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The Effect of Financial Literacy and Fintech on Investment Decisions Among Politeknik Negeri Jakarta Students

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Abstract

This study tests whether financial literacy and financial technology (fintech) shape the investment decisions of student investors who belong to the Capital Market Student Society (CMSS) at the Politeknik Negeri Jakarta (PNJ) Investment Gallery. A cross-sectional survey was administered to 60 CMSS members who had completed at least one transaction, and their Likert-scale responses were examined with item validity, reliability, classical assumption, and multiple regression procedures. All 24 items proved valid and reliable, and the model satisfied the requirements of normality, absence of multicollinearity, and constant residual variance. Both predictors were positively and significantly related to investment decisions when examined individually, and together they accounted for 46.9 percent of the variance in the outcome. Financial literacy carried a somewhat larger standardized weight than fintech. The results suggest that investment education and sensible use of digital investment platforms should be developed side by side in student investment galleries.

Keywords: financial literacy; fintech; investment decision; capital market; student investor.

1. Introduction

Registered investors in Indonesia's capital market, counted through Single Investor Identification (SID) accounts, passed 20 million by the end of 2025, up 35 percent from a year earlier (PT Kustodian Sentral Efek Indonesia, 2025). Those younger than 30 form the largest group at 54.2 percent, which shows how quickly students and young adults have entered the market. Understanding has not kept pace with participation, however: the national financial literacy index is only 65.4 percent (OJK, 2024), so access to investing appears to have grown faster than the public's ability to use it prudently.

Investing means placing funds in an asset with the expectation of future benefit, such as extra income, retirement security, or other financial goals. Investors with small capital, students included, usually start with accessible products like mutual funds rather than direct holdings in stocks or bonds. PNJ responded by opening an Investment Gallery, where students invest through CMSS. Two factors are widely expected to shape what these students decide: how well they understand capital market instruments (financial literacy) and how much they rely on fintech, whose mobile applications have made it easier for young and inexperienced investors to access and manage investments (Ovami et al., 2024).

Both factors have been studied in relation to investment decisions, but mostly in samples of general or young investors drawn from broad populations (Kusumahadi & Utami, 2022; Ovami et al., 2024). Little is known about how they operate together in a polytechnic investment gallery. This study examines their separate and joint effects on the investment decisions of PNJ Investment Gallery members, and the results are meant to guide literacy programs and fintech-

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based services for student investors. Polytechnic students differ in a relevant way: vocational education stresses applied skills, and the gallery lets members invest while they learn, so knowledge and platform use are exercised together rather than separately. The study therefore adds context-specific evidence from an applied, practice-oriented investor community.

2. Literature Review

Financial literacy describes how well a person grasps financial ideas and products, capital market instruments among them, and can use that understanding to make sound choices (Hasanudin, 2021). People with higher literacy are generally better placed to judge risk, compare investment options, and pick instruments that match their goals (Tandelilin, 2017). Similar findings are reported for investors and students in other settings (Nugraha et al., 2022; Obeng-Manu, 2022).

A widely used way to measure financial literacy comes from (Lusardi & Mitchell, 2014), who rely on three basic questions, the so-called Big Three, covering numeracy, inflation, and risk diversification. Higher scores on these questions have been associated with more retirement planning, wider stock market participation, and fewer costly financial mistakes (Lusardi & Mitchell, 2023). The framework has guided financial literacy studies in many countries, and it supplies the conceptual basis for treating financial literacy as the first independent variable in this study.

Fintech refers to technology used to deliver financial services, including investment applications that streamline account opening, order execution, and access to market information. Such applications make participation easier for young and novice investors (Ovami et al., 2024), and an Indonesian study links fintech-based products such as mutual funds to investment decisions (Kusumahadi & Utami, 2022).

Two complementary perspectives explain why both factors should matter. Financial literacy theory views what people know about money as a stock of human capital, built up over time and used to weigh alternatives and choose suitable instruments (Lusardi & Mitchell, 2023). Technology acceptance research, which has been extended to fintech services (Krah et al., 2024), holds that perceived usefulness largely determines whether users adopt a service and keep relying on it; for novice investors, applications that simplify account opening and access to information should therefore make it easier to act on an investment decision. Taken together, the two perspectives imply that knowledge and platform access work jointly.

An investment decision is the process through which an investor chooses where and how to allocate funds, weighing expected return, risk, and personal knowledge and resources (Suteja & Gunardi, 2016). Three hypotheses follow: financial literacy (H1) and fintech (H2) are each expected to influence investment decisions positively and significantly, and the two together (H3) are expected to exert a significant joint influence.

In sum, the literature suggests that financial literacy and fintech each matter for investment decisions, yet the evidence comes largely from broad or youthful investor populations (Kusumahadi & Utami, 2022; Ovami et al., 2024). Polytechnic-based investor communities, which pair vocational training with hands-on exposure to the market through student investment galleries, remain largely unexamined. This study addresses that gap by testing both variables at once within the PNJ Investment Gallery.

