



The Effect of Risk Investment, Financial Statement Understanding, and Financial Literacy on Students' Investment Interest

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Abstract

Purpose: The purpose of this study is to investigate the effect of investment risk on students' interest in investing in stocks, the effect of financial statement understanding on students' interest in investing in stocks, and the effect of financial literacy on students' interest in investing in stocks. **Method:** The research design using quantitative methods, which data collection method is documentation, and using multiple regression analysis technique. Sample of the research is students from Atma Jaya university from accounting study program entrance year 2021 and 2022. Data collection using googl form. Sample size is 147 respondents. **Findings:** The results of the study show that investment risk has a positive and significant effect on students' interest in investing in stocks, financial statement comprehension has a positive but not significant effect on students' interest in investing in stocks, and financial literacy has a positive and significant effect on investing interest. **Implications:** the gen z has motivation of investing if they have the knowledge about the investing activities which can reduce risk in investing.

Keywords: investment risk, financial statement understanding, financial literacy, investing interest

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Introduction

University student as part of young generation, has big chance to involve in developement of investement world in Indonesia especially in Capital Market. Easeness of access for information and technology, enable students to learn ababout various investment instrument digitally (Dewi and Santoso 2011). But, Student motivation to invest in stock relatively small. Otoritas Jasa Keuangan Data (2002) showed obly 12% of student actively investing in capital market, while mayority choose low risk investment like Deposit or mutual fund. University of Atma Jaya has student ogranization named Kelompok Studi Pasar Modal (KSPM) and its students enthusiast in investing especially after learning about capital amrket and investment analysis.

Bareksa's (2021) findings also indicate that 65% of students are hesitant to invest in stocks due to a lack of understanding of risks and market mechanisms. This indicates that factors such as understanding investment risks, financial statement analysis, and financial literacy influence their investment decisions. The reason of low motivation in stock investment is higher risk and market uncertainty (Juwita and Pratama, 2022). There are so many student do not want to get involved in stock investment because of lack of knowledge and loss of investment (Rahmawati, 2021). Besides, the limitation in financial report understanding as fundamental analysis tools (Wijaya dan Nugroho, 2020; Sari dan Putra, 2021). Low rate of financial literacy is an obstacle that students not be able to manage risk and take optimal investment decision (Lusardi dan Mitchell, 2021; Agustina, 2021).

According to research results, there are inconsistent regarding to the effect of financial statement understanding on students' motivation in investment. Prasetyo and Handayani (2021) and Nugroho dan Pratama (2022) showed understandability of financial statement has positive but insignificant effect, while another study found the effect is significant. Investment risk is an indicator that potential investor see in deciding their investment. In Capital market, risk can be found as the uncertainty of investement result, stock price volatility, and capital loss potential. Risk understanding is impoertant because influence investors' attitude and behavior regarding their investment decision. Students who knows risk potential will be more aware than the others not and can apply mitigation strategy in maintanining their investement portfolio.

Previous research by Pangestika and Ruslianti (2021) showed that investment risk significantly influences investment interest. However, a different finding was found in Juwita and Pratama's (2022) study, which stated that investment risk negatively influences stock investment interest. This discrepancy indicates a research gap that requires further study, particularly in the context of students in the Faculty of Economics and Business at Atma Jaya University Makassar, who have varying levels of risk understanding and investment experience. Therefore, this study aims to fill this gap by focusing on students' perceptions of investment risk and its relationship to stock investment interest.

Understanding financial statements is a crucial skill that helps investors analyze a company's financial condition and performance. Information from the income statement, balance sheet, and cash flow statement can provide insight into a company's profitability, liquidity, and solvency. Students who understand financial statements will be better able to rationally evaluate a company's prospects and make informed investment decisions based on objective data.

Research conducted by Wardani and Hapsari (2022) showed that understanding financial statements significantly influenced students' investment interest. Conversely, Kartini and Nofialdi (2021) found that understanding financial statements had no significant effect on investment interest. This discrepancy in results creates a relevant research gap requiring further investigation. Therefore, this study attempts to re-examine the relationship between understanding financial statements and investment interest using a sample of students from the Faculty of Economics and Business at Atma Jaya University Makassar, who are academically directly involved in financial reporting.

