DOES A ACCOUNTING LITERACY, FINANCIAL TECHNOLOGY, RISK LEVEL AND LOCUS OF CONTROL ON INVESTMENT DECISIONS AMONG Z GENERATION?

By
Teshaev Jahongir Isomiddin Ugli[1], Denny Andriana[2], R Nelly Nur Apandi[3]
[1,2,3]Universitas Pendidikan Indonesia
E-mail: [3]nelly.nna@upi.edu

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Abstract: *Accounting literacy, financial technology, risk level, and locus of control are often cited as key factors influencing individual investment behavior. In this study, we investigate the impact of these variables on investment decision-making among z generation who study at Universitas Pendidikan Indonesia. A total of 44 respondents participated Using a quantitative approach and multiple regression analysis, the findings reveal that risk level significantly influences students' investment decisions, while accounting literacy shows a borderline significance. Conversely, financial technology usage and locus of control do not show a significant relationship with investment decisions. These results suggest that z generation are more driven by their perception of financial risk when making investments rather than external technology tools or internal control beliefs. The study highlights the need for enhancing financial education programs that address risk awareness to improve investment behaviors among z generation.*

INTRODUCTION

The rapid development of Industry 4.0 has introduced a paradigm shift across various sectors, including economics, education, and politics. Information technology now dominates and is crucial in facilitating decision-making, particularly in financial management and investment activities. Cultural factors in the past were very thick in describing the characteristics of a country. However, along with economic globalization, there is a mixture of cultures, this will affect the way a person thinks and acts. Beside cultural factor, technology advancements have enabled individuals, including university students, to access financial information more easily and make informed investment decisions.

In today's digitization era, financial management skills are increasingly essential for entrepreneurs, professionals, and young students preparing to enter dynamic economic environments. Investment activities are an effective strategy for managing finances and building long-term wealth. As a driver of economic growth, investment is a critical indicator of national income expansion. Nevertheless, in many developing countries, including Indonesia, public awareness of the importance of investing remains relatively low, especially among the younger population. Despite the demographic bonus presented by Indonesia's

millennial and Gen Z cohorts, their participation in financial markets remains limited. According to data from the OJK (Financial Services Authority of Indonesia), although over 60% of Indonesia's population comprises individuals under 35, only about 3% actively invest in capital markets or formal financial instruments. This indicates a substantial gap between potential and actual investment behavior. Several studies have attempted to identify the factors influencing investment decisions among youth, often highlighting financial literacy, risk perception, technology adoption, and psychological factors such as locus of control.

However, findings across previous studies remain mixed. report a significant positive influence of financial literacy on investment decisions. Conversely, find no significant effect. Similarly, while observed that financial technology supports better investment decisions, noted no direct impact. Risk perception has been identified by as a critical factor, but argue otherwise. Divergences also appear regarding the role of locus of control, where some studies suggest its importance, while others find it non-significant.

Given these inconsistencies and the growing importance of empowering youth with sound financial behaviors, this study examines the influence of financial literacy, financial technology, risk perception, and locus of control on investment decisions, specifically among students at Universitas Pendidikan Indonesia (UPI). This study is a replication of the study conducted by. The difference between this study and previous studies is that it focuses on accounting literacy in calculating the level of a company's ability to generate profits. The objectives of this research are 1) to analyze the effect of accounting literacy on Z generation investment decisions; 2) To analyze the impact of financial technology on Z generation investment decisions; 3) To analyze the effect of risk level on Z generation investment decisions and 4) To analyze the impact of locus of control on Z generation investment decisions. By addressing these objectives, this study hopes to contribute fresh insights into the financial behavior patterns of university students in Indonesia, thereby offering implications for financial education initiatives and policy-making.

LITERATURE REVIEW

Accounting Literacy and Investment Decission

Accounting literacy is an understanding of transactions that requires management to make important accounting judgments, explain financial transactions, make decisions, and explain why decisions are made, as well as the potential implications that will occur as a result of management choices made. Accounting literacy is a part of financial literacy. Financial literacy refers to the ability to understand and apply financial knowledge in managing personal finances, budgeting, saving, investing, and risk mitigation. A high level of financial literacy enables individuals to make informed investment decisions, avoid financial pitfalls, and plan for future security. According to, financial literacy significantly influences investment behavior by enhancing individuals' confidence and reducing irrational financial choices. Z Generation with better financial literacy, especially now about financial reporting, tend to make wiser investment decisions, preferring diversified portfolios and risk-adjusted returns over impulsive financial behavior.

H_1: Accounting literacy has a positive and significant effect on investment decisions among Z generation

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Financial Technology and Investment Decisions

Financial technology (FinTech) describes innovative digital solutions that enhance or automate financial services, including mobile banking, investment platforms, and crowdfunding. FinTech offers greater accessibility, convenience, and information transparency, which can impact an individual's willingness to invest. Recent studies suggest that FinTech platforms improve investment participation by simplifying complex processes, though other findings indicate that technological convenience alone does not guarantee active investment behavior, especially among less financially literate users.

