

## **The Influence of Social Media, Financial Literacy and Quality of Information on Students' Interest in Investing In The Capital Market**

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### **ABSTRACT**

This study aims to analyze the effects of social media, financial literacy, and the quality of information on students' investment interest in the capital market. The research method used is descriptive and quantitative analysis. The data used is primary data. The population in this study consists of students at Jambi University. The analytical techniques include simple regression analysis, hypothesis testing, correlation, determination coefficient, and t-test. Jambi University is one of the public universities in Jambi Province. It is the oldest public university, established in March 1963, and currently has nine faculties and ninety-two study programs. The results show that the independent variables (social media, financial literacy, and quality of information) significantly and simultaneously affect the dependent variable (investment interest). Furthermore, the independent variables can explain 89.3% of the influence on the dependent variable, with a determination coefficient ( $R^2$ ) of 0.893. In conclusion, social media, financial literacy, and quality of information significantly influence investment interest.

**Keywords:** social media, financial literacy, quality of information, investment interest

### **INTRODUCTION**

Public awareness of the importance of investment is increasing along with the development of technology and easy access to information. People are now beginning to understand that investment is one way to achieve financial stability in the future. According to Lusardi & Mitchell (2014), financial literacy plays a vital role in individual investment decisions, and those who have a better economic understanding tend to be more active in investing. In addition, the development of financial technology (fintech) has enabled people, including students, to access the capital market more quickly and efficiently (Andiani & Maria, 2023).

Students' interest in investing in the capital market has increased significantly in recent years. Various factors, including social media, are the primary source of financial information for the younger generation, which drives this phenomenon. According to research conducted by Dewi dkk (2020), social media increases students' awareness and knowledge of investment, which is in line with research by Tryaswati & Astuti (2024), which shows that the more often someone accesses investment information on social media, the higher their interest in investing. However, not all information on social media is reliable, so students need to have a good understanding before making investment decisions.

In addition to social media, financial literacy is a significant factor influencing students' interest in investing. Huston (2010) stated that financial literacy includes an individual's understanding of basic financial concepts, including investment, risk management, and financial planning. Students with a good level of financial literacy tend to be more careful in making investment decisions and can better manage their investment portfolios wisely. Research conducted by the Financial Services Authority (OJK) in 2022 showed that the level of financial literacy in Indonesia is still relatively low, with a financial literacy index of only 49.68%. This low level of financial literacy can hinder students from understanding the risks and benefits of investing in the capital market.

Another factor that influences this is the quality of information obtained by students. Accurate, relevant, and reliable information is key to rational investment decisions. According to research conducted by Chen & Volpe (1998), the quality of investment information plays a vital role in increasing individual understanding of investment risks and benefits. Invalid or misleading information can cause students to invest with unrealistic and high-risk expectations. Therefore, students must ensure

that the information they obtain comes from credible sources, such as financial regulators, academic institutions, or registered securities companies.

Based on the description above, this study is important because it analyzes how social media, financial literacy, and information quality affect students' interest in investing in the capital market. This study is expected to contribute to improving students' understanding of the factors that influence their investment decisions and be a reference for academics and practitioners in designing more effective financial education strategies.

### *Literature Review and Research Methods*

#### *Financial management*

According to Riyanto (2016), all activities related to efforts to obtain funds and use or allocate these funds are called Financial Management. Meanwhile, according to Sartono (2014:6), Financial Management, or spending, can be interpreted as all company activities related to efforts to obtain company funds at low cost and efforts to use and allocate these funds efficiently. According to Harjito & Martono (2014), it is stated that Financial Management, or in other literature called spending is all company activities related to how to obtain funds, use funds and manage assets according to the company's overall goals. In other words, financial management is management (management) regarding how to obtain, fund, and manage assets to achieve goals (Adisetiawan & Surono, 2016).

Meanwhile, according to Husnan & Pudjiastuti (2012), financial management involves planning, analyzing, and controlling financial activities. From the definition above, financial management is all activities or decision-making processes in the financial sector related to efforts to obtain funds, use and manage assets according to the company's goals and use them for investment or spending efficiently. According to Kamaludin & Indriani (2012), financial management can be defined as efforts and activities that increase the company's value. Another definition can also be interpreted as an effort to obtain funds most profitably and allocate funds efficiently in the company to achieve targets for shareholder wealth.