Financial literacy encompasses a person's understanding, skills, and confidence in managing financial aspects such as spending, saving, investing, and risk. Students with a good level of financial literacy tend to have a better understanding of future financial planning and are better prepared to make investment decisions, including choosing stocks as an investment instrument. Financial literacy also plays a role in developing a rational and responsible mindset in managing personal funds.

Research by Pangestika and Ruslianti (2021) shows that financial literacy has a positive influence on investment interest. However, Santoso's (2022) study yielded different results,

stating that financial literacy had no significant influence on students' investment interest. These discrepant findings indicate a research gap that warrants further investigation. This study attempts to address this gap by examining the financial literacy of students in the Faculty of Economics and Business at Atma Jaya University Makassar and how it influences their interest in stock investing.

Literature Review

Theory of planned behavior

The Theory of Planned Behavior, developed by Ajzen (1991), explains that a person's intention or interest in performing an action is influenced by three main components: attitude toward the behavior, subjective norms, and perceived behavioral control. These three aspects work simultaneously to shape behavioral intentions, which can then influence a person's actual actions.

Students' stock investment interest

Student interest in investing in stocks is a tendency or drive to invest capital in stock instruments with the hope of future profits. This interest is influenced by both internal and external factors, including knowledge, risk perception, and access to financial information (Wibowo & Sari, 2021).

Risk investment

Investment risk is the potential difference between the expected and actual results of an investment decision. This risk can arise from stock price volatility, market conditions, and uncertain macroeconomic factors (Sari & Nugroho, 2020).

Understanding financial statement

Understanding financial statements is an individual's ability to read, interpret, and analyze information contained in financial statements such as balance sheets, profit and loss statements, and cash flow statements to support rational investment decision-making (Sunariyah & Nugroho, 2021).

Financial literacy

Financial literacy is a person's knowledge, skills, and confidence to manage financial resources effectively, including in terms of planning, saving, debt management, and investment decision-making (Lusardi & Mitchell, 2021; Holly et al, 2024).

Theoretical framework

The theory used in this study to connect the variables to be studied, previous research, and rationalization in forming a framework model is the Theory of Planned Behavior. The Theory of Planned Behavior explains that a person's intention to perform an action is influenced by three main components: attitude toward the behavior, subjective norms, and perceived behavioral control.

The Theory of Planned Behavior explains that a person's intention or interest to perform an action is influenced by three main components: attitude toward the behavior, subjective norms, and perceived behavioral control. These three aspects work simultaneously to shape behavioral intentions, which can then influence a person's actual actions. Investment risk is closely related to the perceived behavioral control component in the Theory of Planned Behavior. Students who understand risk will feel they have better control over their investment decisions. This perception of control makes them more confident in facing market uncertainty.

Therefore, the greater the understanding of risk, the stronger the students' belief that they can control the outcomes of their investment decisions.

Understanding financial statements is related to attitudes toward behavior in the Theory of Planned Behavior. Students who are able to read and analyze financial statements tend to have a more positive attitude toward investment activities. This is because understanding accounting information can help them rationally assess company performance, thus fostering the belief that stock investing is a beneficial and profitable behavior.

Financial literacy is related to attitude and strengthens perceived behavioral control. Financially literate individuals possess the knowledge and skills to manage their finances, thus fostering a positive attitude toward investment behavior. Furthermore, a high level of literacy allows students to feel more in control of their investment decisions because they understand the strategies, risks, and opportunities available in the capital market.

The existence of investment risk, understanding of financial statements, and financial literacy can strengthen the argument that investment interest is influenced not only by cognitive aspects but also by interrelated psychological and social factors. Increasing student interest in investing in stocks is demonstrated by considering three main components of the theory of planned behavior. The increased interest in investing in stocks indicates that the theory of planned behavior provides a strong foundation for students, thus increasing their interest in investing in stocks.

