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# THE INFLUENCE OF TECHNOLOGY AND SOCIAL MEDIA TO YOUNG INVESTOR INTERESTS TO INVEST WITH INVESTMENT KNOWLEDGE AS A MEDIATING VARIABLE

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A R T I C L E   I N F O

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*Abstract. The purpose of this study was to determine how interested young people are in investing by the influence of any knowledge and information they got about the investment itself through the increasing use technology and social media. The study was carried out using quantitative methods as questionnaires distributed to adolescents born in Indonesia between 1996 and 2009. It is hoped that this research will reveal the impact of social media and technology on young investor's investment interest.*

**Abstrak.** Tujuan dari penelitian ini adalah untuk mengetahui seberapa besar minat anak muda dalam berinvestasi melalui pengaruh pengetahuan dan informasi yang mereka dapatkan tentang investasi itu sendiri melalui peningkatan penggunaan teknologi dan media sosial. Penelitian ini dilakukan dengan menggunakan metode kuantitatif melalui penyebaran kuesioner kepada remaja kelahiran Indonesia antara tahun 1996 dan 2009. Penelitian ini diharapkan dapat mengungkap dampak media sosial dan teknologi terhadap minat investasi investor muda.

## INTRODUCTION

As facilitators of the Indonesian capital market (IDX), the Clearing and Guarantee Institution (KPEI), and the Indonesian Central Securities Depository (KSEI) are attempting to increase the number of Indonesian investors, The IDX collaborated with the Indonesian Central Securities Depository (KSEI) and securities companies began to organize various forms of learning ranging from talk shows, seminars, workshops, and Capital Market Schools (SPM) to increase knowledge about the world of investment in Indonesia (Merawati & Putra, 2015).

The increase in the number of potential young investors is beginning to be noticed because it will be able to actively contribute to the world of investment such as the capital market in the future. Other efforts by the government in collaboration with the world of education in Indonesia to increase student knowledge include learning bank and financial institution courses, as well as capital market courses in lectures. All of this is done so that young people can apply the theory they learned in lectures in the real world of investment practice.

Many factors can persuade someone to invest. Among them are the asset itself, the investment experience they have as consumers, the benefits or benefits they receive, supporting facilities, and the speed or failure of the response provided (Sari & Pradana, 2018), as well as rumors and information (Prayitno et al., 2015), and other psychological factors such as risks, payment methods, and company data (Lubis et al., 2015). According to Hani et al. (2020), in the context of young potential investors, investment education and investing experience are two factors that influence students' desire to invest in the capital market.

Experienced investors, according to Awais et al. (2016), have both positive and negative experiences when attempting to build their portfolio of assets. Meanwhile, rational investors are taught by experience on how to handle and manage risk appropriately. The increased investment of the younger generation is intrinsically tied to the digitalisation process and technology. This is a result of the fact that this generation is well-known for being a truly tech-savvy generation that is immersed in online activities and frequently uses social media as a source of information (Klapilova Krbova, 2016). Mangold and Smith (2012). This condition exemplifies how social media has transformed the way individuals obtain information.

The objective of this research was to assess how interested young people are in investing according to their understanding and information about the investment as a consequence of the increased use of technology and social media. This study will shed light on the impact of social media and technology on young investors' investment preferences.

## LITERATURE REVIEW

### Technology and Social Media

According to Tandio and Widanaputra (2016), technological advancements are enabling students to learn through internet-connected media. Various media outlets provide information on the various types and methods of investing. The accessibility of technology may encourage students to begin investing. Cahya and Kusuma's (2019) findings also show that the ease of utilizing technology has a direct impact on people's intentions to invest, particularly among the technology-conscious generation. Social media was initially developed as a means of communication for friends to share information and news (Tandoc, Lim, & Ling, 2018). However, technological advancements have continued to expand its functionalities into a broader spectrum of communication tools. In present era, where individuals are intimately connected to their digital lives, social media has a substantial impact. The role played by social media in persuading

individuals to adopt a stand and consider the relevance of perceived benefits associated with a product. When influencers share their experiences with investment activities that will directly or indirectly affect investment interests, this demonstrates relevance (Shiau, Yuan, Pu, Ray, & Chen, 2020).