#### *Social Media*

Social media has become an inseparable part of modern society, including financial and investment. Kaplan & Haenlein (2010) define social media as a group of internet-based applications that enable users to interact, share information, and create content. In recent years, platforms such as YouTube, Instagram, and Twitter have been increasingly used as sources of investment information, especially among students. According to research conducted by Tryaswati & Astuti (2024), social media significantly influences students' interest in investing, mainly because it presents information quickly and easily accessible.

The role of social media in the world of investment is quite significant, especially in improving students' financial literacy. Through various educational content from financial influencers, students can understand fundamental investment concepts such as portfolio diversification, risk analysis, and long-term investment strategies. However, not all information circulating on social media can be accounted for. Tryaswati & Astuti (2024) emphasized that many novice investors, including students, are easily influenced by momentary investment trends without conducting in-depth analysis, making them vulnerable to losses.

In addition to being a source of information, social media also facilitates interaction between investors through online communities and discussions in various financial forums. Social media allows students to exchange experiences and gain insight from more experienced investors. However, there is a risk that the information disseminated in these communities can be speculative or even manipulative. Kaplan & Haenlein (2010) remind us that social media can effectively communicate information. Still, it also has the potential to be misleading if not balanced with critical analysis from its users. Overall, social media significantly influences students' interest in investing in the capital market. Ease of access to information and involvement in the investor community can be significant driving factors. However, students need to be more selective in filtering the information they obtain and rely on more credible sources to make more rational and informed investment decisions.

### *Financial Literacy*

Financial literacy is essential in making investment decisions, especially among students new to the world of capital markets. According to Lusardi & Mitchell (2014), financial literacy is an individual's understanding of basic financial concepts, such as money management, financial planning, investment, and risk and return. Students with sound financial literacy tend to be more confident in making investment decisions than those who do not understand the financial aspects.

Increased access to financial information through social media and digital platforms has allowed students to deepen their understanding of investment. However, many students still only understand the basic concepts of investment without truly understanding the risks that accompany it. Lusardi & Mitchell (2014) emphasized that a lack of financial literacy can make someone more susceptible to mistakes in managing personal finances, including making unmeasured investment decisions.

Financial literacy helps students analyze investment instruments that suit their risk profile when investing in the capital market. Understanding portfolio diversification, transaction costs, and macroeconomic factors that affect the stock market is essential for students to make wiser investment decisions. Therefore, even though access to information is getting easier, a deep understanding of finance remains the central aspect that must be considered before investing.

### *Quality of Information*

Information quality is essential in the investment decision-making process, especially for students new to capital markets. According to Jogiyanto (2017), information quality can be measured based on relevance, reliability, completeness, and timeliness. High-quality information will help investors, including students, analyze investment opportunities more accurately and rationally. In today's digital era, students can access various investment information through social media, financial websites, and online discussion forums. However, not all available information is reliable. Jogiyanto (2017) emphasized that inaccurate or misleading information can negatively impact investment decision-making, especially if novice investors do not have the ability to select credible sources of information.

Low-quality information can make students easily influenced by investment trends without conducting in-depth analysis. Phenomena such as fear of missing out (FOMO) often cause students to make unplanned investment decisions just because they follow the market flow. Therefore, students need to develop skills in assessing the credibility of information sources and understanding how to analyze data before deciding to invest.

### *Investment Interest*

Investment interest is a person's tendency to allocate their funds to specific investment instruments to gain profits in the future. According to Tandelilin (2017), investment interest is influenced by various factors, such as individual understanding of investment, risks faced, and access to relevant information. In the context of students, investment interest is increasing along with technology development and easy access to capital markets through various digital platforms.

In Indonesia, the investment trend among students is starting to increase, especially with the availability of easier-to-use investment applications and broader financial education. Research conducted by Febrianti & Takarini (2023) shows that students tend to have a higher interest in investing if they understand the benefits and risks of investing. However, several obstacles remain, such as limited capital, fear of the risk of loss, and lack of education regarding the right investment strategies.

In addition to educational factors, psychological aspects also play a role in shaping students' investment interests. Tandelilin (2017) emphasized that the tendency to avoid risk (risk aversion) can make someone hesitate to start investing, even though they already have sufficient basic knowledge. Therefore, adequate financial literacy and the ability to filter quality information are needed for students to make more rational investment decisions before investing in the capital market.