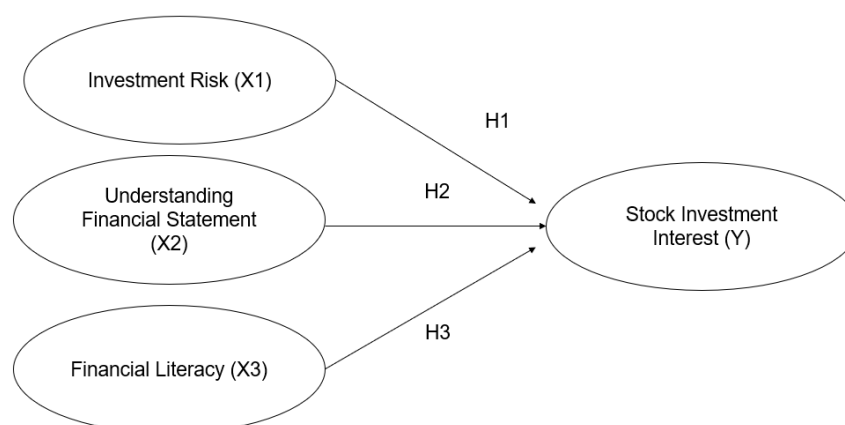


Figure 1. Theoretical Framework

The effect of investment risk on investment interest

Investment risk is a crucial factor influencing an individual's decision to invest, particularly in stocks. Based on the Theory of Planned Behavior (Ajzen, 1991), investment risk can influence attitudes toward behavior. Students who understand risk and are able to rationally assess potential losses will have a more realistic and positive attitude toward investment decisions. When students perceive investment risk as something that can be controlled or managed, they are more likely to be interested in investing in stocks.

Investment risk is often a primary consideration for prospective investors, particularly students with limited understanding of stocks. Juwita and Pratama (2022) stated that investment risk has a significant negative effect on interest in stock investment because the inherent uncertainty of stocks creates risk aversion, especially among novice investors such as students. H1: Investment risk has a negative and significant effect on interest in stock investment.

The effect of understanding financial reports on investment interest

Understanding financial statements is a key factor influencing an individual's investment decision, particularly in the capital market. Financial statements serve as the

primary tool for investors in assessing a company's financial performance before making an investment decision. The Indonesian Institute of Accountants (2024) states that quality financial statements must meet criteria such as relevance, reliability, ease of understanding, and comparability. Relevant and reliable information in financial statements helps investors predict future cash flows and assess the risks and potential returns of proposed investments.

According to the Theory of Planned Behavior framework, understanding financial statements is related to two components: attitude toward behavior and perceived behavioral control. A positive attitude toward the use of financial information will increase an individual's intention to act. Furthermore, a good understanding of financial statements provides greater perceived control over an individual's ability to make rational and effective investment decisions. This strengthens the belief that investment actions can be properly controlled based on objective analysis.

Understanding financial statements is crucial because investors need to assess a company's financial condition before deciding to purchase shares. Wardani and Hapsari (2022) stated that knowledge of financial statements has a positive impact on students' interest in investing in the stock market. These findings indicate that the better a person understands financial statements, the greater their interest in investing.

H2: Understanding financial statements has a positive and significant effect on interest in investing in stocks.

The influence of financial literacy on investment interest

Financial literacy plays a crucial role in influencing one's interest in investing, particularly in capital market instruments such as stocks. The Financial Services Authority (POJK RI No. 3 of 2023) states that financial literacy encompasses the knowledge, skills, and beliefs that shape an individual's attitudes and behavior in managing finances to achieve financial well-being. With an adequate level of financial literacy, an individual can better understand various investment products, including stocks, along with their potential risks and rewards. This understanding helps individuals make more informed and targeted investment decisions.

One theory explaining the relationship between financial literacy and investment interest is the Theory of Planned Behavior (TPB) proposed by Ajzen (1991). The conclusion of this study is that a person's behavior is influenced by intention, which is formed by three main factors: attitude, subjective norm, and perceived behavioral control (Ajzen, 1991). In the investment context, financial literacy can increase a person's perception of control over investment activities, particularly stocks. Individuals with good financial literacy tend to be more confident in facing risks and understand investment mechanisms, thus increasing their interest in investing in stocks.

