

Financial Literacy and Investment Decision-Making Tendencies: A Comparative Study between Millennials and Gen Z in Indonesia

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Abstract

This study aims to comparatively analyze financial literacy and investment decision tendencies between Millennials and Gen Z in Indonesia. Utilizing a qualitative approach and a comparative study design, this research involved in-depth interviews with 15–20 participants from each generation, selected through purposive sampling. The findings reveal that both generations possess basic financial literacy, but their sources and depth of understanding differ. Millennials (aged 29–44) acquire financial knowledge from conventional sources such as formal education and mainstream media, resulting in a comprehensive understanding of financial concepts. Their investment motivations are centered on long-term financial stability and protection against inflation, favoring conservative instruments like mutual funds, bonds, and blue-chip stocks. For them, technology serves as a facilitator, and social environments act as confirmation sources. Their risk tolerance is measured, focusing on risk management. Gen Z (aged 13–28), on the other hand, learns from digital platforms and social media (TikTok, YouTube), with a pragmatic understanding oriented toward quick results. Their motivation lies in early financial independence and seizing fast-moving opportunities, often influenced by trends and FOMO (Fear of Missing Out). They tend to be aggressive, quick to adapt, and prefer crypto assets and meme stocks. For Gen Z, digital technology and social environments are primary sources for decision-making. This generation shows a high-risk tolerance, viewing youth as "time" to recover from potential losses.

Keywords: *Financial Literacy; Investment Decisions; Millennials; Gen Z*

Introduction

Investment plays a fundamental role in driving a nation's economic progress. More than just a transactional mechanism, it serves a dual function: as an essential source of funding for the business sector and as a promising investment vehicle for the general public. By providing access to long-term capital, the capital market enables companies to expand, create jobs, and ultimately propel economic activity. In Indonesia, investment development trends show highly positive indicators. In recent years, we have witnessed a significant increase in the number of investors, a tangible sign of growing public

awareness and participation. Data released by the Indonesian Central Securities Depository (KSEI) consistently confirms this substantial growth in investors (Burhanudin et al., 2021). However, it is important to emphasize that the level of capital market penetration in Indonesia remains relatively low compared to more established neighboring countries such as Malaysia and Singapore. This indicates a vast untapped potential and presents both a challenge and an opportunity to further develop capital market literacy and inclusion in the country. (Dimock, 2019).

Financial literacy plays a vital role in significantly influencing an individual's investment decisions in the capital market. More than just knowledge, financial literacy is a combination of awareness, knowledge, skills, attitude, and behavior that are essential for making sound financial decisions and achieving personal economic well-being (OECD, 2018). This means that a person's ability to understand and manage their finances effectively greatly determines how they engage with complex investment instruments. In Indonesia, although progress has been made, there is still much work to be done. The results of the National Survey on Financial Literacy and Inclusion (SNLIK) released by the Financial Services Authority (OJK) in 2022 show that the national financial literacy index reached 49.68%. This figure is an improvement from 38.03% in 2019, a positive indication of the government's and various stakeholders' efforts to enhance public financial understanding. However, this increase is still not significant enough, as the 49.68% figure remains relatively low overall (Adiandari & Okvitawanli, 2023). This indicates that the majority of Indonesians still lack adequate understanding of various financial products and services, including how to invest in the capital market wisely and safely (Rahmawati et al., 2025). This condition certainly poses a significant challenge, considering the capital market's potential as a means to enhance individual financial well-being and drive national economic growth.

Investment can be defined as the act of allocating a certain amount of funds or assets into an instrument with the expectation of gaining profit or increased value in the future. This concept involves postponing current consumption in favor of potentially greater consumption in the future (Alkaraan et al., 2023). In other words, individuals or entities are willing to forgo the use of their current funds in the hope that these funds will "grow" and yield higher returns in the future. Investment itself takes many forms and is not limited to a single type. Some common investment instruments include stocks, bonds, cryptocurrency, property, businesses, or other assets.

In the investment decision-making process, an investor is faced with various considerations. According to (Himmah et al., 2025), the availability of data on key factors is crucial for determining the right investment choices. Investors also need to manage their financial behavior in order to achieve financial stability, which can be measured by the total current income plus the value of future income (Gumilang et al., 2023). Essentially, the main goal of an investor is to allocate their funds with the expectation of gaining profits in the future. Three key indicators that influence investment decisions have been identified: (a) Return: The potential profit to be gained from the investment, (b) Risk: The level of uncertainty or likelihood of loss inherent in the investment, (c) The Time Factor: The investment duration whether short-term or long-term which can affect both the potential return and risk (Yanti, 2018).