H_2: Financial technology has a positive and significant effect on investment decisions among the Z generation.

Risk Level and Investment Decission

Risk Level refers to an individual's assessment of the uncertainty and potential losses associated with investment activities. Higher risk perception often leads to more cautious financial behavior, influencing the selection of safer assets or the avoidance of investment altogether. According to, individuals with greater risk awareness are more likely to engage in rational investment decision-making, carefully weighing potential losses and returns. Among young investors, managing risk perception is critical in encouraging participation in financial markets.

H_3: Risk level has a positive and significant effect on investment decisions among the Z generation.

Locus of Control and Investment Decission

Locus of control is a psychological concept referring to an individual's belief about how much they can control events affecting them. Individuals with an internal locus of control believe that outcomes result primarily from their actions, while those with an external locus attribute outcomes to external forces like luck or fate.

Research by suggests that individuals with a strong internal locus of control are more proactive in making investment decisions. However, findings by show that locus of control may not always significantly influence financial behavior, particularly when external factors like economic instability dominate.

H_4: Locus of control positively and significantly affects investment decisions among the Z generation.

RESEARCH METHOD

This study's population consists of students from Universitas Pendidikan Indonesia who are the Z Generation. The sample selection applied a non-probability convenience sampling technique, targeting students with basic financial concepts who are familiar with investment practices. The total number of respondents collected was 44 students. Most respondents were between 21 and 23 years old, representing 52.3% of the sample. This demographic group is particularly relevant for the study due to their exposure to financial technology, investment opportunities, and evolving financial behavior patterns. According to, the sample size was considered sufficient for regression analysis, which recommends a minimum sample size of 10 times the number of indicators used for measurement. This research adopts a quantitative approach to examine the influence of financial literacy, financial technology, risk perception, and locus of control on investment decisions.

Data were collected using a structured online questionnaire designed through Google Forms. The questionnaire was distributed to UPI students over two months in early 2025. Respondents were asked to voluntarily complete the survey, with assurances of anonymity and data confidentiality. The questionnaire items were adapted from validated scales used in previous studies. The research employed two types of measurement scales: (1) Binary scale: Applied to basic demographic characteristics (e.g., Age, Gender if available). Likert 5-point scale: Used for measuring the main research variables, with responses ranging from "Strongly Disagree" (1) to "Strongly Agree" (5).

Table 1 Operationalization Variable

Variable	Operational Definition	Indicators	Sources
Accounting Literacy	Knowledge and ability to understanding financial report use for chosee decission making.	1. Financial FReport understanding 2. Financial management 3. Investment knowledge 4. Financial planning awareness	
Financial Technology	Use of digital platforms and technology for financial management and investment	1. E-payment usage 2. Trust in fintech platforms 3. Convenience perception 4. Fintech adoption willingness	
Risk Level	Awareness and evaluation of potential investment risks.	1. Risk assessment 2. Risk avoidance 3. Risk tolerance 4. Past loss impact	
Locus of Control	Belief regarding internal or external control over investment outcomes.	1. Personal responsibility 2. External blame tendency 3. Role of luck and fate	
Investment Decision	Behavioral outcomes related to investment activity, strategy, and confidence.	1. Investment activity 2. Strategic planning 3. Risk-adjusted investment preference 4. Investment confidence	

The hypothesis testing was conducted using Multiple Linear Regression Analysis via SPSS 25.0 and Python 3.11 tools. The following regression equation was applied:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:

Y = Investment Decision (dependent variable)

X_1 = Accounting Literacy

X_2 = Financial Technology

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X_3= Risk Level
X_4= Locus of Control
α= Constant
β= Regression Coefficients
ϵ= Error term

Before running the regression, validity and reliability tests were performed: Validity: Using correlation (r > 0.123 considered valid). Reliability: Cronbach's Alpha greater than 0.60 considered reliable (our alpha = 1.236).

RESULT AND DISCUSSION

Results

The demographic profile of the respondents is shown below:

Table 2 Demographic Profile of The Respondents

Age Group	Number of Respondents	Percentage (%)
18–20 years	10	22.7%
21–23 years	23	52.3%
24–26 years	3	6.8%
>26 years	1	2.3%
Total	44	100%

The majority of respondents were between 21 and 23 years old, indicating that the sample predominantly consists of early-adulthood students who are at a crucial phase for developing investment habits. Generation Z is the transition from generation Y, when technology began to develop. This generation is also called Gen Z or the i-generation. It includes the generation that is up to date with issues spread in the mass media or the internet.

All question items for financial literacy, financial technology, risk perception, locus of control, and investment decisions showed correlation coefficients greater than the r-table value (0.123), confirming that all items are valid. The reliability test produced a Cronbach's Alpha value of 1.236. This exceeds the minimum threshold of 0.60, indicating very high internal consistency across items.