Several previous studies have confirmed a positive relationship between financial literacy and investment interest. For example, research conducted by Pangestika and Ruslianti (2021) found that financial literacy significantly influences students' interest in investing in the capital market. This finding aligns with the findings of Alfia et al. (2021), who stated that a high level of financial literacy can encourage investment interest, including in the stock market. Furthermore, Darmawan et al. (2022) stated that financial literacy has a positive impact on investment interest in the capital market.

H3: Financial literacy has a positive and significant effect on stock investment interest.

Method

Population and sample

The population in this study were students enrolled in the Faculty of Economics and Business, Atma Jaya University, Makassar. The sample selection method used was purposive

sampling, based on specific criteria. The criteria used in this study were: 1) Active students in the Accounting Study Program, Faculty of Economics and Business, Atma Jaya University, Makassar; 2) Students who had completed courses in capital markets and investment analysis; 3) Students who were investing in stocks or were just starting to invest in stocks.

This study used the Slovin formula with a 95% confidence interval and a 5% error margin. The formula used is as follows:

$$n = \frac{N}{1+Ne^2} \quad (1)$$

Information:

n = Sample size

N = Population Size

e = The percentage of tolerance for inaccuracy due to sampling errors that can still be tolerated, which is set at 5%.

$$n = \frac{230}{1+230(0,05)^2} = \frac{230}{1,575} = 146,03 = 147 \quad (2)$$

Based on the calculations above, the number of samples taken in this study was 147 students of the Accounting Department, Faculty of Economics and Business at Atma Jaya University Makassar.

Table 1. Research sample

No	Criterion	Total
1	Distribution of Questionnaire	147
2	Not returned Questionnaire	0
3	Questionnaire not used as research sample	0
	Research Sample	147
	Sample Total	147

Source: Processed Data (2025)

Operational definition and variables measurement

In this study, the independent variables influence the dependent variables, namely investment risk (X1), understanding of financial statements (X2), and financial literacy (X3). The researcher used investment interest (Y) as the dependent variable in this study.

Independent variable

Investment risk (X1), understanding of financial reports (X2), and financial literacy (X3) are the independent variables. The assessment uses a 5-point Likert scale consisting of strongly disagree (1) to strongly agree (5). Likert Scale used to measure perception of respondent.

Risk investment

Investment risk is defined as students' perceptions of the uncertainty of returns and potential losses in stock investments, which include assessments of price volatility, potential capital losses, tolerance for uncertainty, and risk mitigation strategies such as diversification (Yunia et al., 2020; Holly et al, 2025). Indicators used to measure investment risk variables in this study include perceptions of the possibility of financial loss, uncertainty in achieving expected returns, stock price fluctuations, and liquidity risk (Featherman and Pavlou (2002) and Yunia (2020).

Financial statement understanding

Financial statement comprehension refers to students' ability to analyze and interpret a company's financial statements, such as the income statement, balance sheet, and cash flow statement, to assess profitability, liquidity, efficiency, and solvency (Sunariyah and Nugroho, 2021). Indicators

used to measure financial statement comprehension in this study include understanding of financial statement components, understanding of accounting principles, and understanding of the recognition of financial statement elements (Sari and Wijaya, 2021).

Financial literacy

Financial literacy refers to students' knowledge, skills, and confidence in managing personal finances, understanding financial products and instruments, and assessing the risks and returns of various investment alternatives. Indicators used to measure financial literacy in this study include creating a daily income and expenditure budget, avoiding investment fraud by following information from the official OJK and IDX websites, having a bank account for investment, and planning a regular monthly investment program (Sari and Wijaya, 2021).

Dependent variable

The dependent variable in this study is investment interest. Students' interest in investing in stocks reflects an individual's tendency, attention, and readiness to engage in stock investment activities consciously and in a planned manner. This interest is reflected in students' interest in stock market information, intention to buy shares, readiness to take concrete action, preference for allocating funds to stocks, and willingness to invest sustainably. Indicators used to measure students' interest in investing in stocks in this study include the desire to seek information, the intention to learn more, and the intention to invest (Pajar, 2021). This study uses a five-point Likert scale, with the following options: strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5).

