender, education, occupation, and income. The following is results of multiple linear regression analysis.

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Table 2. Multiple Linear Regression Result

Variable	*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
	B	*Std. Error*	*Beta*		
Constant	10.368	1.937		5.493	0
FK	-0.204	0.105	-0.12	-1.937	0.054
FB	0.505	0.057	0.511	2.878	0.004
FA	0.217	0.076	0.166	8.895	0.000
RT	-0.024	0.039	-0.035	-0.616	0.539
Age	0.698	0.172	0.283	4.058	0.000
Gender	0.14	0.407	0.02	0.343	0.732
Edu	0.262	0.268	0.061	0.977	0.33
Occu	-0.238	0.088	-0.161	-2.712	0.007
Income	0.102	0.177	0.041	0.578	0.564

From the table 2 the regression equation was obtained as follows:

$$ID = 10.638 - 0.204\,FK + 0.217\,FA + 0.505\,FB - 0.024\,RT + 0.698\,Age + 0.140\,Gender + 0.262\,Edu - 0.238\,Occu + 0.102\,Income$$

According to table financial knowledge has significant and negative effect on investment decision, financial behavior and attitude have a significant effect on investment decision. For demographic factors, namely age and occupation have a significant effect on investment decision. Meanwhile, risk tolerance, gender, and income do not have a significant effect on investment decision.

DISCUSSION

The Effect of Financial Knowledge on Investment Decision

The financial knowledge variable has a coefficient value of -0.204 with a significant value of 0.0504 <0.1, this means that financial knowledge has a negative and significant effect on investment decision. In this research, financial knowledge has negative correlation with investment decision, due to the more elements are considered when making investment selections, as high as a financial knowledge a person has. Someone with high financial knowledge will have a lot of considerations before choosing financial or investment product. For instance, they will know about the advantages and disadvantages of the products, there is less chance that they will choose the wrong product or institution to support their investment activities. On the other hand, someone with the high level of financial knowledge will have the ability to read financial statements from companies that are investment targets, so they can assess whether the company has the capacity to provide a return that is appropriate for investor. If it is not, they will not invest on the companies that was targeted.

The Effect of Financial Behavior on Investment Decision

The financial behavior variable has a coefficient value of 0.505 with a significant value of 0.004 <0.05 this means that financial behavior has a positive and significant effect on investment decision. The better a person's financial behavior, the better behavior of individual on investment decision. Financial behavior is a person's ability to organize the daily financial funds (budgeting, make prompt bill payment, saving regularly, and controlling) [15]. All of these things will form the habit of saving, spending, and budgeting in a person. That way, they will know the amount (remaining) of money available for investment. Furthermore, they will look for appropriate investment instrument, or in other words invest wisely.

The Effect of Financial Attitude on Investment Decision

The financial attitude variable has a coefficient value of 0.217 with a significant value of 0.000 <0.05, this means that financial attitude has a positive and significant effect on investment decision. Financial attitude interpreted as a state of mind, opinion and judgment about money, as measured by the response to a statement or opinion Pankow (2003). An understanding of financial attitudes can help a person understand what he believes to be related to money [14]. Investors will take an action if they view the action as positive so that the investor's attitude will be influenced by the belief in the opinions of others and the motivation to obey that opinion. In the world's capital market, nowadays a lot of investor influencers that are currently emerge by various social media platforms. If someone has belief of a long-term investment, the person will not easily do what the influencer say (whether sell or buy the stock), and also someone will not make investment decision due to fear out of missing of.

The Effect of Risk Tolerance on Investment Decision

The risk tolerance variable has a coefficient -0.024 with a significant value of 0.539 >0.05 this means that risk tolerance has a negative and unsignificant effect on investment decision. This is caused by, if an investor believes that the investment instrument that he chooses, will brings returns in line with his expectations, even though there is a risk, it will usually put aside [38].

The Effect of Age on Investment Decision

The age variable has a coefficient value 0.698 with significant value of 0.000 <0.05 this means that age has a positive and significant effect on investment decision. The older a person means the more mature a person is. The more mature someone is, their financial goals become clearer and more defined [24]. For example, some of them are preparing buying house, budget for getting married, pension funds, savings for children's education, etc. This greater interest in achieving their financial goals encourages them to make more mature and long-term oriented investment decision.

The Effect of Gender on Investment Decision

The gender variable has a coefficient 0.14 with significant value of 0.732 >0.05 this means that gender has positive and unsignificant effect on investment decision. Men and women have a diverse financial objective, such as saving for retirement, buying a home, paying for school, or financial independence. These objectives are not gender specific and can be vary among individual even in the same gender. At the same time, researcher reveals that men generally have higher risk tolerance than women. Risk tolerance influenced by numerous factors, such as financial knowledge, individual preferences, personal experiences, which can vary among individuals of the same gender.

The Effect of Latest Education on Investment Decision

The latest education has a coefficient 0.262 with significant value of 0.333 >0.05, this result indicate that latest education does not have significant effect on investment decision. In other words, regardless latest educational that owned by individual does not affect someone on making a decision to invest. In this digital age, social media (YouTube, Instagram, etc.) or online course could be a place for someone to know and learn capital market, due to the increasing number of investor influencers. Furthermore, the presence of these platform can courage someone's interest in investing in capital market. This in line with prior research that conducted by indicates that learning about financial markets and economic matters through media (internet sites) is positively associated with stock market participation [39].

The Effect of Occupation on Investment Decision

The occupation variable has a coefficient -0.238 with significant value of 0.007 <0.05, this result indicate that level of occupation has a negative and significant effect on investment decision. By having a job, a person will get salary, the salary that earned is used to make ends meet and also can allocate for investment. In this research the relationship between occupation and investment decision is negative, meaning that the more high occupational will decrease the investment decision. Because the higher-occupational often come with demanding work schedule and responsibilities, which lead to limited the time for individuals to making investment decision. Alternatively, they will delegate to financial professionals such as wealth manager to handle their investment decision.

The Effect of Income on Investment Decision

The income variable has a coefficient 0.102 with significant value of 0.564 >0.05 meaning that income does not have a significant effect on investment decision. Regardless of one's income level will not affect someone to make an investment. This because of the factor that affect investment decision not only influenced by income but can be by various other factors.

CONCLUSION

The increasing a number of victims of investment fraud in Indonesia shows the low level of literacy owned by the community. The victims are varied ranging from young and old, men and women, those who did not go to school until undergraduates, etc. This research aims to identify what factors that influence investment decisions, whether financial knowledge, financial behavior, financial attitude, risk tolerance, or demographic factors. Results from this study shows that financial knowledge, financial behavior, financial attitude, age, and occupation influenced investment decision. Furthermore, financial literacy index among generation Z and millennial in Greater Jakarta and Greater Bandung was 84.27% according to research that conducted by DEFINIT, SEADI AND OJK the number is categorized as high financial literacy.

Since the result of this study shows that all financial literacy elements have a significant effect on investment decision. It is importance for generation Z and millennial for having basic and advance financial knowledge, financial behavior, and financial attitude. By knowing the advance financial knowledge meaning that they know the mechanism of the investment product. So, they will not easily tempt of products that offers high return and avoid fraud investment. They can gain financial knowledge by many resources such as webinars, online course, or attending Capital Market School held by the IDX. Moreover, the authors realized that there were several drawbacks. Therefore, improvements are needed in further research, there are several things that need to be added. First, increasing the number of research sample with an even regional distribution, so it will be able to describe the real condition of Indonesia. Second, add information technology as independent variable, because in digital era like nowadays information and technology can influence someone to do an investment.

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