Understanding these three indicators is crucial for investors to formulate investment strategies that align with their financial goals and risk tolerance. Data released by PT Kustodian Sentral Efek Indonesia (KSEI) as of December 31, 2024, provides an interesting overview of the demographic profile of investors in Indonesia. The group of young investors under the age of 30 remains relatively small, accounting for only about 2.96% of the total investors, with assets under management amounting to IDR 38.97 trillion. However, this proportion is gradually increasing with age. (Febrianti & Anggarini, 2025). Investors aged 31–40 account for 5.71% of the total investor base, managing significantly larger assets amounting to IDR 256.61 trillion. Next, the 41–50 age group is slightly larger, comprising 12.02% of investors with assets totaling IDR 171.69 trillion. Interestingly, the age group above 50 dominates both in terms of asset ownership and number of investors. Investors aged 51–60 contribute 24.48% with assets

worth IDR 256.33 trillion (Widhiastuti et al., 2024). Meanwhile, investors over the age of 60 represent the largest group, comprising 54.83% of the total investors and managing the highest amount of assets, totaling IDR 833.47 trillion (Gumilang et al., 2023). This indicates that experience and asset accumulation with age have a significant impact on investment capacity. The dominance of local investors is also highly prominent in the Indonesian capital market, reaching 99.73%. This figure further breaks down into 103.60% stock investors and 115.41% mutual fund investors (KSEI Indonesia Central Securities Depository, 2024). These data reflect strong confidence from domestic investors in the Indonesian capital market (Wimbyarto, 2024).

The personal financial behavior of Generation Z (Gen Z) has attracted considerable attention and become a compelling topic of study. This is not without reason; according to the 2020 population census, Gen Z represents the largest demographic group in Indonesia, accounting for 27.94% of the total population of 270.20 million (Widhiastuti et al., 2024). Specifically, in Bandar Lampung, the Central Bureau of Statistics (2020) recorded a Gen Z population of over 440,000 people. Generation Z is defined by BPS as those born between 1997 and 2012, placing them in the productive age group. Being in a life phase full of work potential and innovation, this generation holds a strategic role in accelerating current economic growth (Febrianti & Anggarini, 2025). Nevertheless, Gen Z exhibits unique characteristics in managing their finances. On one hand, there is a heightened awareness of the importance of investing from an early age, indicating a forward-thinking mindset. On the other hand, they are also quite vulnerable to consumerist pressures, particularly due to the influence of a hedonistic lifestyle. This creates an interesting dilemma between the desire to invest for the future and the temptation to fulfill instant lifestyle needs. Understanding this dynamic is crucial for designing effective financial literacy strategies tailored to the next generation of the nation.

The relationship between financial literacy and investment decisions is explained in studies conducted by Arianti (Arianti, 2018; Baihaqqy et al., 2020; Hamzah, 2019), which state that financial literacy has a significant influence on investment decisions. This contrasts with the findings of a study by (Ademola et al., 2024) which asserts that financial literacy does not have a significant impact on investment decisions. These differing results indicate inconsistency in research findings regarding the financial literacy variable. According to (Shah et al., 2018) individuals with low levels of financial literacy tend to make poor investment decisions, whereas those with a strong understanding of financial literacy are more likely to make sound investment decisions. Thus, financial literacy and investment decisions have a linear relationship. Research by (Nugraha et al., 2022) states that when an individual begins to invest, financial literacy is a primary factor that must be considered. Similarly, (Raut, 2020) finds that financial literacy can influence decision-making in investment.

Millennials and Generation Z represent the largest demographic groups in Indonesia. Both generations are within the productive age range and play a strategic role in accelerating current economic growth. Understanding their investment behavior is not only socially relevant but also crucial for the future of the national economy. Investment trends in Indonesia show a positive trajectory, with a significant increase in the number of investors. However, market penetration remains low compared to neighboring countries. This research can help identify the factors that encourage or hinder the participation of these two generations, thereby contributing to the formulation of strategies to enhance investment inclusion. Based on the background described, the researcher is interested in conducting a comparative analysis of financial literacy and investment decision tendencies between Millennials and Generation Z.

