

**THE EFFECT OF INVESTMENT KNOWLEDGE ON INVESTMENT INTEREST
THROUGH THE MEDIATING ROLE OF INVESTMENT RISK PERCEPTION
AMONG GEN Z COMMUNITIES IN PEMATANGSIANTAR CITY**

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ABSTRACT

This study examines the effect of investment knowledge on investment interest among Gen Z communities in Pematangsiantar City, with investment risk perception positioned as a mediating variable. Gen Z represents a productive demographic group with substantial potential to participate in investment activities; however, this potential must be supported by adequate investment knowledge and a rational understanding of investment risk. This study employed a quantitative research approach using primary data collected through questionnaires and interviews with 60 respondents. The respondents were selected using purposive sampling, with the sample limited to Gen Z individuals residing in Pematangsiantar City. The data were analyzed through validity testing, reliability testing, normality testing, coefficient of determination analysis, and hypothesis testing. The findings reveal that investment knowledge has a positive and significant effect on investment interest. Investment knowledge also has a negative and significant effect on investment risk perception, while investment risk perception has a negative and significant effect on investment interest. Furthermore, the results confirm that investment risk perception mediates the relationship between investment knowledge and investment interest. These findings imply that higher investment knowledge may strengthen investment interest both directly and indirectly by reducing excessive perceptions of investment risk among Gen Z communities

Keywords: Investment Knowledge, Investment Risk Perception, Investment Interest

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh pengetahuan investasi terhadap minat investasi pada masyarakat Gen Z di Kota Pematangsiantar dengan persepsi risiko investasi sebagai variabel mediasi. Gen Z merupakan kelompok usia produktif yang memiliki potensi besar untuk terlibat dalam aktivitas investasi. Namun, potensi tersebut perlu didukung oleh pengetahuan investasi yang memadai serta pemahaman yang rasional terhadap risiko investasi. Penelitian ini menggunakan pendekatan kuantitatif dengan data primer yang diperoleh melalui penyebaran kuesioner dan wawancara kepada 60 responden. Teknik penentuan sampel menggunakan metode purposive sampling, dengan kriteria responden yaitu masyarakat Gen Z yang berdomisili di Kota Pematangsiantar. Data dianalisis melalui uji validitas, uji reliabilitas, uji normalitas, uji koefisien determinasi, dan uji hipotesis. Hasil penelitian menunjukkan bahwa pengetahuan investasi berpengaruh positif dan signifikan terhadap minat investasi. Pengetahuan investasi juga berpengaruh negatif dan signifikan terhadap persepsi risiko investasi, sedangkan persepsi risiko investasi berpengaruh negatif dan signifikan terhadap minat investasi. Selain itu, hasil penelitian mengonfirmasi bahwa persepsi risiko investasi memediasi hubungan antara pengetahuan investasi dan minat investasi. Temuan ini mengimplikasikan bahwa peningkatan pengetahuan investasi dapat memperkuat minat investasi, baik secara langsung maupun tidak langsung, melalui penurunan persepsi risiko investasi yang berlebihan pada masyarakat Gen Z.

Kata Kunci: Pengetahuan Investasi, Persepsi Risiko Investasi, Minat Investasi

I. INTRODUCTION

Investment refers to the allocation of financial resources or other assets into specific instruments, assets, or projects with the expectation of generating future financial benefits. Its primary objective is to obtain returns, income, or capital gains that exceed the value of the resources initially invested. Investment activities may involve various instruments, including stocks, bonds, mutual funds, real estate, currencies, commodities, start-up ventures, and other financial assets.

The rapid development of digital technology has substantially transformed the way individuals access financial and investment-related information. This transformation is particularly evident among Generation Z, a cohort that has grown up in a highly digital and technology-driven environment. The widespread availability of the internet, social media, mobile investment applications, and digital financial education platforms has enabled Gen Z to obtain investment information more easily and extensively. However, broader access to information does not necessarily ensure adequate understanding of investment instruments, risk characteristics, or rational investment decision-making.

Generation Z, commonly defined as individuals born between 1997 and 2012, has emerged as a potential demographic group in contemporary investment activities. In Pematangsiantar City, the number of Gen Z individuals is approximately 72,595 out of a total population of 259,785. Within the age range of 13 to 28 years, members of Gen Z are at a critical stage in shaping financial behavior, including their ability to understand investment, evaluate risk, and develop investment interest. Therefore, adequate investment knowledge is essential to support informed, rational, and responsible investment decisions among this group.

Investment knowledge is a fundamental factor that may influence investment interest. Individuals with sufficient investment knowledge are more likely to understand investment instruments, investment mechanisms, potential returns, risk exposure, and strategies for managing financial resources. Fitriasuri and Simanjuntak (2022) stated that investment knowledge refers to information regarding how individuals utilize their funds or resources to obtain future benefits. Such knowledge may be acquired through formal learning, personal experience, financial education, and access to investment-related information. Accordingly, higher investment knowledge is expected to increase an individual's tendency to engage in investment activities. In this study, investment interest refers to an individual's tendency, willingness, and attraction to engage in investment activities. This construct reflects the desire to seek investment information, the willingness to try investing, and confidence in the benefits and potential returns of investment. Thus, investment interest is not merely temporary curiosity, but a psychological tendency that may encourage individuals to consider and participate in investment activities.