Results and discussion

Validity test

Validity test was conducted to evaluate the validity of the questionnaire, which had a total score at 5% significance and 147 respondents. To test its validity, the researcher compared the Pearson correlation of each question with the product moment r table. The statement item is declared valid if the calculated r is greater than the r table. The results of the validity test are shown in the following table: with $n = 147$, df is $147 - 2 = 145$ and $\alpha = 5\%$, so the r table value is 0,162. $r_i > 0,2609$ question item in questionnaire is valid and $r_i < 0,2609$ question item in questionnaire is not valid. The following table 2 presents the results of the validity test calculations:

Table 2. Results of validity test

No	Variable	R Count	R table	Decision
1	Risk Investment (X_1)			
	1	0.815**	0.1620	Valid
	2	0.863**	0.1620	Valid
	3	0.814**	0.1620	Valid
	4	0.789**	0.1620	Valid
	5	0.801**	0.1620	Valid
	6	0.793**	0.1620	Valid
	7	0.855**	0.1620	Valid
2	Financial Statement Understanding (X_2)			
	1	0.884**	0.1620	Valid
	2	0.860**	0.1620	Valid
	3	0.875**	0.1620	Valid
	4	0.835**	0.1620	Valid

No	Variable	R Count	R table	Decision
5		0.857**	0.1620	Valid
6		0.855**	0.1620	Valid
3	Financial Literacy (X ₃)			
1		0.615**	0.1620	Valid
2		0.568**	0.1620	Valid
3		0.897**	0.1620	Valid
4		0.785**	0.1620	Valid
5		0.881**	0.1620	Valid
6		0.878**	0.1620	Valid
7		0.908**	0.1620	Valid
8		0.934**	0.1620	Valid
4	Stock Investment Interest (X ₄)			
1		0.935**	0.1620	Valid
2		0.909**	0.1620	Valid
3		0.790**	0.1620	Valid
4		0.741**	0.1620	Valid
5		0.876**	0.1620	Valid
6		0.900**	0.1620	Valid

Source: Data Processed (2025)

Reliability test

The following is a presentation of the reliability test in the table 3:

Table 3. Result of reliability test

No	Variable	Cronbach's Alpha	Decision
1	Risk Investment	0.888	Reliable
2	Financial Statement Understanding	0.840	Reliabel
3	Financial Literacy	0.670	Reliabel
4	Stock Investment Interest	0.794	Reliabel

Source: Data Processed (2025)

Based on the reliability test results in Table 3, all variables have a Cronbach's Alpha value of more than 0.60. Thus, all variables can be considered reliable.

Classical assumption test

Normality test

The normality test aims to test whether in the regression model, the independent and dependent variables both have a normal distribution or not. Normality can also be detected using the Kolmogorov-Smirnov Z test (Ghozali, 2012:160). The basis for making decisions on statistical analysis with the Kolmogorov-Smirnov Z (1-Sample K-S) is: if the Asymp. Sig. (2-tailed) value is less than 0.05, then Ho is rejected.

Table 4. Result of normality test

<i>Kolmogorov- Smirnov Z</i>	<i>Asymp. Sig</i>	<i>Decision</i>
1.351	0.052	Distributed Normally

Source: Data Processed (2025)

The results of testing the multiple linear regression equation show that the significance probability value in this model is greater than 0.05, so it can be concluded that the data is normally distributed.

Multicollinearity test

Multicollinearity testing aims to test whether the regression model finds a correlation between independent variables. To find out whether or not there is a correlation between variables, it can be seen by looking at the tolerance and VIF (Variance Inflation Factor) values (Ghozali, 2012:106): if the tolerance value is > 0.10 and VIF < 10, then it can be interpreted that there is no multicollinearity in the study and if the tolerance value is < 0.10 and VIF > 10, then there is a multicollinearity disorder in the study.

