EFFECT OF INVESTMENT KNOWLEDGE, INVESTMENT MOTIVATION, FINANCIAL LITERATION AND RISK PERCEPTION IMPACT ON INVESTMENT

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ABSTRACT

The study aims to determine investment knowledge, investment motivation, financial literacy and risk perceptions impact on investment interest. The method used is a survey method, the sample in this study were 160 respondents. Data collection techniques that will be used in this study are interviews, questionnaires, observation. Research conducted using PLS analysis, The number of questionnaires distributed was 160 questionnaires. Based on regression test results shows then the result investment knowledge has significant effect on investment interest. This means that an increase of investment knowledge will encourage investment motivation and a decrease of investment knowledge will encourage a decrease in investment interest. Investment motivation has significant effect on investment interest. This means that an increase of motivation will encourage investment interest and a decrease of investment motivation will encourage a decrease in investment interest. Financial literacy has not significant effect on investment interest. This means that an increase of financial literacy will not encourage investment interest and a decrease of financial literacy will not encourage a decrease in investment interest. Risk perceptions has not significant effect on investment interest. This means that an increase of risk perceptions will not encourage investment interest and a decrease of risk perceptions will not encourage a decrease in investment interest.

Keywords: investment knowledge, investment motivation, financial literacy, risk perceptions impact, investment interest

I. INTRODUCTION

According to Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction. Indonesia is one of the countries where financially most of the population continues to make short-term investments or save. If we look at the difference with some highly developed countries, the investment is in the long term or investment. There is public understanding of financial management so that people are able to set aside a portion of the income earned in carrying out investment activities. Due to this, education is needed to the wider community that is carried out continuously and consistently to provide a change in the mindset of the community from saving habits to investing in the capital market. Investing in financial institutions is becoming a popular way for investors. At present there are many financial effects that exist both in the money market and in the capital market, for example on the money market such as savings and time deposits, while in the capital market there are effects such as bonds and stocks from various companies or government-owned. The population in Indonesia is 269 million (BPS, April 2019). Based on these data, it can be said that some people in Indonesia are not interested in investing their funds into medium and long-term investments due to the consideration of individuals or the community. This low level of public interest is due to many factors. One of them is supported by the low level of public awareness of the importance of investing in the future through long-term investments. Basically, the community has an interest in investing in the capital market. However, they have several hurdles or obstacles to face especially for new investors. If novice investors do not understand well the procedures for investing and the possible risks that will be faced. Prospective investors must have knowledge about investment.
because it will determine the success of the investment made. Apart from investment knowledge, one of the other factors that greatly influences the interest in investing is because investment is something that is still said to be not very well known in Indonesian society when viewed by comparison with other countries, the enthusiasm of the Indonesian people to invest is said to be very low. The low level of public enthusiasm is influenced by a lack of knowledge about existing investment in the capital market, resulting in people having less motivation to invest in the long-term market.

Total capital market investors grew 13% to 2.81 million investors by May 2020, from the position of 2.48 million capital market investors at the end of last year consisting of stock, mutual funds and bond investors. Meanwhile, specifically for stock investors, it increased by 8% from 2019 or reached 1.19 million stock investors based on Single Investor Identification (SID) as of May 2020. Apart from knowledge and motivation, another influencing factor is financial literacy. Based on the survey data above, it is shown that public knowledge and understanding of financial literacy in society is still lacking, this is followed by low knowledge of financial inclusion. According to Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction. The capital market is an excellent investment alternative such as stocks and bonds, and which can provide a better and more attractive rate of return in the future when compared to savings and deposits. Some people are not interested in investing in the capital market such as stocks because they are afraid of possible risks that will come. When the money market and capital market conditions are not in a conducive condition, it can be predicted that the price of shares may decline. However, if it is seen that every investment there must be a risk that must be borne by the owner of the investment. One of the obstacles to the development of investors in the stock market capital market is triggered by an error in the public mindset that says that when investing in the capital market, it will carry out the same activities as gambling. Whereas the public should not have to have such a mindset because the word "high risk high return" is an assumption of investors who own shares in the capital market, where the investment is only for those who are hunting for capital gains from the shares they own. Investment is a form of investment in assets or capital which is carried out by an investor to get a profit. The purpose of investors when investing in general is to fulfill various needs or desires that are desired for the long term at some point in the future. The level of living in this discussion is that an increase in financial prosperity can be assessed by accumulating the current profit plus the present value creating a long-term profit or profit. Investment knowledge provides various information about the use of some resources. is there to profit in the long run. Data is obtained through education and education from several readings or literature that the human brain can digest.