In addition to investment knowledge, investment risk perception plays a crucial role in shaping investment interest. In financial decision-making, the principle of high risk, high return suggests that higher investment risk is generally associated with higher expected returns, whereas lower-risk investments tend to provide relatively lower returns. However, risk is not perceived uniformly by all individuals. Some Gen Z individuals may perceive investment risk as a challenge that must be understood and managed, while others may view it as a threat that generates anxiety and reluctance to invest. These concerns may arise from the possibility of capital loss, financial loss, investment fraud, market volatility, or failure to achieve expected returns.

Previous studies have shown that investment knowledge, financial literacy, risk perception, investment motivation, expected return, and financial attitudes are associated with investment interest. Hikmah and Rustam (2020) found that investment knowledge, investment motivation, financial literacy, and risk perception influence investment interest in the capital market. Hasibuan et al. (2023) reported that capital market knowledge, motivation, investment return, and risk significantly affect investment interest. Sari and Setiyawan (2024) further revealed that investment knowledge, return, and risk perception influence Gen Z's interest in capital market investment. These findings suggest that investment interest is shaped not only by the level of investment knowledge but also by how individuals interpret and evaluate investment risk.

Further evidence indicates that the relationship among investment knowledge, investment risk perception, and investment interest remains complex and context-dependent. Shehata et al. (2021) emphasized the role of perceived risk in the relationship between financial knowledge and investment-related behavioral tendencies. Sobaih and Elshaer (2023) argued that financial knowledge contributes to risky investment behavior through the framework of the Theory of Planned Behavior. Elshaer and Sobaih (2023) found that investment awareness and educational support affect risky investment behavior among higher education students. Hassan et al. (2023) also concluded that investment-related decisions are influenced by financial literacy, risk perception, attitude, subjective norms, and perceived behavioral control. Collectively, these findings indicate that investment risk perception may function as a psychological mechanism through which investment knowledge influences investment interest.

Despite the growing body of research on investment interest, several gaps remain. First, many previous studies have examined investment knowledge and risk perception as independent variables that directly affect investment interest, while empirical studies positioning investment risk perception as a mediating variable remain limited. This gap is important because individuals with adequate investment knowledge may not necessarily develop investment interest when they perceive investment risk as excessively high. Conversely, sound investment knowledge may reduce exaggerated risk perceptions and subsequently strengthen investment interest. Second, previous findings regarding the role of investment risk perception remain inconsistent. Some studies indicate that risk perception may inhibit investment interest by increasing concern over potential losses, whereas others suggest that risk perception may serve as a rational evaluative mechanism that encourages more cautious and informed investment decisions. These divergent findings highlight the need for further empirical examination across different demographic and geographical contexts.

Third, previous studies on Gen Z's investment interest have largely focused on university students, young investors, or populations in major urban areas. Studies specifically examining Gen Z communities in Pematangsiantar City remain limited. This contextual gap is relevant because social characteristics, economic conditions, access to financial information, financial literacy, and investment environments may vary across regions.

Based on these considerations, this study aims to examine the extent to which investment knowledge influences investment interest, both directly and indirectly, through the mediating role of investment risk perception among Gen Z communities in Pematangsiantar City. This study is expected to contribute to the financial behavior literature by clarifying the mediating role of investment risk perception in the relationship between investment knowledge and investment interest. In practical terms, the findings may provide insights for educational institutions, local governments, the Financial Services Authority, the Indonesia Stock Exchange, and financial institutions in designing investment education programs that are more responsive to the characteristics and needs of Gen Z.

II. Theoretical Review

Investment Interest

Investment interest refers to an individual's tendency, willingness, and attraction to engage in investment activities. It reflects a psychological inclination to seek investment-related information, evaluate potential returns, consider possible risks, and develop confidence in participating in the capital market. In this study, the term investment interest is used consistently because it corresponds to the research instrument, which measures individuals' attraction, willingness, and confidence in investment activities.

Investment interest is shaped by various cognitive, motivational, and evaluative factors. Previous studies indicate that investment knowledge, financial literacy, investment motivation, expected return, and risk perception are important determinants of investment interest, as these factors influence how individuals understand investment instruments, assess potential benefits, and evaluate possible losses (Hikmah & Rustam, 2020; Fitriasuri & Simanjuntak, 2022; Hasibuan et al., 2023). Thus,

investment interest is not merely driven by the expectation of financial gain, but also by an individual's capacity to process investment information and make rational financial considerations.

Empirical evidence further shows that investment knowledge and risk-related considerations play a central role in strengthening investment interest, particularly among students and young investors. Sari and Setiyawan (2024) found that investment knowledge, return, and risk perception influence investment interest in the capital market, while Anwar et al. (2025) confirmed that investment knowledge, risk perception, and return expectations affect stock investment interest. Similarly, Hasibuan et al. (2023) reported that capital market knowledge, investment motivation, expected return, and risk significantly influence investment interest. These findings suggest that investment interest develops through the interaction of knowledge, perceived benefits, and perceived investment risk.