Table 5. Result of multicollinearity test

Variable	Collinearity Statistics		Decision
	Tolerance	VIF	
Risk Investment	0.316	3.167	No Multicollinearity
Understanding Financial Statement	0.478	2.091	No Multicollinearity
Financial Literacy	0.259	3.858	No Multicollinearity

Source: Data Processed (2025)

The results of the multicollinearity test show that all independent variables have a tolerance value > 0.10 and VIF < 10, which indicates that all independent variables do not experience multicollinearity.

Heteroscedasticity test

The heteroscedasticity test aims to test whether there is inequality in the variance of the residuals from one observation to another in the regression model (Ghozali, 2012:139). One way to detect the presence or absence of heteroscedasticity is to use the Glejser test. The criteria for the heteroscedasticity test are: if the significance value is <0.05, heteroscedasticity occurs, and if the significance value is >0.05, heteroscedasticity does not occur.

Table 6. Result of heteroscedasticity

Variable	Sig.	Decision
Risk Investment	0.132	No Heteroscedasticity
Understanding Financial Staement	0.152	No Heteroscedasticity
Financial Literacy	0.512	No Heteroscedasticity

Source: Data Processed (2025)

This shows that the results of the Glejser test show that the multiple linear regression model is free from heteroscedasticity.

Multiple regression analysis

Multiple Regression Analysis is used to test the influence of two or more independent variables on a dependent variable (Ghozali, 2012). The relationship between investment risk, understanding of financial statements and financial literacy, investment interest, and risk tolerance can be measured using the following formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + + \varepsilon \tag{3}$$

Information:

- Y : Stock Investment Interest
- α : Constant
- $\beta_{1,2,3}$: Coefficeint of Regression
- X_1 : Risk Investment
- X_2 : Understanding financial Statement
- X_3 : Financial Literacy
- ϵ : *error term*

Descriptive statistic

Descriptive statistics are carried out to analyze and present quantitative data with the aim of finding out the description of the research variables from the samples used as research samples as a whole (Ghozali, 2012).

Table 7. Result of descriptive statistic

No	Entrance Year	People	Percentage
1	2021	93	63.3%
2	2022	54	36.7%
Total		147	100%

Source: Data Processed (2025)

Based on table 7, information was obtained that of the 147 respondents used for the research, information was obtained regarding gender that 93 respondents were male with a percentage of 63.3%, and 54 respondents were female with a percentage of 36.7%.

Table 8. Descriptive statistics of questionnaire distribution

Variable	N	Theoretical Range	Minimum	Maximum	Mean	Std. Deviation
Risk Investment	147	8 - 40	16.00	40.00	31.64	5.384
Understanding Financial Statement	147	6 - 30	12.00	30.00	22.74	4.397
Financial Literacy	147	8 - 30	12.00	40.00	29.33	7.054
Stock Investment Interest	147	6 - 40	8.00	30.00	21.22	5.340

Source: Data Processed (2025)

Table 8 shows that the Investment Risk variable has eight questions, with a minimum score of 16.00 and a maximum score of 40.00. This yields a range of 24, with a mean score of 31.64 and a standard deviation of 5.384. The Financial Statement Understanding variable has six questions, with a minimum score of 12 and a maximum score of 30. This yields a range of 18, with a mean score of 22.74 and a standard deviation of 4.397. The Financial Literacy variable has eight questions, with a minimum score of 12 and a maximum score of 40. This yields a range of 28, with a mean score of 29.33 and a standard deviation of 7.054. The variable of investment interest obtained information that there were 6 question items, where the minimum value was 8 and the maximum value was 30. So the range value or distance between the minimum and maximum values was 22. The mean or average value was 21.22 with a total value of 5.34.

Simultaneous test (f test)

The F test is used to determine whether or not there is a simultaneous influence of independent (free) variables on the dependent (bound) variable and to determine whether the regression model can be used to predict the dependent variable or not.

Table 9. Result of simultaneous test (f test)

Variable	F	Sig
The Relationship between Investment Risk, Understanding of Financial Reports and Financial Literacy with Investment Interest	152.376	0.000

Source: Data Processed (2025)

Based on the F-test results in Table 9, the significance value is $0.000 < 0.005$. This indicates that investment risk, understanding of financial statements, and financial literacy influence investment interest.