*H1. Technology is Positively Related to Investment Knowledge*

*H2. Social Media is Positively Related to Investment Knowledge*


**Investment Knowledge**

Investment knowledge is an understanding of various aspects of investment that investors must have in order to better understand how to invest (Syahroh et al., 2019). (Amhalmad &Irianto, 2019). According to Halim (2005), analyzing which stocks to use or buy requires knowledge, business sense, and experience. Adequate knowledge is required to avoid losses when investing in the capital market. Mawadah and Ratno (2017) demonstrate that the more advanced the students' knowledge is, the more likely they are to invest. On the contrary, they will be unwilling to invest if they lack sufficient knowledge. As a result, this knowledge is critical for investors. They will be more efficient and precise in managing information to improve their investment decisions as their knowledge investment grows.

*H3. Investment Knowledge is Positively Related to Young Investor's Investment Intention*

*H4. Technology is Positively Related to Young Investor's Investment Intention*

*H5. Social Media is Positively Related to Young Investor's Investment*


**Young Investor's Interest to Invest Through Investment Knowledge**

Ummah et al. (2022) use the Partial Least Square Method (PLS) through smart PLS 3.0 in their quantitative research to determine the factors that influence students' decision to invest with the intention of investing as an intervention variable. The study, which included 110 respondents chosen using a purposive sampling technique, discovered that motivation influences students' interest in investing positively. Returns and technology have an impact on their investment decisions, either directly or indirectly. On the contrary, capital market knowledge, motivation, and training have no direct or indirect impact on this. As a result, more emphasis should be placed on Islamic capital market knowledge and training.

Elfahmi et al. (2021), who attempted to address the same issue, discovered an intriguing aspect of the phenomenon of interest in investing in this younger generation by incorporating different variables. Financial knowledge influenced students' investment intentions, according to the analysis of 400 respondents. While financial self-efficacy has no significant influence on students' investment intentions. Elfahmi et al. (2021) also included risk factors and discovered that perceived risk had a significant effect on students' investment interest.

The novelty of the research conducted by this author is the variable of social media as a source of information from investment knowledge itself, capturing the phenomenon of the rampant use of social media in young people. Similar studies on the influence of social media on the increase in knowledge on something have often been carried out, one of which is in a journal written by Chaniago, et al (2022) but the object is more emphasized on the growth of entrepreneurial knowledge. The author tries to draw an outline from Chaniago's research to apply to a different object that is investing knowledge.

***H6. Technology is Positively Related to Young Investor's Investment Intention Through Investment Knowledge***

***H7. Social Media is Positively Related to Young Investor's Investment Intention Through Investment Knowledge***

As for the social media indicators themselves, as stated in the introduction, researchers established a direction on the benefits of social media as a source of information. This refers to the Sa'diyah (2022) journal, which also employs Structural Equation Modeling (SEM), with analysis results demonstrating that information obtained from social media has a significant impact on the millennial generation's intention to invest.
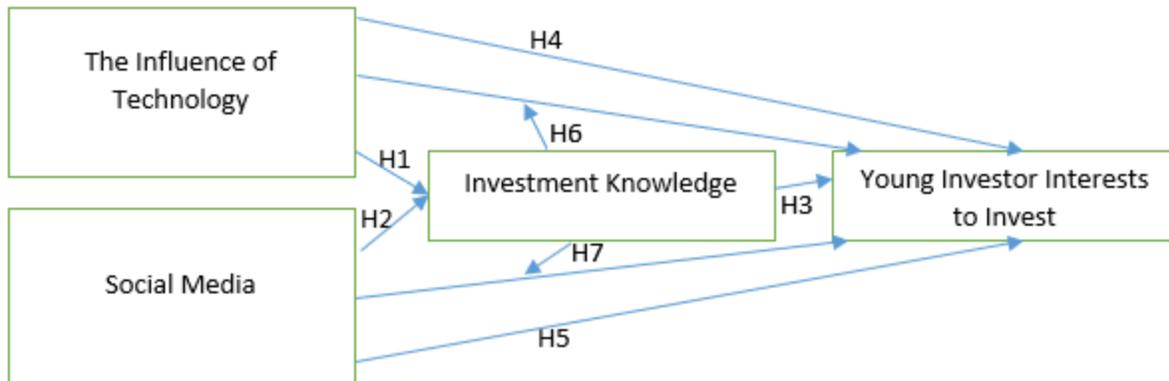