Risk perception is a crucial psychological factor in explaining investment interest because investment decisions are inherently associated with uncertainty. Perceived risk may determine whether individuals interpret investment as a promising opportunity or as a potential threat. Shehata et al. (2021) demonstrated that perceived risk plays an important role in the relationship between financial knowledge and investment-related behavioral tendencies. Sobaih and Elshaer (2023) further emphasized that financial knowledge influences risky investment behavior through attitude, subjective norms, and perceived behavioral control. These findings imply that investment knowledge may encourage investment interest more effectively when individuals are able to interpret and manage investment risk rationally.

The relationship among investment knowledge, risk perception, and investment interest can also be explained through behavioral finance and the Theory of Planned Behavior. Investment awareness, educational support, social influence, financial literacy, attitude, subjective norms, and perceived behavioral control have been identified as key factors influencing investment-related behavior (Elshaer & Sobaih, 2023; Hassan et al., 2023; Sobaih & Elshaer, 2023). Accordingly, investment interest should be understood as a multidimensional construct involving cognitive understanding, psychological evaluation, social influence, and behavioral readiness.

Based on these theoretical and empirical arguments, investment interest in this study is conceptualized as an individual's tendency and willingness to participate in investment activities, as reflected in the desire to obtain investment information, interest in trying investment, and confidence in the benefits and potential returns of investment. Therefore, investment interest is positioned as an important behavioral outcome that may be influenced by investment knowledge, both directly and indirectly through investment risk perception.

Factors Influencing Investment Interest

According to Fufita and Solihudin (2024), investment interest is influenced by several factors, namely self-image, social relevance, professional recommendation, neutral information, classical information, and personal financial needs.

1. Self-image

Self-image refers to the way individuals perceive themselves and how their behavior is viewed by their social environment. In the context of investment, self-image may encourage individuals to demonstrate financial behavior that is independent, rational, and future-oriented.

2. Social relevance

Social relevance refers to the extent to which an action is consistent with prevailing social values, norms, and conditions. Investment interest may develop when investment activities are perceived as socially relevant and supported by the individual's surrounding environment.

3. Professional recommendation

Professional recommendation refers to advice or consideration provided by individuals or institutions with expertise in investment. Such recommendations may assist individuals in understanding investment opportunities, benefits, and risks more objectively, thereby strengthening their interest in investing.

4. Neutral information

Neutral information refers to objective, unbiased, and reliable information that can serve as a basis for decision-making. In investment activities, neutral information helps prospective investors understand investment instruments, market mechanisms, potential returns, and associated risks.

5. Classical information

Classical information refers to fundamental information that has long been used and remains relevant in explaining investment activities. This information includes basic investment principles, such as the relationship between risk and return, diversification, and financial management.

6. Personal financial needs

Personal financial needs refer to an individual's financial objectives in fulfilling economic necessities and achieving better financial conditions. The stronger an individual's financial goals, the greater the likelihood of developing interest in investment activities.

According to the Theory of Planned Behavior, as explained by Amhalmadi and Irianto (2019), investment interest is influenced by three main factors: attitude toward the behavior, subjective norm, and perceived behavioral control.

1. Attitude toward the behavior

Attitude toward the behavior refers to an individual's evaluation of whether a particular action is perceived as beneficial or unfavorable. A positive attitude toward investment may encourage investment interest because individuals perceive investment as a beneficial financial activity.

2. Subjective norm

Subjective norm refers to the perceived social influence that encourages or discourages individuals from performing a particular behavior. Support from family, peers, communities, or social media may strengthen an individual's interest in investing

3. Perceived behavioral control

Perceived behavioral control refers to an individual's perception of the ease or difficulty of performing a particular behavior. In the investment context, the stronger an individual's belief that investment is accessible, learnable, and consistent with their financial capacity, the stronger their investment interest tends to be.

Thus, investment interest is shaped by psychological, social, informational, and financial factors, as well as by an individual's perceived ability to engage in investment activities. Positive attitudes, social support, self-control, and adequate investment knowledge may strengthen an individual's motivation to participate in investment.

Indicators of Investment Interest

According to Reviandani (2023), interest can be measured through three main indicators: attraction, desire, and confidence.

a. Attraction

Attraction reflects an individual's attention to and positive feelings toward a particular object or activity. In the investment context, attraction is reflected in an individual's interest in investment information, products, and opportunities.

b. Desire

Desire refers to an internal drive to possess, obtain, or engage in something. In investment activities, desire is reflected in an individual's willingness to learn about, understand, and consider investment opportunities.

c. Confidence

Confidence refers to an individual's belief in the benefits, quality, and potential outcomes of an activity. In investment, confidence indicates the belief that investment can provide future financial benefits.

According to Yusuf (2019), investment interest can be measured through three indicators: intention to invest, desire to seek investment-related information, and interest in trying investment.

a. Intention to invest

Intention to invest reflects an individual's initial motivation to recognize, consider, and choose particular types of investment.

b. Desire to seek investment-related information

The desire to seek investment-related information is reflected in an individual's efforts to obtain investment knowledge, such as reading investment guides, participating in investment education, or seeking references before making investment decisions.

c. Interest in trying investment

Interest in trying investment reflects an individual's positive response to information regarding the benefits, advantages, and potential returns of investment instruments.