Investment knowledge is the level of understanding that individuals should have or about several supporting aspects such as the effect of an investment made, which begins with the most basic knowledge related to investment valuation, and returns on the expected rate of return on investment. Motivation is a condition in an individual personally capable of creating a person's will in carrying out various activities or certain activities to achieve certain goals. According to Supriadi (2020); Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction. The motivation that exists in this individual will lead to a person's behavior to achieve the desired satisfaction goals. Motivation can be said to be the first step to provide encouragement that will show someone in achieving the desired goals and is very influential directly on psychological factors in a person. Public interest in investing in the capital market will ultimately motivate someone to be able and dare to invest. It is proven that if individuals have an interest in investing, then of course the individual or community can carry out activities in the context of fulfilling community or someone's apostasy to invest, for example participating in training, workshop activities and about investment. Motivation is a process of providing encouragement that will determine direction, one's goals in achieving goals and their influence on one's psychology. The indicators of investment motivation. Investment risk can be said as the possibility of a difference between the actual rate of return. Someone who will use or choose something, of course, will consider the losses and benefits that will be received later. Related to Risk perception is the opinion or perception of consumers about an uncertainty and the possible consequences when carrying out activities. Interest can be defined as a feeling where you prefer or are more interested in something or activity, and it is carried out without any orders. Interest can be described as the nature of one's inner desire for something that is a goal or desire. Desire for something is a behavior that is not permanent. Interest is measured from the process of participating in an activity or activity that is popular and desired Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction. Generally speaking of a more specific activity or goal; 2) Situational interest, for this type will have a difference with desirability because situational interest is likely to have a close relationship to some more specific activities than in various applications or environments. There are three indicators that are interested in investment, namely Kadiyono (2020); Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has...
significant effect on satisfaction. In this study aims to determine investment knowledge, investment motivation, financial literacy and risk perceptions impact on investment interest.

II. METHOD

In this study, the method used is a survey method. The use of the survey method is used in order to get a basic or general description of the characteristics of the respondent or population, there is a connection or relationship with the problem in this study. In research conducted by researchers using a non-probability method by using a sampling technique, namely purposive sampling (Ferdinand, 2014:). The sample in this study were 160 respondents. Data collection techniques that will be used in this study are interviews, questionnaires, observation. Research conducted using PLS analysis, this method is used in testing the five existing hypotheses in the proposed research. The stages in data analysis in this study, each hypothesis will be analyzed using SmartPLS 3.0 in testing how to analyze several variables. Profile of Respondents Respondents in this study are people who have invested and are interested in investing. The number of questionnaires distributed was 160 questionnaires.

The hypotheses in this study are:

H1: investment knowledge has an effect on investment interest
H1: investment motivation has an effect on investment interest
H3: financial literacy affects investment interest
H4: risk perceptions affect investment interest

III. RESULTS AND DISCUSSION

Test Results of the Validity and Reliability of Research Indicators

The testing phase of the measurement model includes testing for convergent validity, discriminant validity and composite reliability. The results of the PLS analysis can be used to test the research hypothesis if all indicators in the PLS model have met the requirements of convergent validity, discriminant validity and reliability testing. Convergent validity test is done by looking at the loading factor value of each indicator against the construct. In most references, a factor weight of 0.5 or more is considered to have sufficiently strong validation to explain latent constructs (Chin, 1998; Hair et al, 2010; Ghozali, 2014). In this study, the minimum limit for the accepted loading factor is 0.5, provided that the AVE value of each construct is > 0.5 (Ghozali, 2014).
Based on the estimation results of the PLS model in the image above, all indicators have a loading factor value above 0.5 so that the model has met the convergent validity requirements. Apart from looking at the loading factor value of each indicator, convergent validity was also assessed from the AVE value of each construct. The AVE value for each construct of this study is more than 0.5. So the convergent validity of this research model has met the requirements. The value of loadings, cronbach's alpha, composite reliability and AVE for each complete construct can be seen in table 1 below:

Table 1. Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FL</td>
<td>0.898</td>
<td>0.906</td>
<td>0.936</td>
<td>0.83</td>
</tr>
<tr>
<td>II</td>
<td>0.976</td>
<td>0.978</td>
<td>0.984</td>
<td>0.954</td>
</tr>
<tr>
<td>IK</td>
<td>0.93</td>
<td>0.973</td>
<td>0.952</td>
<td>0.835</td>
</tr>
<tr>
<td>IM</td>
<td>0.926</td>
<td>1.002</td>
<td>0.936</td>
<td>0.746</td>
</tr>
<tr>
<td>RP</td>
<td>0.949</td>
<td>0.949</td>
<td>0.963</td>
<td>0.84</td>
</tr>
</tbody>
</table>

Construction Reliability Testing

Construct reliability can be assessed from the Cronbach's alpha value and the composite reliability of each construct. The recommended composite reliability and cronbach's alpha value is more than 0.7. (Ghozali, 2014). The results of the reliability test in Table 2 above show that all constructs have composite reliability and Cronbach's alpha values are greater than 0.7 (> 0.7). In conclusion, all constructs have met the required reliability.

Desriminant Validity Testing

Discriminant validity is done to ensure that each concept of each latent variable is different from other latent variables. The model has good discriminant validity if the AVE square value of each exogenous construct (the value on the diagonal) exceeds the correlation between this construct and other constructs (values below the diagonal) (Ghozali, 2014). The results of discriminant validity testing using the AVE square value, namely by looking at the Fornell-Larcker Criterion Value are obtained as follows:

Table 2. Discriminant Validity
The results of the discriminant validity test in Table 3 above show that all constructs have a square root value of AVE above the correlation value with other latent constructs (through the Fornell-Larcker criteria) so that it can be concluded that the model has met discriminant validity.