*Table 1. Research Model*

**METHOD**

The Structural Equation Modeling (SEM) method with Smart PLS is used to test the hypothesis. The research analysis unit, on the other hand, is Indonesia's young investor. This study's respondents are young people born between 1996 and 2009 who have learned about investing, have an interest in the world of investment, or have begun investing and are very familiar with the use of social media. The research data has been quantified. The goal of this causality study is to determine whether there is an impact of social media and technology on young investors' investment interest. Primary data and secondary data are the two types of data used. The questionnaire was distributed using Google Forms. Secondary information was gathered from the internet and other sources. Five Likert scales were used to investigate the variable questions. A Likert scale is used to evaluate someone's attitudes, opinions, and perceptions of social phenomena, with each instrument item having a class ranging from strongly agree to strongly disagree (Sugiyono 2008: 107). The question structure is complete. Meanwhile, for preliminary research, a structured observation method is used.

According to Hair et al. (2017), the minimum number of research samples is 10 times the largest number of structural lines directed at a specific construction in the structural model, multiplied by 5, equaling 100. The number of samples used in this study reached 106, exceeding the minimum number of research samples required to obtain better results based on structural model indicators.

**Distribution of the number of questionnaires**

| Number of Questionnaires | Jumlah Kuesioner |
|---|---|

| | |
|---|---|
| Acceptable Questionnaires | **106** |
| Number of Questionnaires that did not meet the criteria of respondent | **18** |
| **Total Questionnaires Processed** | **124** |

Table 1. Number of Questionnaires

## RESULT

**Descriptive Analysis**
**Respondent Characteristics**
Characteristics of the young investor examined in this study are age and gender. From total of 106 respondents, below are the breakdowns.

| Characteristics | Description | Total |
|---|---|---|
| Gender | Male | 61 |
| | Female | 45 |
| | **Total** | **106** |
| Years of Birth | 1990 – 1995 | 10 |
| | 1996 – 2000 | 32 |
| | 2001 – 2005 | 62 |
| | 2006 – 2010 | 2 |
| | **Total** | **106** |

Source: Primary Data (2022)

Table 2. Respondent Characteristics

**Model Result Evaluation**
Relationship models that affect student business performance are analyzed using SMART PLS version 2.0. There are 4 latent variables in the model, 4 of them are Technology (X1), Social Media (X2), Investment Knowledge (M1), and Investment Intention (Y1)
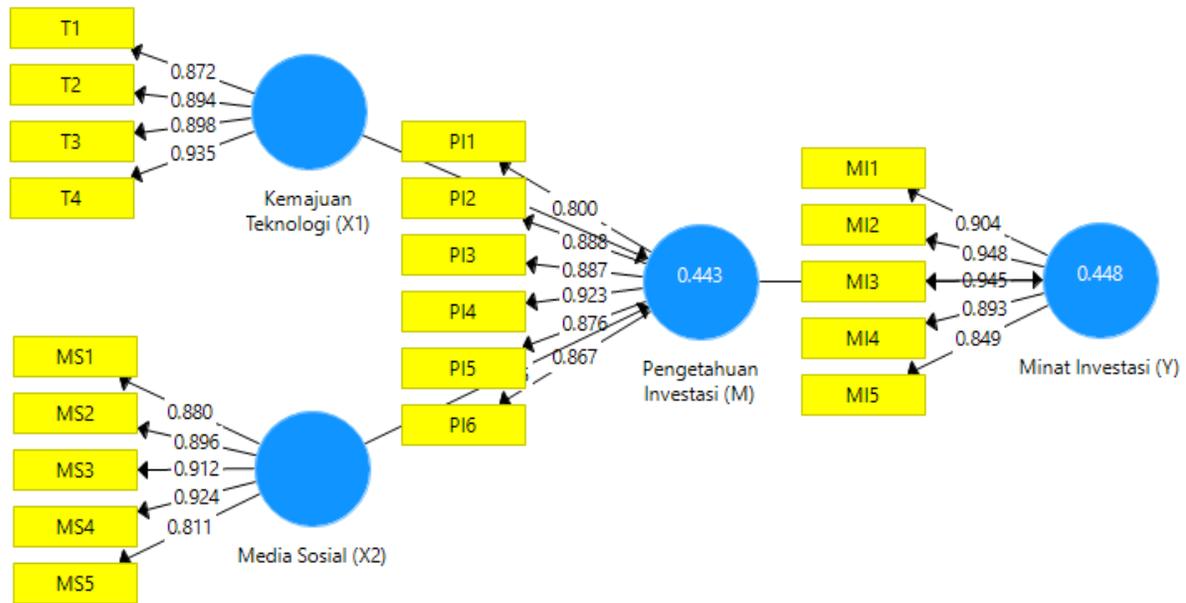
**Figure 1. PLS Loading Factor Models**