Based on these indicators, investment interest in this study is reflected in attraction, desire, confidence, intention to invest, desire to seek investment-related information, and interest in trying investment. These dimensions represent an individual's tendency to understand, evaluate, and participate in investment activities.

Investment Knowledge

Investment knowledge refers to an individual's cognitive understanding of investment concepts, instruments, mechanisms, risks, returns, and strategies. It enables individuals to identify suitable investment products, evaluate the relationship between risk and return, interpret market information, and make investment decisions that are aligned with their financial objectives. In this regard, investment knowledge serves as a critical foundation for rational financial decision-making, as it reduces speculative behavior and supports more informed investment choices.

Fitriasuri and Simanjuntak (2022) define investment knowledge as information on how individuals utilize their funds or resources to obtain future financial benefits. Such knowledge may be acquired through formal learning, financial literacy programs, investment training, personal experience, and access to investment-related information. Previous studies consistently indicate that investment knowledge and financial literacy play an important role in shaping investment interest and investment decisions because they help individuals understand investment instruments, potential returns, and associated risks (Fitriasuri & Simanjuntak, 2022; Hasibuan et al., 2023; Hikmah & Rustam, 2020).

Conceptually, investment knowledge is not limited to a basic understanding of investment definitions and instruments. It also includes the ability to evaluate investment assets, apply diversification strategies, manage risk, understand market mechanisms, and interpret financial information. Robb and Woodyard (2011) emphasize that financial knowledge is closely related to an individual's ability to manage financial resources and make appropriate financial decisions. In the investment context, this knowledge includes an understanding of asset types, diversification, risk management, fundamental and technical analysis, risk-return relationships, and investment regulations.

Understanding investment assets is essential because each instrument has different characteristics, levels of risk, liquidity, and return potential. Individuals who understand these differences are more capable of selecting investment instruments that correspond to their financial goals and risk profiles. Empirical evidence shows that investment knowledge, expected return, and risk perception significantly influence investment interest, particularly among students and young investors (Anwar et al., 2025; Sari & Setiyawan, 2024). These findings suggest that investment interest is strengthened when individuals are able to assess both the benefits and risks of available investment alternatives.

Investment knowledge also supports diversification and risk management, both of which are fundamental in reducing potential losses and improving investment decision quality. Diversification enables investors to allocate funds across different assets, while risk management helps them identify, measure, and control uncertainty. Previous studies demonstrate that risk perception and risk-related understanding are closely associated with investment interest and investment behavior, indicating that investors need adequate knowledge not only to pursue returns but also to evaluate risk rationally (Sari & Setiyawan, 2024; Shehata et al., 2021; Sobaih & Elshaer, 2023).

Furthermore, investment knowledge includes the ability to understand fundamental and technical analysis. Fundamental analysis allows investors to assess asset feasibility based on financial performance, company conditions, business prospects, and macroeconomic factors, whereas technical analysis helps investors examine price movements and market trends. Mastery of these analytical

approaches may improve objectivity in investment decision-making and reduce reliance on speculation, emotional impulses, or short-term market trends.

A core component of investment knowledge is the understanding of the risk-return trade-off. In investment, higher expected returns are generally accompanied by higher levels of risk, while lower-risk instruments tend to offer more limited returns. Therefore, investment knowledge enables individuals to balance expected gains with acceptable risk exposure. Prior research also indicates that financial literacy and investment knowledge improve investment decision quality, particularly when individuals are able to control behavioral biases and evaluate risk more rationally (Liao et al., 2022; Seraj et al., 2022).

In addition, knowledge of investment regulations and taxation is necessary to ensure that investors understand legal requirements, investor protection mechanisms, and tax obligations related to investment income. This aspect is particularly important for young investors, as the expansion of digital investment platforms has increased access to investment opportunities while also exposing individuals to potential risks, such as illegal investment schemes, misinformation, and impulsive decision-making.

Based on these arguments, investment knowledge can be understood as a comprehensive cognitive capability that enables individuals to recognize investment instruments, understand market mechanisms, evaluate risk and return, comply with relevant regulations, and make informed investment decisions. Adequate investment knowledge is therefore expected to strengthen investment interest and encourage more rational, cautious, and goal-oriented investment behavior. Accordingly, this study positions investment knowledge as a key variable that may influence investment interest, both directly and indirectly through investment risk perception.

Indicators of Investment Knowledge

According to Reviandani (2023), investment knowledge can be measured through three main indicators: basic knowledge of stock valuation, understanding of investment conditions, and basic knowledge of investment risk and return.

1. Basic knowledge of stock valuation

This indicator refers to an individual's ability to understand fundamental aspects of investment, particularly those related to the capital market, investment instruments, risk-return analysis, and basic investment principles. Adequate investment knowledge may also shape risk perception and strengthen individuals' willingness to participate in the capital market (Hati & Harefa, 2019; Rahman & Subroto, 2022).

2. Understanding of investment conditions

This indicator reflects an individual's ability to recognize market conditions, investment procedures, capital requirements, opportunities, and potential constraints. Such understanding helps individuals assess whether an investment is suitable for their financial goals, capacity, and risk profile.

3. Basic knowledge of investment risk and return

This indicator refers to an individual's understanding of the relationship between potential returns and possible risks. A sound understanding of risk and return enables individuals to make more rational, informed, and goal-oriented investment decisions.