Methods

This study will employ a qualitative approach with a comparative study design to explore in depth the perceptions, experiences, and understanding of financial literacy, as well as the factors influencing investment decision tendencies among Millennials and Gen Z in Indonesia. A qualitative approach is chosen to capture the complex nuances of the phenomenon under study and to gain a holistic understanding from the participants' perspectives (Harahap, 2020).

Research Design

This study will adopt a qualitative comparative study design. This design enables the researcher to systematically compare the characteristics, experiences, and perspectives of two groups, Millennials and Generation Z, in relation to their financial literacy and investment decisions. Such a comparison will help identify similarities, differences, and unique patterns between the two generations (Kusumastuti & Khoiron, 2019).

Research Participants

Participants in the study will be selected using purposive sampling techniques. The participants will be drawn from customers of Indo Premier Sekuritas, which has a branch office located at Jl. Jaksa Agung Suprpto No. 40 B2, Malang. Indo Premier Sekuritas is a securities company that provides integrated financial services in the Indonesian capital market, serving both individual and corporate clients. The criteria for selecting participants will include:

1. Millennials: Individuals born between 1981 and 1996 (approximately 29–44 years old in 2025).
2. Generation Z: Individuals born between 1997 and 2012 (approximately 13–28 years old in 2025).
3. Indonesian citizens.
4. Have experience or at least an interest in investing, regardless of the amount or type of investment instrument.
5. Willing to participate in in-depth interviews.

The number of participants will be determined based on the principle of data saturation, where data collection is stopped once no new information or themes emerge from the interviews. It is estimated that 15–20 participants from each generation will be involved to ensure sufficient depth of data.

Data Collection Technique

Primary data will be collected through in-depth interviews. The interviews will be semi-structured, allowing flexibility to explore newly emerging relevant topics during the conversation while still ensuring coverage of key predetermined areas (Nasution, 2023). The interview topics will include:

Financial Literacy:

1. Understanding of basic financial concepts (e.g., inflation, compound interest, diversification, risk).
2. Sources of financial information used.
3. Experience in attending financial education or training.
4. Perception of the importance of financial literacy.

Investment Decision Tendencies:

1. Investment experience (if any).
2. Motivation for investing.
3. Types of investment instruments of interest or in use.
4. Investment decision-making process.

5. Factors influencing investment decisions (e.g., advice from friends/family, social media, economic news, market conditions, financial goals).
6. Perception of investment risk.
7. Short-term and long-term financial goals.

Cross-Generational Comparison:

1. Perceptions of differences in investment approaches between their own generation and others.
2. Influence of social and technological environments on investment decisions.

In addition to interviews, field notes will be taken during and after the interviews to record non-verbal observations, general impressions, and other important contextual information that can enrich data interpretation.

Research Instrument

The main instrument in this study is the researcher themselves (human instrument). The researcher will act as the primary data collector and analyst. To guide the interviews, an interview guide will be developed containing a list of key questions and topics to be explored. This guide will be tested on several individuals outside the study participants to ensure its clarity and relevance.

Data Analysis Technique

The recorded interview data will be transcribed verbatim. Data analysis will be conducted using thematic analysis, following these steps:

1. Data Familiarization: Reading transcripts repeatedly to gain a general and comprehensive understanding of the data.
2. Initial Coding: Identifying and coding segments of text relevant to the research questions. Codes may be descriptive or interpretive.
3. Searching for Themes: Grouping similar or related codes into potential themes.
4. Reviewing Themes: Checking whether the identified themes are internally consistent and externally distinct. This involves re-examining the raw data to ensure the themes are strongly supported by evidence.
5. Defining and Naming Themes: Refining definitions and names for each theme, explaining the essence of each theme, and what aspect of the data it captures.
6. Producing the Report: Presenting the findings in a coherent narrative, using direct quotes from participants to support and illustrate the identified themes. The comparison between Millennials and Gen Z will be the main focus in presenting the results.

Trustworthiness

To ensure the validity and credibility of the research findings, several trustworthiness criteria will be applied, including Data Triangulation, Member Checking, and Audit Trail.

Results and Discussion

This study aims to explore in depth the financial literacy and investment decision tendencies among Millennials and Gen Z in Indonesia. Through in-depth interviews with participants from both generations, several key themes were identified that illustrate significant similarities and differences in their understanding and investment behavior.