3. Methodology

This study adopts a quantitative survey design and was conducted among members of CMSS at the PNJ Investment Gallery. The population comprises active PNJ students registered as gallery members. Respondents were chosen through purposive sampling, with at least one transaction through the gallery as the inclusion criterion. This yielded 60 respondents, who completed the questionnaire between 7 July and 7 August 2026. For a regression model with two predictors, this sample size meets commonly cited rules of thumb for multiple regression (Hair et al., 2019). Financial literacy (X1) and fintech (X2) serve as independent variables and investment decision (Y) as the dependent variable. Each construct was captured with eight statements rated on a five-point Likert scale, as summarized in Table 1. Item validity was assessed through Pearson product-moment correlations between each item and its construct total, and reliability through Cronbach's alpha. The classical assumption checks comprised a normality test on the residuals, a multicollinearity diagnostic based on tolerance and the variance inflation factor (VIF), and a heteroscedasticity check. Hypotheses were then tested with multiple linear regression, using the t-test for individual effects, the F-test for the joint effect, and the coefficient of determination (R^2) for explanatory power. The model is specified as:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + e$$

where Y is investment decision, α is the constant, β1 and β2 are the regression coefficients of financial literacy and fintech respectively, and e is the error term. All data were processed using IBM SPSS software.

Table 1 Summary of the Research Instrument

Variable	Number of Items	Response Scale
Financial literacy (X1)	8	Five-point Likert
Fintech (X2)	8	Five-point Likert
Investment decision (Y)	8	Five-point Likert

Source: Research questionnaire (2026).

4. Results and Discussion

Table 2 presents the demographic composition of the 60 respondents. The majority were female (66.7%), and nearly half were enrolled in the D4 Financial Management program (43.3%), with the remainder distributed across five other accounting and finance-related programs; respondents also spanned semesters 2 to 7, and the 2025 cohort is the largest (48.3%).

Table 2 Respondent Characteristics

Characteristic	Category	N	%
Gender	Female	40	66.7
	Male	20	33.3
Study Program	D4 Financial Management	26	43.3
	Others	34	56.7

Source: SPSS output, processed by author (2026).

Every item exceeded the critical r value of 0.254 (N = 60, 5% significance level). Item-total correlations ranged from 0.449 to 0.817 for financial literacy, from 0.708 to 0.887 for fintech, and from 0.529 to 0.762 for investment decision. Table 3 shows that Cronbach's alpha was 0.813 for X1, 0.914 for X2, and 0.799 for Y, all above the commonly applied 0.6 cut-off, and that tolerance (0.554) and VIF (1.805) rule out multicollinearity between the two predictors.

Table 3 Reliability and Multicollinearity Test Results

Variable	Cronbach's Alpha	Tolerance	VIF
Financial Literacy (X1)	0.813	0.554	1.805
Fintech (X2)	0.914	0.554	1.805
Investment Decisions (Y)	0.799	-	-

Source: SPSS output, processed by author (2026).

Residuals were approximately normal: the One-Sample Kolmogorov-Smirnov test gave a Monte Carlo significance of 0.298 (above 0.05), and the Lilliefors-corrected asymptotic value was 0.200. The scatterplot of standardized residuals against predicted values showed no funnel or other systematic pattern, although one observation had a residual above three standard deviations. The model was therefore considered suitable for predicting investment decisions from financial literacy and fintech.

Table 4 Multiple Linier Regression and Hypothesis Test Results

Model	B	Std. error	Beta	t	Sig.
(Constant)	7.108	3.597	-	1.976	0.053
Financial Literacy (X1)	0.445	0.139	0.415	3.199	0.002
Fintech (X2)	0.298	0.116	0.334	2.576	0.013

Source: SPSS output, processed by author (2026). *Note.* R = 0.685, R^2 = 0.469, adjusted R^2 = 0.450, F = 25.151, Sig. < 0.001.

Table 4 gives the regression equation:

$$Y = 7.108 + 0.445X1 + 0.298X2$$

Financial literacy is significant at p = 0.002, so H1 is supported: holding fintech constant, one additional point on the summed literacy score goes with a 0.445 higher investment decision score. Fintech is significant at p = 0.013, so H2 is supported, with a 0.298 increase per point while literacy is held constant. The F-test (F = 25.151, p < 0.001) supports H3, confirming that the two predictors are jointly significant. Together they explain 46.9% of the variation in investment decisions (adjusted R^2 = 0.450), leaving 53.1% to factors outside the model. The standardized coefficients indicate that literacy (β = 0.415) carries somewhat more weight than fintech (β = 0.334).

The literacy result agrees with earlier work linking investment knowledge to better decisions (Hasanudin, 2021; Nugraha et al., 2022). The fintech result supports the view that digital platforms make investing easier for young, technology-comfortable investors (Kusumahadi & Utami, 2022; Ovami et al., 2024). The explained variance of 46.9% is substantial, yet more than half remains unexplained, so other individual and contextual factors still need to be identified in future research.

Both results can be read through the two perspectives in Section 2. In line with financial literacy theory, members who better understand risk, return, and diversification can compare instruments more easily and choose those that suit their goals (Lusardi & Mitchell, 2023; Tandelilin, 2017). In line with technology acceptance research on fintech (Krah et al., 2024), applications that simplify account opening, transactions, and market information lower the effort needed to act on a decision, which matters for students with limited capital. Because the gallery combines training with real transactions, the two factors may also reinforce one another: literacy helps members use platform features purposefully, and platform use gives them practice with what they have learned. For the gallery and CMSS, this suggests delivering literacy education and platform onboarding together rather than separately.

5. Conclusion

Financial literacy and fintech each show a significant positive partial effect on the investment decisions of student investors at the Politeknik Negeri Jakarta Investment Gallery, and jointly they explain 46.9% of the variation in those decisions. The findings imply that the gallery and CMSS would benefit from strengthening financial literacy education, for instance through investment seminars and training, and from promoting user-friendly fintech-based investment applications. The study has limits: it is cross-sectional, relies on purposive sampling of a small sample (n = 60), uses self-reported measures, and covers a single institution. Future research could use a longitudinal design, compare several polytechnic investment galleries, and add variables such as income level and investment experience.

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