Thus, investment knowledge in this study refers to an individual's ability to understand stock valuation, investment conditions, and the risk-return relationship as the basis for evaluating investment instruments and making informed investment decisions.

Investment Risk Perception

Investment risk perception refers to an individual's subjective assessment of potential losses, uncertainty, and unfavorable outcomes in investment activities. In financial decision-making, risk is not only viewed as an objective probability of loss but also as a psychological evaluation shaped by cognitive and emotional responses. Therefore, investment risk perception plays a crucial role in determining whether individuals perceive investment as an opportunity to generate returns or as a potential threat to be avoided.

In investment activities, risk arises from the possible discrepancy between expected returns and actual returns. A higher perceived possibility of loss may increase hesitation and reduce investment

participation, whereas rational risk perception may help investors evaluate investment instruments more objectively and align their decisions with their risk profiles. Previous studies show that risk perception is closely associated with investment interest and investment decisions, particularly because it influences how individuals interpret uncertainty, potential losses, and financial opportunities (Ahmed et al., 2022; Shehata et al., 2021; Zhang et al., 2022).

Risk perception is also strongly related to investment knowledge and financial literacy. Individuals with adequate financial knowledge are more capable of evaluating investment risks, understanding market information, and making more rational investment decisions. Several studies indicate that financial knowledge, investment awareness, educational support, and behavioral factors influence investment-related behavior through psychological and social mechanisms, including risk perception (Elshaer & Sobaih, 2023; Hassan et al., 2023; Sobaih & Elshaer, 2023).

Empirical findings also confirm that risk perception is an important determinant of investment interest in the capital market. Investment knowledge, financial literacy, motivation, expected return, and risk perception have been found to influence investment interest and investment decisions among students, young investors, and prospective investors (Anwar et al., 2025; Fitriasuri & Simanjuntak, 2022; Hasibuan et al., 2023; Hikmah & Rustam, 2020; Sari & Setiyawan, 2024). These findings suggest that investment interest is not only driven by expected returns but also by how individuals understand and evaluate investment risks.

In this study, investment risk perception is positioned as a mediating variable in the relationship between investment knowledge and investment interest. This position is based on the argument that investment knowledge may reduce excessive risk perception and strengthen individuals' confidence in investment activities. For Gen Z, who are highly exposed to digital investment platforms and online financial information, rational risk perception is essential to prevent impulsive decisions, trend-driven behavior, and exposure to inaccurate or misleading investment information.

Thus, investment risk perception in this study refers to individuals' subjective evaluation of potential losses, uncertainty, and negative consequences in investment activities. It serves as a psychological mechanism through which investment knowledge may influence investment interest, particularly among Gen Z communities.

Conceptual Framework

The conceptual framework of this study can be illustrated as follows:

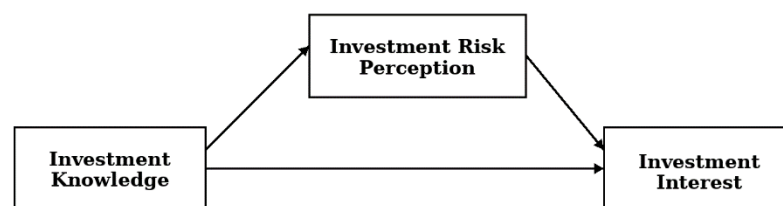


Figure 1. Conceptual Framework

III. RESEARCH METHOD

This study employed a quantitative approach to examine the effect of investment knowledge on investment interest through investment risk perception as a mediating variable. The study used primary data collected through questionnaires and interviews with respondents. The research was conducted in Pematangsiantar City from February to April 2026.

The population of this study consisted of Gen Z communities in Pematangsiantar City. The sampling technique used was purposive sampling, namely a sampling method based on specific criteria relevant to the objectives of the study (Sugiyono, 2022). The sample comprised 60 respondents who met the criteria of belonging to the Gen Z group and residing in Pematangsiantar City.

Data were analyzed using validity testing, reliability testing, normality testing, the coefficient of determination (R^2), and hypothesis testing. Validity and reliability tests were conducted to ensure the

appropriateness and consistency of the research instrument. The normality test was used to examine the distribution of the data, while the coefficient of determination (R^2) was used to assess the extent to which the independent variable explains the dependent variable. Furthermore, hypothesis testing was conducted to examine the direct and indirect relationships among the variables in the research model.

IV. RESULT AND DISCUSSION

Validity Test

The validity test was conducted to ensure that each item in the research instrument was able to measure the intended variable accurately. In this study, the validity test was applied to all questionnaire items representing the variables of Investment Knowledge, Investment Risk Perception, and Investment Interest. The results indicate that all items for the three variables met the validity criteria.

This finding is shown by the value of r-count for each item, which was higher than the r-table value of 0.254 for a sample size of 60 respondents. In addition, all questionnaire items had significance values below 0.05. These results indicate that each statement item in the questionnaire has a statistically significant correlation with its respective variable. Therefore, the items used to measure Investment Knowledge, Investment Risk Perception, and Investment Interest can be considered valid.

Based on these results, it can be concluded that the research instrument has adequate validity. In other words, the questionnaire items used in this study are capable of measuring the constructs being examined. Thus, all valid items can be retained and used in the subsequent stages of data analysis.