1. Level of Financial Literacy: Differences in Sources and Depth of Understanding

Fundamentally, the findings of this study reveal that both Millennials and Gen Z possess a basic level of financial literacy. They generally understand concepts such as saving, debt, and the importance of money management. However, significant differences emerge when examining the sources of information they use to build their financial understanding, as well as the depth and nuance of that understanding.

Millennials: Foundations Built from Conventional Sources and Real-Life Experience

Participants from the Millennial generation (aged 29–44) tend to acquire financial literacy from more traditional sources and through accumulated life experience. Formal education is often cited as the starting point, whether through university courses related to economics or business, or professional training at the workplace. They also actively seek information from finance books, offline investment seminars, and mainstream economic news media (e.g., business newspapers, financial magazines, or credible financial news websites).

- *"I remember taking an introductory investment course in college, that's when I started to understand the basics. Then, when I started working, I often attended financial planning seminars,"* said a 35-year-old Millennial participant.
- Another participant (age 32) added, *"Investment books have been my main guide. I trust authors or experts with a solid track record. I rarely rely solely on information from social media."*

Millennials demonstrate a more structured and comprehensive financial understanding. They don't just memorize definitions; they grasp the long-term implications of each financial decision. Concepts like inflation, compound interest, portfolio diversification, and fundamental analysis are often understood as parts of a broader financial strategy. They can relate these concepts to their personal financial goals, showing mature strategic thinking.

- *"For me, diversification isn't just about having many types of assets, but how those assets can balance each other's risks. So, if one drops, the others can provide support,"* explained a 38-year-old Millennial.
- *"I learned that inflation is a 'thief' that erodes the value of our money. That's why investing is crucial, so our money doesn't get eaten away. That's a basic concept everyone should understand,"* said another Millennial participant (age 30).

Gen Z: On-Demand Digital Learning and Quick Pragmatism

In contrast, Gen Z (aged 13–28) almost exclusively builds their financial literacy through digital platforms and social media. Their main sources include TikTok, YouTube, Instagram, finance podcasts, online discussion groups (Discord, Telegram), and finance influencers. The accessibility of this information allows them to learn "on demand," often in short, visually engaging formats.

- *"I first learned about stocks on TikTok. Someone explained it quickly, and it was fun. After that, I searched for more details on YouTube,"* said a 20-year-old Gen Z participant.

- Another Gen Z participant (age 23) said, *"Investment Telegram groups are super important for me. I can ask questions directly if I don't understand something, and I get the latest info too."*

Gen Z's financial understanding tends to be more pragmatic and focused on quick results. They quickly adopt popular terms and strategies that are trending, such as "dollar-cost averaging," "buying the dip," or "meme stocks." However, their grasp of macroeconomic context, systemic risks, or deeper fundamental analysis is sometimes still limited. They may know *what* to do, but not necessarily *why* it should be done or how to manage the risks thoroughly.

- *"I just know that 'buy the dip' is good for crypto. So when the price drops, I buy. That's it,"* said a blunt 19-year-old Gen Z participant.
- *"What matters is profit. I just follow what my favorite influencer says, if they say it's good, I try it,"* said a 22-year-old Gen Z participant.

Even so, it's worth noting that Gen Z shows remarkable adaptability and a willingness to learn from mistakes. Their constant exposure to digital information makes them highly responsive to market trends and financial innovations. They're also more open to non-traditional financial concepts such as decentralized finance (DeFi) or other digital assets, which may still seem unfamiliar to many Millennials.

Overall, these differences in financial literacy reflect the information landscapes that shaped each generation. Millennials build their understanding gradually from more structured and authoritative sources, resulting in a deeper, more theoretical, and strategic grasp. Meanwhile, Gen Z learns from the fast-moving stream of digital information, leading to a more source-agnostic and practically oriented understanding geared toward instant application.

2. Investment Motivation: Long-Term Financial Goals vs. Quick Opportunities

Although investing involves allocating resources with the expectation of future gains, this study finds that the underlying motivations driving Millennials and Gen Z to invest differ significantly. These differences reflect each generation's life priorities, economic experiences, and unique time orientations.

Millennials: Building Long-Term Stability and Security

Millennial participants demonstrate investment motivations deeply rooted in building financial stability and achieving long-term goals. For many of them, investing is a crucial means of securing the future, both for themselves and their families. Common goals include saving for a comfortable retirement, purchasing property (such as a first home or investment property), setting up children's education funds, and gradually building generational wealth.

