



The Influence Of Financial Literacy On Investment Decisions Of Generation Z In Maros Regency (Case Study Of Generation Z In Lau District)

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Abstract: Generation Z in the digital era has easy access to various investment instruments, but differences in financial literacy levels often affect the quality of their investment decisions. This study aims to examine the extent to which financial literacy influences investment decisions among Generation Z in Lau District, Maros Regency. This study used a quantitative approach with a survey method, in which 60 respondents were selected through a purposive sampling technique. Data were collected using a questionnaire with a Likert scale, then analyzed through a series of statistical tests including validity, reliability, normality, heteroscedasticity, and simple linear regression. The results of the study show that financial literacy has a positive and significant influence on investment decisions, with a correlation coefficient (R) of 0.991 and a determination coefficient (R^2) of 0.983. This indicates that 98.3% of the variation in investment decisions can be explained by financial literacy. These findings confirm that the better an individual's level of financial literacy, the more rational and appropriate investment decisions they make. Practically, these results emphasize the importance of improving financial literacy among the younger generation to encourage intelligent, rational, and long-term goal-oriented investment behavior, especially in areas with varying levels of financial literacy, such as Lau District.

Keywords: Generation Z, Investment Decisions, Financial Literacy, Maros

INTRODUCTION

Generation Z (born 1997–2012) is increasingly entering the world of entrepreneurship and investment. In the digital era, access to financial information and products is increasingly easy, but the level of financial literacy among the younger generation is uneven. One important factor in assessing an individual's capacity to make sustainable and logical investment decisions is their level of financial literacy. Previous research has shown that financial literacy is significantly correlated with investment decisions, and the development of fintech also modifies this relationship in the context of MSMEs/SMEs in Indonesia (Ariwangsa et al., 2025; Purwidiyanti et al., 2024).

Financial behavior is a crucial aspect that determines the quality of investment decisions. Financial behavior describes how individuals or businesses manage income, expenses, savings, and investments. Good financial behavior makes Generation Z more disciplined in setting aside funds, organizing their finances, and selecting investment instruments that suit their needs. Conversely,



poor financial behavior often leads to erroneous investment decisions, such as inappropriate fund allocation or baseless speculation.

One of the primary career goals of everyone is finance. People often divide their income between investment, savings, and consumption. One type of financial management that aims to generate future returns is investing. Furthermore, investing can help people learn how to manage their own money. However, one must have adequate knowledge and understanding of this topic for investments to yield the best returns. Unfortunately, many people still don't understand this. Investments properly, which puts them at risk of being scammed (Chasanah et al, 2022).

Financial literacy is one of many factors influencing a person's investment choices. Investment decision-making is influenced not only by investment expertise but also by financial understanding and attitudes. A person's ability to identify appropriate investment plans for the future increases with experience in financial management. To gain insight into how to manage money and achieve success, financial literacy is crucial. Higher levels of financial literacy tend to make people more comfortable using various financial products.

Financial literacy, or the capacity to understand fundamental concepts in financial management, is as important as financial behavior, such as savings, risk, interest, investment, and long-term financial planning. Lau District, Maros Regency, is an area with relatively active microeconomic and MSME activity, including Generation Z entrepreneurs. However, financial literacy at the local level has not been widely empirically studied. Therefore, this research aims to investigate how financial literacy influences Generation Z investment choices in Lau District, thereby providing input for local financial education policies and strategies to increase the capacity of young investors.

Findings from several previous studies regarding various factors influencing investment decisions still show discrepancies. Putri & Andayani (2022), Fadilla et al. (2022), Chasanah et al. (2022), Panjaitan & Listiadi (2021), Mahwan & Herawati (2021), and Mandagie et al. (2020) stated that there is a significant correlation between financial literacy and investment decisions. This research also shows differences, namely Kusumawati (2022), Sun & Lestari (2022), Astiti et al. (2019), Yundari & Artati (2021), Fitriarianti (2018), and Pradhana (2018) who stated that there is no correlation between financial literacy and investment decisions.



METHOD

This research employed a correlational approach and quantitative methodology. The population comprised Generation Z, aged 18-28, in Lau District, Maros Regency. The sample consisted of 60 questionnaires using a purposive sampling technique. The instrument was a questionnaire with a Likert scale of 1-5. The analysis used was as follows:

The analysis stages included:

1. Validity and Reliability Test (Cronbach's Alpha).
2. Classical Assumption Test: normality (Kolmogorov-Smirnov) and heteroscedasticity (Glejser).
3. Simple Linear Regression Test to determine the effect of variable X on Y.
4. t-test and coefficient of determination

RESULTS AND DISCUSSION

Items	r hitung	r tabel	Keterangan
X1	0.939	0.254	Semua Data Valid
X2	0.866		
X3	0.826		
X4	0.904		
X5	0.858		
X6	0.879		
Y1	0.932		
Y2	0.908		
Y3	0.865		
Y4	0.897		
Y5	0.881		

Tabel 1. Validity Test

To test the instrument using SPSS, a significance level of 5 percent is taken, which is considered appropriate if the calculated r value exceeds the table r value of 60 respondents (0.254). If the calculated r value is > 0.254, it is considered valid. Based on the data in the results table, it shows that the calculated r score is higher than 0.254. This confirms that the independent and dependent variables have a strong and valid correlation.