### *Capital market*

The capital market is one of the financial instruments that plays a role in a country's economy because it provides a means for companies to obtain long-term funding and investment opportunities for the community. According to Tandelilin (2017), the capital market is where various long-term financial instruments, such as stocks, bonds, and mutual funds, are traded, allowing for a more efficient allocation of funds between parties with excess funds and parties needing capital.

In Indonesia, the capital market is supervised by the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) as the organizer of securities trading. The development of the capital market is increasingly rapid, with an increasing number of retail investors, including students, who are beginning to realize the importance of investment in their financial planning. However, investment in the capital market still has risks that need to be understood well to make investment decisions more rational and measurable.

#### *The Influence of Social Media on Investment Interest*

Social media significantly influences students' investment interests because it is a source of easily accessible information. Through various digital platforms, students can gain insight into investment from educational content and the experiences of other investors. Information spread on social media often shapes perceptions and increases students' interest in investing. According to Hasanudin (2023), social media can influence investment decisions through psychological and social factors. Exposure to content that discusses investment benefits encourages students to be interested in trying, even though their understanding is still limited. Therefore, although social media can increase investment interest, students need to develop financial literacy to make more rational decisions.

#### *The Influence of Financial Literacy on Investment Interest*

Financial literacy plays an essential role in increasing students' investment interests. Understanding economic concepts, risk management, and investment strategies can help students make more rational and measured decisions. Individuals with a high level of financial literacy tend to be more confident in investing than those with limited understanding. According to Trixsiana & Lestari (2024), good financial literacy includes an understanding of financial planning, asset management, and risk and return in investment. Students who have this understanding are more likely to invest because they can assess opportunities and risks more objectively. Therefore, increasing financial literacy can significantly encourage students to invest in the capital market.

#### *The Influence of Quality of Information on Investment Interest*

The quality of information plays an important role in shaping students' investment interests. Accurate, relevant, and easy-to-understand information can increase students' confidence in making investment decisions. Conversely, unclear or misleading information can hinder investment interest by creating uncertainty and high risk. According to Febrianti & Takarini (2023), good quality information is characterized by reliability, completeness, and ease of access. Students who get investment information from credible sources tend to be more interested in investing because they feel confident in their decisions. Therefore, the better the quality of the information received, the greater the students' interest in investing in the capital market.

## **METHODS**

This study uses quantitative research methods (Sugiyono, 2016). The sampling technique was carried out randomly and the collection of questionnaire data was obtained from students of Jambi University. The study population was 442 participants, and sampling was carried out using the probable sampling technique with the Slovin formula, so that the final sample obtained was 87 respondents. Data analysis using multiple linear regression, validity and reliability tes, F test, t test, coefficient of determination (Sugiyono, 2016)

## **RESULT**

### *Instrument Testing*

Based on the Validity Test, it was found that all calculated r values were greater than the table r value (0.2108), indicating that all the questionnaire instruments are valid. Based on the Reliability Test, all data instruments had values greater than 0.70, meaning the data is reliable and can proceed to the next testing phase. After conducting the data instrument test, an MSI test was carried out to determine whether any questions or indicators were repeating the measurement of the same variable. The results of the MSI test showed that all p-values were greater than 0.05, meaning all variables are deemed eligible.

### *Classical Assumption Tests*

The study used four types of classical assumption tests. The first test was the Normality Test, with an asymptotic significance (2-tailed) value of 0.200, which is greater than 0.05, indicating that the data follows a normal distribution. The second test was the Multicollinearity Test, where the VIF scores for  $X_1$  (6.304),  $X_2$  (7.211), and  $X_3$  (2.758) were all below the value of 10, indicating that multicollinearity is not present. The third test was the Heteroscedasticity Test, based on the scatterplot graph, which showed that the regression model does not form any specific pattern in the graph, meaning there is no indication of heteroscedasticity. The last test was the Autocorrelation Test, based on the Durbin-Watson value. This study resulted in a Durbin-Watson value of 1.5808, which lies between  $-2 < dw$ , indicating no autocorrelation.

### *Multiple Linear Regression*

The results of the influence test yielded the equation  $Y = 8.027 + 0.237 X_1 + 0.421 X_2 + 0.100 X_3$ , showing that all the X variables : Social Media ( $X_1$ ), Financial Literacy ( $X_2$ ), and Quality of Information ( $X_3$ ) have a positive influence. This means that an increase in the values of the X variables will correspond to an increase in the Y variable.