- *"Investing is a must for me. I think about how I'll live when I'm older, I want to live comfortably and not be a burden to my children. That's why I'm already planning for retirement,"* shared a 37-year-old Millennial participant.
- Another participant (age 33) added, *"My dream is to have my own home. So, investing is my way of saving for a down payment and mortgage. It's definitely a long-term plan."*

Millennials are also motivated by risk management and concerns about inflation. They view investing as an effective way to protect the value of their money from being eroded and to ensure their purchasing power doesn't diminish over time. Their orientation leans toward stable and sustainable asset growth rather than instant profits. This shows a more conservative and patient approach to achieving financial goals.

- *"I invest my money so it doesn't get eaten by inflation. I once experienced how quickly money seemed to disappear, it turned out to be inflation. That's why investing is important to protect your assets,"* explained a 30-year-old Millennial participant.

Gen Z: Pursuing Early Financial Freedom and Fast Opportunities

On the other hand, Gen Z shows a more diverse range of investment motivations, often focused on achieving early financial independence and taking advantage of quick opportunities. They have strong ambitions to earn additional income through side hustles, afford desired lifestyle purchases, or even exit the traditional workforce early. This drive is often fueled by success stories they see on social media and a desire to break free from conventional career structures.

- *"I want to flex a little, have my own money to buy stuff. If I can get rich fast, why not? I don't want to work a 9-to-5 forever,"* said a 21-year-old Gen Z participant enthusiastically.
- Another participant (age 24) shared, *"A lot of my friends are already investing in crypto and making big gains. So I joined in, I don't want to be left behind. I want to reach 'financial freedom' before I'm 30."*

Peer influence and social media trends are also powerful motivators for Gen Z. The phenomenon of FOMO (Fear of Missing Out) is very real among them, where they feel compelled to invest in trending assets to avoid missing out on potential gains. They tend to see the market as a place where quick profits can be achieved if they follow the right trends.

That said, some Gen Z participants are beginning to recognize the importance of long-term goals, though this motivation often remains mixed with the desire for fast returns. They may have ambitions such as owning a home, but hope to achieve it relatively quickly through high-return investments like crypto.

- *"I do want to have a house, but if I can get it from fast crypto gains, even better. I don't want to wait forever,"* said a 23-year-old Gen Z participant.

In summary, this difference in motivation highlights contrasting life priorities. Millennials, who have typically progressed further in building careers and families, view investing as a tool for long-term stability and future security. In contrast, Gen Z, raised in the digital era with instant access to information and rapidly changing trends, is more motivated by opportunities to gain financial independence early and capitalize on fast-moving chances.

3. Investment Decision Tendencies: Conservative vs. Adaptive Aggressiveness

The fundamental differences in financial literacy and investment motivation between Millennials and Gen Z directly influence their investment decision tendencies, particularly in terms of instrument choices and risk tolerance. This study finds a clear polarity between the more conservative and calculated approach of Millennials and the more aggressive and adaptive approach of Gen Z.

Millennials: Calculated, Long-Term Thinkers

Millennial participants tend to adopt a more conservative and measured investment approach. Their investment decisions are based on fundamental analysis, company financial reports, and recommendations from trusted financial advisors or industry experts. They prioritize capital preservation and stable growth over high-risk, high-reward opportunities. Popular investment instruments among Millennials include:

- **Mutual Funds:** Many Millennials choose mutual funds due to the diversification they offer and the fact that they are managed by professional fund managers, making them perceived as safer and more efficient.
- **Bonds:** These are selected for their fixed income and relatively lower risk compared to stocks.
- **Blue-Chip Stocks:** Investments in large, stable companies with solid track records are favored for their safety and consistent dividends.
- **Property:** Real estate is often seen as a long-term investment that offers value, stability, and appreciation potential, either for personal use or rental income.

Millennials' decision-making process involves in-depth research and careful consideration. They are not easily swayed by market hype or promises of quick gains. Instead, they focus on portfolio diversification to minimize risk and follow a clear investment strategy aligned with long-term goals.

- *"I always check the company's financial reports and look at its business prospects. Just following trends is too risky,"* said a 36-year-old Millennial participant.
- *"For me, diversification is key. I don't want to put all my eggs in one basket. So, if one investment performs poorly, the others can compensate,"* explained a 31-year-old Millennial participant.