Variabel	Cronbach's Alpha	N of Items	Keterangan
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Literasi Keuangan	0.941	6	Reliabel
Keputusan Investasi	0.938	5	Reliabel

Tabel 2. Reliability Test

Table 2 shows that the Cronbach's Alpha value for each of the three independent variables is more than 0.70, which indicates that all of them have general reliability.

One-Sample Kolmogorov-Smirnov Test

		Unstandar dized Residual
N		60
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.43812360
Most Extreme Differences	Absolute	.106
	Positive	.106
	Negative	-.057
Test Statistic		.106
Asymp. Sig. (2-tailed)		.092 ^c

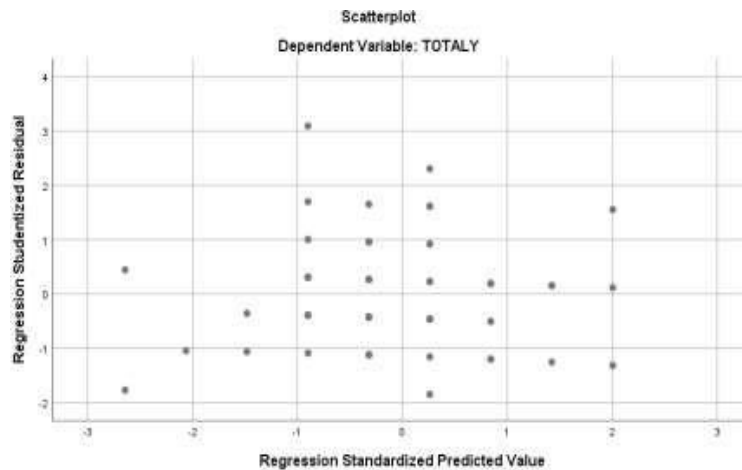
a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Tabel 3. Normality Test

The Kolmogorov-Smirnov test yielded a value of 0.92, a significant value above 0.05. This indicates that the data is evenly distributed and meets the requirements for normality. Furthermore, each independent variable compared to the dependent variable showed normal results.



Tabel 4 Heteroscedasticity Tes



Based on the scatterplot that plots the standardized predicted values against the studentized residuals with the dependent variable, the distribution of data points on the graph appears random and without a clear structure. Consequently, no consistent pattern or trend is found, such as a fan, funnel, or curve pattern, which are usually indicators of heteroscedasticity. The even distribution of residuals around the horizontal line indicates that the variance of the prediction error tends to be constant across the range of predicted values. Thus, visually, the conclusion is that the regression model meets the assumption of homoscedasticity, meaning that the regression parameter estimates can be considered efficient and unbiased. This interpretation strengthens the model's validity in describing the correlation between financial literacy and investment decisions.

Model Summary

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.991 ^a	.983	.982	.60110

a. Predictors: (Constant), Literasi

Tabel 5. Correlation Coefficient Test

The correlation coefficient (R²) value of 0.991 was found based on the results of the regression analysis shown in the Model Summary table, which indicates a positive relationship between investment choices and financial literacy. The financial literacy variable can explain almost 98.3% of the variation in investment decisions, based on the R² Squared value of 0.983. In addition, the Adjusted R² Squared value of 0.982 indicates that the contribution of financial literacy to investment decisions remains constant at around 98.2% after taking into account the sample size and the number of predictors.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1 (Constant)	-.113	.331		-.341	.734
Literasi	.850	.015	.991	57.349	.000

a. Dependent Variable: Keputusan

Tabel 6. Simple Regression Test



Based on the results of a simple linear regression analysis between financial literacy (X) and investment decisions (Y), the regression equation is:

$$Y = -0.113 + 0.850X$$

This indicates that, assuming all other factors remain constant, each one-unit increase in financial literacy will result in 0.850 more investment decisions. Conversely, the constant coefficient of -0.113 indicates that investment choices are generally poor if financial literacy is zero, although this value is not statistically significant (Sig = 0.734 > 0.05).

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.113	.331		-.341	.734
Literasi	.850	.015	.991	57.349	.000

a. Dependent Variable: Decision

Tabel 7. Hypothesis Testing

The t-value of 57.349 and 0.000 for the significance value (Sig) are shown in the t-test results. H_1 is accepted, while H_0 is rejected because the Sig value is below 0.05. This indicates that investment decisions are significantly influenced by financial literacy. In addition, the standardized beta coefficient value of 0.991 indicates that investment decisions are significantly influenced by financial literacy.