**Hypothesis testing**

Hypothesis testing in PLS is also known as the inner model test. This test includes a significance test for direct and indirect effects as well as a measurement of the magnitude of the influence of exogenous variables on endogenous variables. The effect test was performed using the t-statistic test in the partial least squared (PLS) analysis model using the SmartPLS 3.0 software. With the bootstrapping technique, the R Square value and the significance test value are obtained as shown in the table below:

### Table 3. R Square

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td>0.592</td>
<td>0.573</td>
</tr>
</tbody>
</table>

Based on Table 3 above, the R Square value for organization ambidexterity is 0.592, which means that investment interest variable can be explained by investment knowledge, investment motivation, financial literacy, risk perceptions by 59.2%, while the remaining 40.8% is explained by other variables not discussed in this study.

The results of hypothesis testing for all variables that have a direct effect are shown in the table below:

### Table 4. Hypotheses Testing Direct effect

<table>
<thead>
<tr>
<th>Original Sample (O)</th>
<th>Sample Mean (M)</th>
<th>Standard Deviation (STDEV)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Values</th>
</tr>
</thead>
</table>

![Diagram](image-url)
H1: investment knowledge has an effect on investment interest

Based on regression test results shows then the result of the p value is significant p value is $0.006 < 0.050$, which means investment knowledge has significant effect on investment interest. This means that an increase of investment knowledge will encourage investment motivation and a decrease of investment knowledge will encourage a decrease in investment interest. According to Bahdin (2020); Yunita (2020); Teguh (2020) online marketing has significant effect on satisfaction has significant effect on investment interest.

H2: investment motivation has an effect on investment interest

Based on regression test results shows then the result of the p value is significant p value is $0.000 < 0.050$, which means investment motivation has significant effect on investment interest. This means that an increase of motivation will encourage investment interest and a decrease of investment motivation will encourage a decrease in investment interest. Hyun (2020); Asbari (2020); Bernarto (2020); Purwanto (2020); Prameswari (2020) investment motivation has significant effect on investment interest.

H3: financial literacy affects investment interest

Based on regression test results shows then the result of the p value is not significant p value is $0.301 > 0.050$, which means financial literacy has not significant effect on investment interest. This means that an increase of financial literacy will not encourage investment interest and a decrease of financial literacy will not encourage a decrease in investment interest. Achmadi (2020); Sena (2020); Nugroho (2020); Nugroho (2020); Quddus (2020); Sunarsi (2020); Siagian (2020); Khoiri (2020); Haerofiatna (2021); Yayan (2021). Jaja (2021), Yanti (2021) has not significant effect on investment interest.

H4: risk perceptions affect investment interest

Based on regression test results shows then the result of the p value is not significant p value is $0.274 > 0.050$, which means risk perceptions has not significant effect on investment interest. This means that an increase of risk perceptions will not encourage investment interest and a decrease of risk perceptions will not encourage a decrease in investment interest. Achmadi (2020); Sena (2020); Nugroho (2020); Nugroho (2020); Quddus (2020); Sunarsi (2020); Siagian (2020); Khoiri (2020); Haerofiatna (2021); Yayan (2021). Jaja (2021), Yanti (2021) risk perceptions has not significant effect on investment interest.

This explains that adequate knowledge of how to invest properly is needed to avoid losses when investing in the capital market, such as in stock investment instruments. This result is in accordance with the results of research Purwanto (2020); Sartika (2020) which states that investment knowledge influences investment decisions. The increasing motivation of the community to invest, the public interest in investing has increased. This result is in accordance with the results of research (Darmawan et al., 2019) which states that investment motivation has an effect on investment interest. This explains that there is a significant influence between financial literacy and investment interest. Low financial knowledge affects financial planning in the future, while ignorance of basic financial concepts can be related to low investment planning. The higher a person's level of financial knowledge (financial literacy), the wiser is in determining investment interests. This result is in accordance with the results of research which states that financial literacy has an effect on investment interest. The results of this study empirically show that people are more interested in seeing the returns offered, so that their perceptions of risk are also high. The results of this study are supported by research by Slamet (2020); Supriyadi (2020); Suheny (2020); Cahyono (2020); Supriadi (2020); Kadyono (2020); Bahdin (2020) which states that the higher the risk, the more investors' interest in investing.

IV. CONCLUSION

Based on regression test results shows then the result investment knowledge has significant effect on investment interest. This means that an increase of investment knowledge will encourage investment motivation and a
decrease of investment knowledge will encourage a decrease in investment interest. Investment motivation has significant effect on investment interest. This means that an increase of motivation will encourage investment interest and a decrease of investment motivation will encourage a decrease in investment interest. Financial literacy has not significant effect on investment interest. This means that an increase of financial literacy will not encourage investment interest and a decrease of financial literacy will not encourage a decrease in investment interest. Risk perceptions has not significant effect on investment interest. This means that an increase of risk perceptions will not encourage investment interest and a decrease of risk perceptions will not encourage a decrease in investment interest.

REFERENCES