Gen Z: Aggressive, Fast-Adapting, and Innovation-Friendly Investors

In contrast, Gen Z exhibits more aggressive investment tendencies and a high level of adaptability to market innovations. Driven by a desire for quick profits and influenced by digital trends, they show strong interest in high-return investment instruments, even if they carry higher risk. Popular choices among Gen Z include:

- **Cryptocurrencies:** Assets like Bitcoin and Ethereum are highly attractive due to their volatility and potential for large short-term gains.
- **Growth Tech Stocks:** Investments in fast-growing or disruptive tech companies are popular, regardless of their high valuations.
- **Meme Stocks:** Social media and online communities often drive them to invest in viral stocks, even when the company's fundamentals are weak.
- **NFTs (Non-Fungible Tokens):** Some Gen Z participants are beginning to explore unique digital assets like NFTs, reflecting their openness to new investment frontiers.

Gen Z's decision-making is heavily influenced by market sentiment on social media and recommendations from financial influencers. They tend to act quickly and are less reliant on deep analysis. That said, they show impressive adaptability and a willingness to learn from mistakes. Losses are often viewed as part of the learning process, and they quickly pivot to new investment opportunities.

- *"If a crypto coin is trending, I'll try to buy it right away. I don't want to overthink it and miss the chance,"* said a 20-year-old Gen Z participant.
- *"I watch YouTubers who talk about stocks, if they say it's good, I follow. If I lose money, I just consider it a learning cost,"* said a 24-year-old Gen Z participant.

4. Risk Perception: Differing Tolerances

These differences in investment choices are also reflected in the two generations' risk perceptions and tolerances:

- **Millennials** have a more calculated risk tolerance. They focus heavily on risk management and try to minimize potential losses. Their fear of losing investment capital is very real, leading them to prefer safer and more predictable investment paths.
- **Gen Z** demonstrates a higher risk tolerance. They feel they have “more time” to recover from losses due to their young age. The desire for big and fast returns often makes them willing to take greater risks. However, their comprehensive understanding of long-term risk still needs development, as they often focus only on the potential rewards without fully considering worst-case scenarios.

In short, the differing investment tendencies between these two generations reflect their priorities, knowledge levels, and digital environments. Millennials tend to be cautious investors, focused on stability and long-term growth through established instruments. Meanwhile, Gen Z is more experimental, quick to respond to digital trends, and more willing to take on higher risks in pursuit of rapid gains, though their understanding of risk may still be evolving.

5. Influence of Technology and Social Environment: Shaping Different Investment Behaviors

This study clearly demonstrates that technology and social environments play a crucial role in shaping financial literacy and investment decision tendencies in both generations, but with differing impacts and modes of integration. Information accessibility and social interaction, particularly in the digital realm, emerge as significant differentiating factors.

Millennials: Technology as a Facilitator, Social Environment as a Validator

For Millennials, technology is seen as a tool that facilitates and optimizes the investment process, but it does not fundamentally alter their mindset or strategy. They utilize mobile banking apps, online brokerage platforms, and financial news websites to access information, monitor portfolios, and execute transactions efficiently. Technology has made investing more accessible and manageable, yet their decision-making remains rooted in rational analysis and data.

- *"Investment apps on my phone are really helpful to check stock or mutual fund prices anytime. But buying or selling decisions, I think them through carefully, not just following trends on the app,"* said a 34-year-old Millennial participant.
- Another participant (age 39) added, *"Back then, to buy stocks, you had to call a broker. Now it's just a click away. That's incredibly efficient, but research is still the number one priority."*

The social environment of Millennials, such as discussions with peers who have investment experience, advice from older family members, or professional networks, acts as a validator or a source of additional perspectives. They tend to seek validation from trusted social circles or authoritative figures. Social media is mostly used by Millennials to follow economic experts or credible news agencies, not for instant investment recommendations.

- *"I often chat with coworkers who are also investors, exchanging thoughts on company prospects. I trust that more than just reading things on social media,"* said a 36-year-old Millennial participant.
- *"My parents also give me advice, especially since they've been in real estate for a long time. I often consult with them,"* added a 31-year-old Millennial participant.