Reliability Test

The reliability test was conducted to examine the consistency of the research instrument in measuring each variable. Reliability testing is important because an instrument must not only be valid but also consistent in producing stable measurement results. In this study, reliability was assessed using the Cronbach's Alpha coefficient.

The results of the data analysis show that the Cronbach's Alpha value for the Investment Knowledge variable was 0.753. Meanwhile, the Cronbach's Alpha value for the Investment Risk Perception variable was 0.902, and the Cronbach's Alpha value for the Investment Interest variable was 0.721. These values indicate that all variables have Cronbach's Alpha coefficients above the minimum threshold of 0.60.

Based on the reliability criterion, an instrument is considered reliable when the Cronbach's Alpha value is greater than 0.60. Therefore, the instruments used to measure Investment Knowledge, Investment Risk Perception, and Investment Interest can be classified as reliable. This means that the questionnaire items have adequate internal consistency and are suitable for measuring the variables in this study.

Overall, the results of the validity and reliability tests demonstrate that the research instrument is both valid and reliable. Consequently, the questionnaire can be used for further statistical analysis, including normality testing, coefficient of determination testing, and hypothesis testing.

The Effect of Investment Knowledge on Investment Interest

In this study, the normality assumption was assessed using the One-Sample Kolmogorov-Smirnov Test. This test was employed to determine whether the distribution of the data or residuals deviated significantly from a normal distribution, as normality is a fundamental assumption in parametric statistical analysis. The decision criterion was based on the significance value, where the data are considered normally distributed if the significance value exceeds 0.05 (Ghozali, 2021; IBM Corp., 2023).

The results of the normality test for the relationship between Investment Knowledge and Investment Interest showed an Asymp. Sig. (2-tailed) value of 0.098. Since this value is higher than the significance threshold of 0.05, the normality assumption is considered to have been satisfied. Therefore, the data used to examine the effect of Investment Knowledge on Investment Interest are normally distributed, allowing the analysis to proceed to the subsequent statistical testing stage.

Table 1. Results of the One-Sample Kolmogorov–Smirnov Normality Test for the Effect of Investment Knowledge on Investment Interest

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,30988194
Most Extreme Differences	Absolute	,105
	Positive	,067
	Negative	-,105
Test Statistic		,105
Asymp. Sig. (2-tailed)		,098 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

As shown in Table 1, the normality assumption was examined using the One-Sample Kolmogorov–Smirnov Test on the unstandardized residuals of the model assessing the effect of Investment Knowledge on Investment Interest. Testing the normality of residuals is an important procedure in regression analysis, as normally distributed residuals support the validity of subsequent parametric statistical tests (Ghasemi & Zahediasl, 2012; Hair et al., 2018).

The test results indicate an Asymp. Sig. (2-tailed) value of 0.098, which is greater than the conventional significance level of 0.05. This result suggests that the residuals do not significantly deviate from a normal distribution. Therefore, the normality assumption for the regression model examining the effect of Investment Knowledge on Investment Interest is considered satisfied. Consequently, the model is appropriate for further statistical analysis, including coefficient of determination testing and hypothesis testing.

The coefficient of determination test for the effect of Investment Risk Perception on Investment Interest can be seen from the SPSS output presented below:

Table 2. Model Summary of the Effect of Investment Risk Perception on Investment Interest

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.554	0.307	0.295	1.21982
a. Predictors: (Constant), Investment Risk Perception				
b. Dependent Variable: Investment Interest				

Based on the Model Summary, the R value of 0.554 indicates a moderate relationship between Investment Risk Perception and Investment Interest. The R Square value of 0.307 shows that Investment Risk Perception explains 30.7% of the variance in Investment Interest, while the remaining 69.3% is explained by other variables outside the model. Thus, Investment Risk Perception has a meaningful explanatory contribution to Investment Interest. However, the R Square value only indicates explanatory power; the direction and significance of the effect should be interpreted from the regression coefficient results.

This finding supports the view that risk perception is an important psychological factor in investment behavior. Risk perception influences how individuals assess potential losses, market uncertainty, and the possibility of not achieving expected returns. Prior studies show that risk perception plays a key role in explaining investment decisions and investment-related behavioral tendencies, particularly because investors evaluate both potential returns and the risks attached to investment instruments (Ahmed et al., 2022; Shehata et al., 2021; Zhang et al., 2022). This result is also consistent with studies that position risk perception as part of the psychological mechanism underlying investment behavior under uncertainty and asymmetric information (Elshaer & Sobaih, 2023; Sobaih & Elshaer, 2023).

This result is further supported by national empirical studies showing that risk perception is associated with investment interest and investment decisions. Previous findings indicate that investment knowledge, financial literacy, motivation, expected return, and risk perception influence investment interest in the capital market (Halim et al., 2022; Hasibuan et al., 2023; Hikmah & Rustam, 2020; Sari & Setiyawan, 2024). Therefore, the R Square value of 30.7% in this study reinforces the relevance of Investment Risk Perception in explaining Investment Interest, particularly among young investors.