The results of the analysis of the outer model in the student business model have a coefficient value > 0.7. Evaluation of the outer reflective model on variables using the composite reliability criteria (ρc), cronbach's alpha, indicator reliability, and average variance extracted (AVE). All variables on composite reliability are > 0.7. cronbach's alpha value > 0.7, and average variance extracted (AVE) value > 0.6. each loading factor > 0.7 as portrayed in Figure 1.

Figure 1 also presents the test results of Composite Reliability values 0.944 (technology), 0.948 (social media), 0.959 (Investment knowledge), and 0.951 (Investment interest indicates that all six constructs achieved a high level of consistency of internal reliability. All Composite Reliability values are more than 0.70 so reliable which shows all the scales used in this study are reliable.

**Table of Path Coefficients And Hypothesis Testing Results**

| Hypotheses | *Path Coefficients* | *t statistic* | *p values* | Result |
|---|---|---|---|---|
| H1 | Technology is Positively Related to Investment Knowledge | 2.536 | 0.012 | Significant |
| H2 | Social Media is Positively Related to Investment Knowledge | 3.919 | 0.000 | Significant |
| H3 | Investment Knowledge is Positively Related to Investment Intention | 2.393 | 0.000 | Significant |
| H4 | Technology is Positively Related to Investment Intention | 3.525 | 0.017 | Significant |
| H5 | Social Media is Positively Related to Investment Intention | 3.919 | 0.000 | Significant |
| H6 | Technology is Positively Related to Investment | 2.393 | 0.017 | Significant |

| | | | | |
|---|---|---|---|---|
| | Intention through Investment Knowledge | | | |
| H7 | Social Media is Positively Related to Investment Intention through Investment Knowledge | 3.525 | 0.000 | Significant |

**Table 3. Bootstraps Results**

## DISCUSSION

The factors/dimensions that influence a young investor's investment intention is clearly shown in this research as it is strongly and significantly affected by technology and social media usage. The young investor's character nowadays that been tied up closely by social media usage is one of the key factors in igniting the further strategy of boost young investor's intention or interest to invest. The theory employed refers to the findings of experts in the use and utilization of information technology in social media. It is true that the knowledge of investment itself is one of the biggest factors of youngster interest to invest.

**Managerial Implications**

Seeing the result of this research, it is strongly suggested that the advertising and promotion activities of how to invest, the risk of investments, and the benefit of investing itself, also the knowledge of investment assets be informed in a more trustable social media platform or more over trusted investing applications to allow young people not only to understand better of the investment, but to nurture the investing habit and seeing it as a fun process of learning. According to this reasoning, the collaboration between the government and technology developers also the Indonesia capital market through Indonesian Stock Exchange is necessary.

## CONCLUSIONS AND RECOMMENDATIONS

**Conclusions**

From this research, it is suggested that there is a significant impact between technology, social media to investment intention or young people interest to invest. So, it is important for government to collaborate with every investment stakeholders to maximize the usage of technology and social media to increase the interest of investment of young people.
We could also see that social media is best to be considered as the promotion and advertising media of any information and knowledge spreading relating to investment.

**Recommendations**

Based on the result of these research and the conclusions obtained, future researchers should see the possibilities of different attitude in different location of Indonesia, further cluster fulfillment for each province is needed to enhance the depth of the analysis result. The addition of variable X to further enrich the value of the study is also necessary. It is necessary to consider the additional respondent characters as this one is only limited in gender and age, since there is a limitation of the skills to operate the technology in some areas in Indonesia. Next research could consider typology knowledge possessed.

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