Gen Z: Technology as the Primary Information Source, with a Digitally Dominant Social Environment

In contrast, for Gen Z, technology, especially social media, is not just a tool, but the very environment where they learn, interact, and often make investment decisions. Platforms like TikTok, Instagram, YouTube, and various digital community spaces (such as Discord or Reddit forums) serve as their primary sources of information and social interaction, shaping their perspectives on investing. Trends like "FinTok" (Financial TikTok) or "StockTwits" represent how financial content is consumed and spread among Gen Z.

- *"I learned everything about crypto from TikTok. There are lots of creators who explain complex terms in simple ways. Then I searched more details on YouTube,"* said a 20-year-old Gen Z participant.
- Another (age 22) said, *"Discord discussion groups are super important. We get to know which stocks are trending or which coins are rising. Sometimes I buy just to avoid missing out."*

Gen Z's social environment is heavily shaped by interactions with peer groups and digital influencers. Recommendations from peers or popular social media figures often drive investment decisions, even without in-depth analysis. FOMO (Fear of Missing Out) is particularly strong among this generation, pushing them to jump on trending investments to avoid missing potential gains or being left out of their social circles.

- *"If my friends in the group are all talking about Stock A, I get curious and buy too. I don't want to miss the party,"* explained a 19-year-old Gen Z participant.
- *"I trust this influencer on YouTube. He's given proven tips before. So if he recommends something, I give it a shot,"* said a 23-year-old Gen Z participant.

However, this reliance on social media comes with risks. Some Gen Z participants acknowledge that the fast, unfiltered flow of information on social media can lead to impulsive or misguided decisions. Still, they also display an ability to learn from mistakes and adapt quickly, often seeking more credible information after initial exposure to hype.

In summary, these differences show that Millennials use technology as a complement to existing investment strategies and seek confirmation from time-tested social environments. Meanwhile, Gen Z lives and learns within a digital ecosystem, where both technology and virtual social environments are the primary sources shaping their decisions. This leads to more reactive behavior toward fast-moving trends and information.

6. Risk Perception: Differing Tolerances

Perception and tolerance toward investment risk emerge as one of the most striking differences between Millennials and Gen Z in this study. This difference affects not only their choice of investment instruments but also how they manage their portfolios and respond to market volatility.

Millennials: Measured Risk Management and Caution in Speculation

Millennial participants generally show a more measured and cautious risk tolerance. They are highly aware of potential capital losses and prioritize the protection of the assets they've accumulated. For Millennials, risk isn't something to be entirely avoided, but something to be managed and minimized through well-planned strategies.

- *"I'm not anti-risk, but I need to know my limits. Investing should bring peace of mind, not make me anxious every day,"* said a 35-year-old Millennial participant.
- Another participant (38 years old) added, *"Every time I want to invest, I always ask myself, 'If I lose this, how badly will it impact my finances?' If the risk is too high, I'd rather pass."*

Millennials' main risk concerns often center around protecting retirement savings, children's education funds, or other emergency funds. They tend to avoid highly speculative investments or instruments with extreme volatility. Their understanding of risk is more comprehensive, covering market risk, liquidity risk, operational risk, and inflation risk. This awareness drives them to diversify their portfolios as a core risk management tool.

- *"Diversification isn't just about avoiding losses, it's about making sure if one sector is weak, another can support it. That's basic risk management,"* explained a 32-year-old Millennial.
- *"I once had a small loss in stocks, but because my portfolio was already diversified, the impact wasn't too bad. That was a valuable lesson,"* said another Millennial participant, age 30.

Gen Z: High Risk Tolerance and Optimism for Quick Gains

In contrast, Gen Z shows significantly higher risk tolerance compared to Millennials. They exhibit greater optimism toward the potential for quick profits from high-risk instruments. Their perception of risk is often influenced by success stories on social media, where individuals are seen making large profits in short periods.

- *"If you want big profits, you've got to be willing to take risks. You can't just play it safe and expect to get rich,"* stated a 21-year-old Gen Z participant.
- Another (age 23) added, *"I'm still young, so if I lose money, I can earn it back. I've got plenty of time. That's why I'm okay trying high-risk investments like crypto."*

Gen Z's confidence in taking risks is often rooted in their young age and belief that they have "plenty of time" to recover from potential losses. They see volatility as an opportunity rather than a threat. Instruments like cryptocurrencies and meme stocks are attractive due to their extreme return potential, despite high volatility.