Nevertheless, this finding is not fully consistent with Kelly and Pamungkas (2022), who found that risk perception did not significantly affect stock investment interest. This difference may be attributed to variations in respondent characteristics, research context, measurement instruments, and investment objects. For some investors, risk perception may reduce investment interest by increasing concern over possible losses, whereas for others, it may function as a rational evaluative mechanism that encourages more cautious investment decisions. Accordingly, Investment Risk Perception remains an important variable in explaining Investment Interest among Gen Z communities in Pematangsiantar City.

Table 3. Regression Coefficients for the Effect of Investment Risk Perception on Investment Interest

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	15.116	0.720		20.981	0.000
Investment Risk Perception	-0.159	0.031	-0.554	-5.072	0.000

The results of the t-test for the effect of Investment Risk Perception on Investment Interest are presented in Table 3. Based on the regression output, the simple linear regression equation is as follows:

$$\text{Investment Interest} = 15.116 - 0.159 \text{ Investment Risk Perception} + e$$

Based on the regression results, Investment Risk Perception has a negative and statistically significant effect on Investment Interest, as indicated by the regression coefficient of -0.159 , the t-value of -5.072 , and the significance value of 0.000 , which is lower than the 0.05 significance level. This result implies that higher perceived investment risk tends to reduce individuals' interest in investing. Specifically, a one-unit increase in Investment Risk Perception decreases Investment Interest by 0.159 units, assuming other factors remain constant.

This finding reinforces the argument that perceived risk is a critical psychological factor in investment behavior. Investors do not merely evaluate potential returns; they also consider uncertainty, possible losses, market volatility, and the likelihood that actual returns may differ from expected returns. Previous studies have similarly demonstrated that risk perception is closely associated with investment decisions, investment-related behavioral tendencies, and financial behavior under uncertainty (Ahmed et al., 2022; Shehata et al., 2021; Zhang et al., 2022). Furthermore, financial knowledge, investment awareness, social influence, and perceived behavioral control have been shown to shape risky investment behavior, indicating that risk perception forms part of the psychological mechanism underlying investment-related decision-making (Elshaer & Sobaih, 2023; Sobaih & Elshaer, 2023).

The result is also consistent with several national studies showing that risk perception is an important determinant of investment interest in the capital market. Prior findings indicate that investment knowledge, financial literacy, motivation, expected return, and risk perception influence investment interest among students, young investors, and prospective investors (Anwar et al., 2025; Halim et al., 2022; Hasibuan et al., 2023; Hikmah & Rustam, 2020; Sari & Setiyawan, 2024). These studies support the present finding that risk perception is particularly relevant in explaining investment interest among young investors, who are generally still developing their financial knowledge, investment experience, and risk evaluation capacity.

Nevertheless, this finding differs from Kelly and Pamungkas (2022), who reported that risk perception did not significantly affect stock investment interest. This inconsistency may be explained by differences in respondent characteristics, research contexts, investment instruments, and

measurement approaches. In some contexts, perceived risk may discourage investment interest by increasing concerns over potential losses. In other contexts, however, risk perception may function as a rational evaluative mechanism that encourages more cautious and informed investment decisions. Therefore, the negative and significant effect found in this study suggests that Investment Risk Perception remains an important determinant of Investment Interest among Gen Z communities in Pematangsiantar City

Discussion

The regression results demonstrate that Investment Knowledge has a positive and statistically significant effect on Investment Interest, with a regression coefficient of 0.199. This finding indicates that individuals with higher levels of investment knowledge are more likely to develop stronger interest in investment activities. In other words, adequate knowledge of investment instruments, mechanisms, risks, and potential returns may encourage individuals to participate in investment more confidently.

The analysis also reveals that Investment Knowledge has a negative and statistically significant effect on Investment Risk Perception, with a regression coefficient of -1.290 . This result suggests that greater investment knowledge tends to reduce individuals' perceived investment risk. Conceptually, individuals who possess sufficient investment knowledge are better able to understand the characteristics of investment instruments, assess potential losses, and evaluate risk more rationally. As a result, excessive concerns about investment risk may decrease as investment knowledge increases.

Furthermore, Investment Risk Perception has a negative and statistically significant effect on Investment Interest, with a regression coefficient of -0.159 . This finding implies that higher perceived investment risk tends to weaken individuals' interest in investing. Conversely, lower risk perception may strengthen investment interest because individuals are more likely to view investment as a manageable financial activity rather than as a potential threat.

Taken together, these results indicate that the effect of Investment Knowledge on Investment Interest occurs both directly and indirectly through Investment Risk Perception as an intervening/mediating variable. The path model illustrates that Investment Knowledge directly enhances Investment Interest, while also indirectly influencing Investment Interest by reducing Investment Risk Perception. Therefore, Investment Risk Perception serves as an important intervening mechanism that explains how Investment Knowledge contributes to the formation of Investment Interest.