Coefficient of determination test

The coefficient of determination (R²) test is used to measure the model's ability to explain or explain variations in the dependent variable. The coefficient of determination used in this study is the adjusted R square.

Table 10. Result of coefficient determination

Variable	R ²	Adjusted R ²
The Relationship between Investment Risk, Understanding of Financial Reports and Financial Literacy with Investment Interest	0.762	0.757

Source: Data Processed (2025)

Based on the results of the coefficient of determination test in Table 10, the adjusted R-square value is 0.757. This means that 75.7% of the variation in Investment Risk, Financial Statement Understanding, and Financial Literacy on Investment Interest can be explained by variations in the variables in the study. The remaining 24.3% is influenced by factors outside this model.

Partial test (t-test)

The t-test is used to determine whether the independent variables partially influence the variables in the regression. If the calculation results show a probability value < 0.05 , it means there is a significant partial influence between the independent and dependent variables.

Table 11. Partial test (t-test)

Variable	Regression Coefficient	Sig	Decision
Risk Investment	0.198	0.007	Significant
Understanding Financial Statement	0.076	0.198	Not significant
Financial Literacy	0.645	0.000	Significant

Source: Data Processed (2025)

Multiple linear regression analysis equation:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = -0.198 X_1 + 0.076 X_2 + 0.645 X_3 + 1.664$$

Based on the partial test results in Table 11, the results are as follows: The regression coefficient for Investment Risk is positive at 0.198, meaning that every one-unit increase in Investment Risk can increase Interest in Investing in Stocks by 0.198, assuming other variables remain constant. A significance value of 0.007 (<0.05) indicates that Investment Risk significantly influences investment interest. For the variable of financial statement understanding, the regression coefficient is also positive at 0.076. This indicates that every increase in this variable will positively increase interest in investing in stocks by 0.076. However, a significance level of 0.198 (>0.05) indicates that this variable's contribution is not statistically significant. Meanwhile, financial literacy has the highest regression coefficient at 0.645, meaning that a one-unit increase in financial literacy has a positive effect, increasing Interest in Investing in Stocks by 0.645. The significance value of 0.000 (<0.05) confirms that Financial Literacy has a significant influence in increasing students' interest in investing in shares.

The effect of investment risk on students' interest in investing in stocks

The partial regression analysis results show that the investment risk variable has a significance value of 0.007, less than 0.05, indicating a positive and significant influence on students' interest in investing in stocks. The regression coefficient of 0.196 indicates that any increase in understanding of investment risk will be followed by an increase in students' interest in investing. These research findings align with the Theory of Planned Behavior (Ajzen, 1991), particularly in the component of perceived behavioral control, which states that individuals will have a stronger intention to act if they feel able to control the situation or risks that may arise. In this context, students who understand investment risk tend to feel confident and in control of potential stock market fluctuations, thus encouraging their interest in continuing to invest. The finding that investment risk actually has a positive effect on investment interest indicates that students view risk not as a barrier, but rather as a challenge that can be managed through appropriate investment knowledge and strategies. These findings also align with research by Pangestika and Ruslianti (2021), which showed that investment risk has a positive and significant influence on investment interest. Their research revealed that students who simultaneously understand the potential for profit and risk are more likely to make investment decisions. This also aligns with a study by Alek et al. (2021), which emphasized that risk awareness contributes to increased interest in Islamic stocks among students, especially when accompanied by an understanding of how to minimize losses. Based on the indicators used in the study, investment risk was measured through students' perceptions of potential losses, stock price fluctuations, and uncertainty about achieving returns. These results indicate that students who understand risks, such as market uncertainty and potential losses, actually demonstrate a higher interest in investing in stocks. This indicates that understanding risk is a crucial asset for students in managing their expectations and investment strategies. These findings support the theory of planned behavior, which states that a positive attitude toward risk can shape intentions or behaviors to invest in stocks.