### *The influence of social media, financial literacy and quality of information simultaneously on investment interest*

The results of the simultaneous F test show that the F count value is  $108.841 > 2.71$  F Table, and a significance value of 0.000 is obtained, less than 0.05 so that  $H_0$  is rejected and  $H_a$  is accepted. It is concluded that the variables of financial literacy, quality of information and social media together have a positive and significant effect on students' interest in investing in the capital market. In this study, students' interest in investing in the capital market is the dependent variable that is studied and tested. The results of the study indicate that social media, financial literacy, and quality of information simultaneously have a positive and significant effect on students' interest in investing in the capital market. This indicates that the higher the role of social media, the level of financial literacy, and the quality of information obtained, the higher the students' interest in investing.

In addition, the results of this study indicate that the development of technology and social media plays an important role in increasing students' interest in investment. With information that is easily accessible through digital platforms, students are more interested in learning about investment and making better financial decisions. Adirama (2024) also explained that social media influencers could have a major influence on students' mindsets in understanding investment opportunities, thereby increasing their confidence to start investing. Therefore, good financial literacy, supported by access to quality information from social media, can be a major factor in encouraging students to actively invest in the capital market.

### *Partial Influence of Social Media on Investment Interest*

Social media has a significant and positive influence on investment. With the development of digital technology, social media platforms have become the main means of disseminating information, promoting products, and building interactions with audiences. In the world of investment, social media makes it easy for individuals to access various information about the capital market, investment strategies, and experiences from other investors. Wide access to this information can increase people's understanding of investment, thus potentially increasing their income through better investment decisions. The results of the hypothesis testing in this study show that the social media influencer variable influences students' interest in investing in Islamic mutual funds on the Bibit application. The results of the t-test are useful for measuring the influence of the social media variable on investment interest; the calculated t value is obtained  $> t$  Table, namely  $3.894 > 1.6662$ , which means there is an influence. While the significance value of the t-test results is  $0.000 < 0.05$ , then  $H_0$  is rejected, which means that social media has a positive and significant effect on students' interest in investing in the Capital Market.

### *Partial Influence of Financial Literacy on Investment Interest*

In this study, financial literacy is an independent variable that is studied and tested. The research hypothesis shows that financial literacy has a partial effect on investment interest. The results of this

study indicate a positive and significant effect between financial literacy and investment interest. Financial literacy reflects the level of individual understanding of basic financial concepts, including financial management, investment, and risk management. Individuals with higher levels of financial literacy tend to have a better understanding of the potential benefits and risks of investment, so they are more motivated to invest. Thus, increasing financial literacy can contribute to encouraging better and more informed investment decisions.

The results of the hypothesis testing in this study show that the financial literacy variable influences students' interest in investing in the capital market. The results of the t-test, namely the value of the financial literacy variable on investment interest, obtained a calculated t value  $> t_{Table}$ , namely  $2.452 > 1.666$ , which means there is an influence. While the significance value of the t-test results is  $0.017 < 0.05$ , then  $H_0$  is rejected, which means that financial literacy has a positive and significant effect on students' interest in investing in the Capital Market. In other words, a higher level of financial literacy is often associated with greater student knowledge about investment. The results of this study support research stating that the financial literacy variable has a significant effect on students' investment interests.

#### *Partial Influence of Quality of Information on Investment Interest*

In this study, the quality of information is an independent variable that is studied and tested. The research hypothesis shows that the quality of information has a partial effect on investment interest. The results of this study indicate a positive and significant effect between the quality of information and investment interest. The quality of accurate, relevant, and reliable information is very important in the investment decision-making process. Good information can help investors understand the potential benefits, risks, and prospects of an investment, thereby increasing their confidence to invest. Thus, the better the quality of information available, the greater the individual's interest in investing.

The results of the hypothesis testing in this study show that the quality of information variables influences students' interest in investing in Islamic mutual funds on the bibit application. The results of the t-test are useful for measuring the influence of the quality of information variable on investment interest; the t-count value is obtained  $> t_{table}$ , which is  $2.064 > 1.666$ , which means there is an influence. While the significance value of the t-test results is  $0.043 < 0.05$ , so  $H_0$  is rejected, which means that the quality of information has a positive and significant effect on students' interest in investing in the capital market.

## **CONCLUSION**

The results of this study reveal that simultaneously and partially there is a positive and significant influence between the variables of social media, financial literacy, and information quality on the interest of KSPM University of Jambi students in investing in the Capital Market.

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