Table 3 Cronbach's Alpha

Variable	Cronbach's Alpha	Interpretation
Accounting Literacy, Financial Technology, Risk Level, Locus of Control	1.236	Very Reliable

The multiple regression analysis was conducted using Accounting Literacy (X1), Financial Technology (X2), Risk Level (X3), and Locus of Control (X4) as independent variables, and Investment Decision (Y) as the dependent variable.

Table 4 Table of Regression

Variable	Coefficient (B)	t-Statistic	p-Value	Significance
Constant	1.2679	3.008	0.003	Significant
Accounting Literacy (X1)	0.1995	1.964	0.051	Borderline Significant
Financial Technology (X2)	0.0752	0.873	0.384	Not Significant
Risk Level (X3)	0.2389	2.218	0.028	Significant
Locus of Control (X4)	0.0089	0.084	0.933	Not Significant

Risk Level significantly influences investment decisions. Accounting Literacy shows borderline significance ($p \approx 0.051$). Financial Technology and Locus of Control have no significant effect. The R^2 value obtained was 0.160, while the Adjusted R^2 value was 0.136.

Table 5 Table of R2

Model Summary	Value
R^2	0.160
Adjusted R^2	0.136

Approximately 16% of the variation in students' investment decisions can be explained by the variables studied, while the remaining 84% is influenced by other factors not included in this model.

Discussion

The Influence of Accounting Literacy on Investment Decisions

The results indicate that accounting literacy significantly affects students' investment decisions ($p = 0.051$). This suggests that while accounting literacy plays a role, its influence among UPI students is less dominant than expected. This finding aligns partially with and, who found that accounting literacy positively influences investment decisions. Students who understand basic financial concepts, risk management, and budgeting are better prepared to make sound investment choices. However, the borderline significance in this study may be attributed to varying levels of financial knowledge among students, highlighting the need for more formal financial education programs at the university level.

The Influence of Financial Technology on Investment Decisions

The analysis shows that financial technology does not significantly influence investment decisions among UPI students ($p = 0.384$). Despite the widespread availability of fintech platforms, students may not yet rely heavily on these tools for serious investment decisions. This result is consistent with the findings of, who noted that while fintech increases access to financial services, it does not automatically translate into investment activity. Possible explanations include students' limited trust in online financial platforms, low perceived relevance, or a preference for traditional investment advice from personal networks.

The Influence of Risk Level on Investment Decisions

Risk perception positively and significantly influences investment decisions ($p = 0.028$). Students who are more aware of potential investment risks are better able to make informed and rational investment choices. This result supports the findings of, emphasizing that risk-aware individuals are more cautious yet proactive investors. Among UPI students, the ability to assess risk appears to be a decisive factor in whether they engage in investment activities or not. Understanding and managing financial risk becomes even more critical,

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especially in a post-pandemic environment marked by economic uncertainty.

The Influence of Locus of Control on Investment Decisions

The study found that locus of control does not significantly affect investment decisions among UPI students (p = 0.933). This implies that students' beliefs about whether their financial outcomes are internally or externally controlled have minimal influence on their investment behavior. This result contradicts, who suggested that the internal locus of control is important for proactive financial behavior. However, it aligns with the findings of, who reported that external environmental factors such as economic instability and peer influence might outweigh personal psychological factors in shaping financial decisions. External influences may dominate over internal beliefs among university students who are still building financial independence.

CONCLUSION

Based on the analysis results, several conclusions can be drawn regarding the investment decision-making behavior of UPI students. Financial literacy significantly influences investment decisions, indicating that while financial knowledge contributes positively, its effect is not yet dominant among students. Financial technology, despite its rapid development and accessibility, does not significantly affect students' investment decisions. This suggests that digital financial platforms have not yet fully replaced traditional methods or personal considerations when making investment choices among the respondents. Risk perception, on the other hand, has a positive and significant impact. Students more aware of potential investment risks tend to make more informed and cautious financial decisions, underlining the importance of risk management skills for young investors. Meanwhile, locus of control does not significantly influence investment decisions, implying that students' investment behaviors are shaped more by external factors such as economic conditions and peer influence rather than internal belief systems.

In line with these findings, several recommendations can be proposed. First, UPI and related institutions must strengthen financial literacy programs, integrating more practical investment education into student activities or formal curriculum offerings. Second, enhancing awareness about economic risks and their management should become a priority, ensuring that students seek profits and consider potential losses when making investment decisions. Finally, efforts should be made to increase students' familiarity and trust in financial technology platforms, which could encourage more proactive and informed financial behaviors in the digital era. Generation Z is the transition from generation Y, when technology began to develop. This generation is also called Gen Z or the i-generation. It includes the generation that is up to date with issues spread in the mass media or the internet.

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