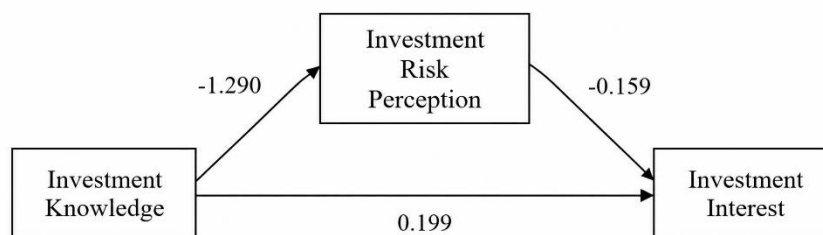


Figure 2. Path Coefficient Model of Investment Knowledge, Investment Risk Perception, and Investment Interest

The path coefficient model shows that Investment Knowledge has a positive effect on Investment Interest, with a coefficient of 0.199. This finding indicates that individuals with higher investment knowledge tend to demonstrate stronger interest in investment activities. The model also reveals that Investment Knowledge has a negative effect on Investment Risk Perception, with a coefficient of -1.290 , suggesting that greater investment knowledge may reduce individuals' perceived investment risk. Furthermore, Investment Risk Perception negatively affects Investment Interest, with a coefficient of -0.159 , indicating that higher perceived risk tends to weaken investment interest.

These findings suggest that investment knowledge influences investment interest both directly and indirectly through investment risk perception. Previous international studies have demonstrated that financial knowledge, perceived risk, behavioral bias, information asymmetry, and psychological factors

are closely associated with investment intention, investment decisions, and risky investment behavior (Ahmed et al., 2022; Shehata et al., 2021; Zhang et al., 2022). Similarly, investment awareness, educational support, social influence, attitude, subjective norms, and perceived behavioral control have been shown to shape risky investment behavior, indicating that investment-related decisions are influenced by both cognitive and psychological mechanisms (Elshaer & Sobaih, 2023; Sobaih & Elshaer, 2023).

The findings are also consistent with several national studies showing that investment knowledge, financial literacy, expected return, motivation, and risk perception influence investment interest in the capital market (Anwar et al., 2025; Hasibuan et al., 2023; Hikmah & Rustam, 2020; Sari & Setiyawan, 2024). These studies support the present model, particularly the direct effect of Investment Knowledge on Investment Interest and the role of Investment Risk Perception in explaining investment interest among young and prospective investors.

However, the negative effect of Investment Risk Perception on Investment Interest is not entirely consistent with Halim et al. (2022), who reported that risk perception had a positive and significant effect on investment interest, nor with Kelly and Pamungkas (2022), who found that risk perception did not significantly affect stock investment interest. These differences may be attributed to variations in respondent characteristics, investment instruments, research contexts, and measurement approaches. In the present study, the negative coefficient suggests that Gen Z individuals in Pematangsiantar City may perceive investment risk as a barrier that reduces their interest in investing.

Overall, the model indicates that Investment Risk Perception functions as an intervening mechanism in the relationship between Investment Knowledge and Investment Interest. Adequate investment knowledge may reduce excessive perceptions of risk, thereby strengthening investment interest. This finding highlights the importance of improving investment literacy among Gen Z so that investment risk can be evaluated more rationally, rather than being perceived merely as a threat.

V. CONCLUSION

Based on the results of the analysis and discussion, this study concludes that Investment Knowledge has a positive and significant effect on Investment Interest among Gen Z communities in Pematangsiantar City. This finding indicates that individuals with higher levels of investment knowledge tend to demonstrate stronger interest in participating in investment activities. Adequate investment knowledge enables individuals to understand investment instruments, potential returns, risks, and the mechanisms underlying more rational investment decision-making.

The findings further reveal that Investment Knowledge has a negative and significant effect on Investment Risk Perception. This suggests that individuals with greater investment knowledge are more likely to perceive investment risk at a lower level. In this regard, a sound understanding of investment may help individuals evaluate risk more objectively, distinguish between manageable and excessive risk, and reduce concerns about potential losses.

In addition, Investment Risk Perception has a negative and significant effect on Investment Interest. This result implies that higher perceived investment risk tends to weaken individuals' interest in investing. Conversely, when investment risk is understood and evaluated more rationally, individuals are more likely to develop stronger interest in investment activities.

Overall, this study confirms that Investment Risk Perception serves as a mediating variable in the relationship between Investment Knowledge and Investment Interest. Investment knowledge not only directly enhances investment interest but also indirectly influences it by reducing perceived investment risk. Therefore, strengthening investment knowledge is essential for developing a more rational perception of risk and increasing investment interest among Gen Z communities in Pematangsiantar City.

Recommendations

Based on these conclusions, Gen Z individuals are encouraged to continuously improve their investment knowledge through financial literacy programs, capital market training, investment seminars, and credible financial information sources. Improved investment knowledge is expected to

help Gen Z evaluate investment opportunities and risks more objectively, thereby supporting more rational, informed, and responsible investment decisions.

Educational institutions, local governments, the Financial Services Authority, the Indonesia Stock Exchange, and financial institutions are also expected to expand investment education programs tailored to the characteristics and needs of Gen Z. These programs should not only emphasize the potential returns of investment but also provide a comprehensive understanding of investment risk, the legality of investment products, risk management strategies, and the importance of responsible financial decision-making.

Future researchers are encouraged to extend this study by incorporating additional variables that may influence investment interest, such as financial literacy, investment motivation, income, minimum investment capital, social media influence, ease of use of investment applications, trust, and expected return. Future studies may also consider using larger sample sizes, broader research locations, and more advanced analytical methods to obtain a more comprehensive understanding of investment behavior among Gen Z communities.

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