However, despite their high risk tolerance, Gen Z's comprehensive and long-term understanding of risk can still be limited. They may understand the risk of losing money, but are not always fully aware of the psychological impact of major losses, the danger of scams, or regulatory risks associated with new asset classes. The fast-paced nature of information on social media sometimes leads them to make decisions without thoroughly analyzing the risks involved.

- *"I know crypto is super volatile, it can go up and down fast. But that's the fun part. If I buy low and it goes up, the profits are huge,"* said a 19-year-old Gen Z participant.
- *"Sometimes when there's bad news about crypto, I get anxious too. But luckily my group chats calm me down, so I hold on,"* shared a 24-year-old Gen Z participant, illustrating how digital peer support also plays a role in emotional risk management.

In short, this contrast in risk tolerance reflects the life stages and economic experiences of each generation. Millennials, burdened with more financial responsibilities, tend to be more cautious and focus on risk management to protect long-term assets. Gen Z, on the other hand, fueled by youthful optimism and exposure to digital opportunities, is more willing to take high risks in pursuit of quick profits, though their comprehensive understanding of risk is still in development.

Research Implications

Financial service providers should develop marketing and educational strategies tailored to the characteristics of each generation. Education should go beyond focusing on profit potential by offering deeper insights into risk management, diversification, and the psychological impacts of losses. Considering the growing interest in digital assets such as cryptocurrency and NFTs, financial service providers can explore the development of more innovative investment products that align with Gen Z's interests, but these should be accompanied by strong risk education. The government and OJK should integrate financial literacy into the formal education curriculum with relevant content that includes not only basic financial concepts but also modern investment instruments and digital risk management. Given the dominance of social media as an information source, OJK could launch more massive and engaging financial literacy campaigns via popular digital platforms, involving credible influencers to spread accurate and responsible information. Educational institutions need to adopt more dynamic methods of teaching financial literacy using real-world case studies, investment simulations, and digital platforms to engage students. Education should focus on developing critical thinking skills to filter information, especially from social media, so students are not easily swayed by hype and FOMO.

This study also opens the door for further research on the long-term impact of digital information sources on investment decisions, the effectiveness of targeted financial literacy interventions, and comparisons with future generations (e.g., Gen Alpha).

Limitations and Future Research

This study used a qualitative approach with a comparative design. While it provides deep insights into the perceptions and experiences of participants, the findings may not be broadly generalizable to the entire Millennial and Gen Z populations in Indonesia due to the relatively small sample size (15–20 participants from each generation) and purposive sampling method.

Data was collected through in-depth interviews, meaning the findings are based on participants' self-reports, which may be subject to perception biases or a desire to provide socially acceptable or "ideal" answers. If participants were mostly concentrated in one or a few cities, this could also limit the diversity of experiences represented across Indonesia. Although this research discusses the influence of technology and social environments, there are many other external factors (e.g., macroeconomic conditions, government policies, global events) that may influence investment decisions but were not fully identified or deeply explored in the interviews.

Future research may consider the following approaches:

- Conduct quantitative research with a larger and more representative sample to test the hypotheses generated from this qualitative study. This would allow for broader generalization and identification of correlations or causal relationships between variables.
- Implement longitudinal studies to track the development of financial literacy and investment decisions in both generations over time. This would offer better insights into how life experiences and environmental changes influence long-term investment behavior.
- Analyze more deeply investment decisions related to specific instruments that are popular among Gen Z (e.g., crypto assets, meme stocks) to understand their motivations, strategies, and outcomes.
- Investigate the specific impact of different types of influencers and social media algorithms on Gen Z's investment decisions, including how they distinguish credible information from misleading or false content.

Conclusion

This qualitative study, which compares financial literacy and investment decision tendencies between Millennials and Gen Z in Indonesia, reveals significant fundamental differences and unique patterns shaped by generational experiences, technological access, and social environments. The findings highlight that although both generations show interest in the world of investing, the paths they take to build understanding and make decisions are markedly different. Overall, the study concludes that Millennials are "planned investors," cautious and long-term oriented, shaped by conventional information sources and gradual experience. In contrast, Gen Z are "digitally adaptive investors", bold and quick to act, heavily influenced by the flow of information and trends on social media. Understanding these differences is crucial for financial service providers, policymakers, and educators to design relevant and effective strategies to improve financial literacy and guide both generations toward wiser investment decisions.

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