The effect of understanding financial reports on students' interest in investing in stocks

The test results show that the variable "understanding financial statements" has a significance value of 0.198, which is greater than 0.05. Therefore, this variable does not significantly influence students' interest in investing in stocks, although the direction of the relationship is positive (regression coefficient of 0.093). This insignificant result indicates that although most students have an accounting background, they do not necessarily use financial statements as the primary basis for making investment decisions. This could be due to low confidence in analyzing financial data in depth, or because the information is perceived as too technical and difficult to apply in practice. This result is closely related to attitudes toward

behavior within the Theory of Planned Behavior framework. Students who understand financial statements generally have a more positive attitude toward stock investment because they can objectively assess company performance through balance sheet, profit and loss analysis, and cash flow analysis. However, despite the positive attitude, the low significance suggests that perceived control and social norms may not be fully supportive, or that accounting information may not be a dominant determinant of students' investment intentions. This suggests that understanding financial statements alone is not strong enough to motivate concrete action without confidence and environmental support. These results align with research by Prasetyo and Handayani (2021) and Nugroho and Pratama (2022), which found that understanding financial statements had a positive but insignificant effect on students' investment intentions. These results indicate that although students possess basic knowledge of financial statements, they may not yet utilize it as a primary tool in making investment decisions. This also suggests that other factors, such as financial literacy and risk attitudes, are more dominant in influencing students' investment decisions.

The effect of financial literacy on students' interest in investing in stocks

The financial literacy variable showed highly significant results, with a significance value of 0.000 and a regression coefficient of 4.837. These results indicate that financial literacy has a positive and significant effect on students' interest in investing in stocks. These research findings reinforce the concepts in the Theory of Planned Behavior (Ajzen, 1991), particularly in terms of perceived behavioral control and attitude toward behavior. Students with good financial literacy will feel more confident in managing their finances and understanding investment instruments, thus forming the perception that they are capable of making investments independently and in a planned manner. Furthermore, a good understanding of risk management, budgeting, and financial planning also forms a positive attitude toward investment activities. Therefore, financial literacy plays a crucial role in encouraging students' interest in investing in stocks, as it provides them with a sense of control and preparedness in facing complex financial decisions (Holly et al., 2024). Financial literacy has the strongest impact on investing interest (0.645) among variables because student who knows about how to do investment, has known financial instrument dan gaining more experienced from others will have the same interest to do investment because they want to follow othres success in investment to. These findings align with research by Pangestika and Ruslianti (2021), which found that financial literacy has a positive and significant effect on students' interest in investing in stocks. A similar finding was also found by Alfia et al. (2021) and Darmawan et al. (2022), which confirmed that students with high levels of financial literacy are more likely to be interested in and involved in investment activities. These results indicate that financial understanding not only influences knowledge but also directly strengthens investment intentions by increasing self-confidence and decision-making readiness. Financial literacy in this study was measured based on indicators such as the ability to create a financial budget, awareness of investment information from official sources (such as the Financial Services Authority (OJK) and the Indonesian Stock Exchange (IDX), ownership of an investment account, and regular investment planning. These results demonstrate that students who have an understanding and skills in managing personal finances are more likely to be interested in starting and implementing investments in the stock market.

Conclusions

Based on the results of the analysis of the hypothesis testing conducted to assess the influence of investment risk, understanding of financial statements, and financial literacy on students' interest in investing in stocks, namely investment risk has a positive and significant impact on student interest, meaning that understanding risk will make students more interested

in investing. Meanwhile, understanding of financial statements has a positive impact, but does not show a significant impact on interest in investing, indicating that financial statements have not been fully utilized in attracting investment interest. Meanwhile, financial literacy was found to have the strongest and most significant influence on student interest in investing in stocks. Financial literacy is considered a dominant factor because it provides broader insight into financial management and the ability to make wise investment decisions, increase self-confidence and better independent fund management. University can developing student skill in investement by regularly gives students training and seminar about financial skill and investment instrument.

This study has limitations, namely, the sample size was limited to students at a specific university, making the results infeasible for generalization to all students in Indonesia. Future researchers are advised to use a larger population and sample, for example, by examining students in capital market research groups at all universities in Makassar, who have diverse characteristics, so that the results can be more broadly generalized.

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