Discussion

The results of this study indicate that financial literacy has a strong and significant influence on the investment decisions of Generation Z in Lau District, Maros Regency. The very high correlation coefficient ($R = 0.991$) and coefficient of determination ($R^2 = 0.983$) demonstrate that financial literacy explains the majority of variance in investment decision-making among respondents. These findings suggest that Generation Z individuals with higher levels of financial knowledge tend to make more rational, structured, and goal-oriented investment choices.

This result is consistent with classical and contemporary theories of financial decision-making, which emphasize that adequate financial knowledge enhances individuals' ability to evaluate risks, returns, and long-term outcomes (Lusardi & Mitchell, 2014). Financial literacy enables young investors to understand fundamental concepts such as diversification, risk



management, and time value of money, thereby reducing speculative behavior and irrational investment choices. In the context of Generation Z, who are highly exposed to digital investment platforms and social media-driven financial information, financial literacy functions as a critical filter that supports informed decision-making.

Empirically, the findings align with several previous studies conducted in Indonesia, which report a positive and significant relationship between financial literacy and investment decisions (Chasanah et al., 2022; Putri & Andayani, 2022; Mandagie et al., 2020). These studies emphasize that individuals with higher financial literacy are more confident in selecting suitable investment instruments and are better prepared to manage financial risks. The present study reinforces this conclusion by providing localized evidence from Lau District, an area where Generation Z participation in microeconomic and entrepreneurial activities is increasing.

However, the results contrast with other studies that report no significant relationship between financial literacy and investment decisions (Astuti et al., 2019; Kusumawati, 2022; Sun & Lestari, 2022). These differences may be explained by variations in research context, sample characteristics, and measurement approaches. In some cases, investment decisions may be more strongly influenced by behavioral factors such as overconfidence, social influence, or peer pressure rather than financial knowledge alone (Kahneman & Tversky, 1979). Additionally, disparities in access to financial education and digital financial services across regions may moderate the role of financial literacy.

From a methodological perspective, the fulfillment of classical assumption tests strengthens the validity of the regression model used in this study. The normal distribution of data and the absence of heteroscedasticity indicate that the estimated relationship between financial literacy and investment decisions is statistically reliable. Nevertheless, the exceptionally high R^2 value should be interpreted cautiously, as investment behavior is inherently multidimensional and influenced by factors beyond financial literacy, such as income, risk preferences, and financial technology usage.

In terms of policy implications, the findings highlight the importance of strengthening financial literacy programs at the local level. Local governments, educational institutions, and financial authorities—such as the Financial Services Authority (OJK)—can collaborate to design targeted financial education initiatives for Generation Z in Lau District. Programs focusing on



basic investment knowledge, risk awareness, and long-term financial planning could significantly improve the quality of investment decisions among young people. By enhancing financial literacy, local policymakers can contribute to the development of a financially resilient Generation Z that supports sustainable economic growth in Maros Regency.

CONCLUSION

This study examined the influence of financial literacy on the investment decisions of Generation Z in Lau District, Maros Regency, using a quantitative correlational approach. Based on data collected from 60 respondents through a structured questionnaire, the findings provide strong empirical evidence that financial literacy plays a decisive role in shaping investment behavior among young individuals. The results of the simple linear regression analysis reveal a very strong and positive relationship between financial literacy and investment decisions, as indicated by a correlation coefficient (R) of 0.991 and a coefficient of determination (R^2) of 0.983. This implies that financial literacy accounts for 98.3% of the variation in investment decisions among Generation Z respondents in the study area.

The statistical tests further confirm the robustness of the research model. All questionnaire items were found to be valid and reliable, while the normality and heteroscedasticity tests indicate that the data meet classical regression assumptions. The regression equation demonstrates that an increase in financial literacy significantly improves the quality of investment decisions, suggesting that individuals with stronger financial knowledge are more capable of evaluating risks, selecting appropriate investment instruments, and making rational, long-term financial choices. These findings reinforce the view that financial literacy is a fundamental determinant of sound investment decision-making, particularly for Generation Z, who are increasingly exposed to digital financial products and investment platforms.

From a practical perspective, this study highlights the urgency of strengthening financial literacy initiatives at the local level. Local governments, educational institutions, and financial authorities should collaborate to design targeted financial education programs for Generation Z in Lau District. Such programs should focus on basic investment concepts, risk management, and long-term financial planning to prevent irrational investment behavior and potential financial fraud. Although this study focuses on a limited sample size and a single district, the results provide



valuable insights for policymakers and practitioners. Future research is encouraged to include additional variables—such as financial behavior, income level, and fintech usage—and to expand the research scope to other regions in order to obtain a more comprehensive understanding of Generation Z's investment behavior in Indonesia.

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