

Factors Influencing Participation in Capital Market: A Study of Generation Z Participation in Bandung City

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Abstract: *In the recent years, the number of investors in Indonesia has increased significantly. New investors were dominated by generation z that is considered digital-savvy and actively using the internet indaily activity. There is a huge gap between the number of investors and the total population in Indonesia. This gap can be seen as an opportunity for the Indonesian capital market to grow. One of the ways to achieve the developed and growing capital market is by increasing investor participation. Especially generation z as they have the largest portion of Indonesian population. This research aims to examine the influence of financial literacy and information technology on capital market participation of generation z. This research involved 412 generation z that domicile in Bandung City. The researcher employs descriptive statistics and logistic regression to analyse the data. The result finding shows that financial literacy and information technology have significant influence on generation z participation in capital market. This research suggest that perceived of usefulness, perceived ease of use, and perceived trust are essentials for information technology in the capital market. Therefore, it is crucial to enhance the financial literacy of generation z and support the development of information technology in the capital market to provide an effective, easy to use, and trustworthy application*

Keywords: financial literacy, information technology, capital market, generation z

1. Introduction

The capital market is critical to economic development and serves as a bridge between issuers and investors. The flow of capital will have an impact on domestic economic development. It also can be an indicator that represents a country's economic development (Muklis, 2016). The Indonesia Capital Market has been established since 1912 and keeps growing. In 2021, the total transaction value reached 3,302,816 billion rupiah. Domestic owned asset in capital market that recorded in C-BEST has reached 58.76% (KSEI, 2022). It is a good sign that there is an increase of domestic investors that actively transact in the stock market. Indonesia's stock market index (JCI) has recorded a good performance indicating 10.1% growth. In 2021, JCI is higher than several ASEAN countries such as Singapore, Malaysia, and Philippine. However, JCI was lower than Thailand's SETI that reached 14.1%.

Moreover, The Indonesia Stock Exchange recorded that there are 54 companies that will go public in 2021 (Indriani, 2021). By the end of 2021, there are a total of 766 publicly listed companies in Indonesia's stock market. Market capitalization has increased from 6.970 trillion

to 8.256 trillion during the period of 2021. The growth of the capital market in Indonesia not only can be seen from the stock market. The other capital market instruments, for instance bond and mutual fund, had also experienced gain in 2021. The outstanding value of Indonesia's government bond and corporation bond had increased from year 2020 for 16.8% and 1.2% respectively by the end of 2021. In mutual funds, although there is a decline in the amount of mutual funds from 2,219 in 2020 to 2,198 in 2021.

Indonesia's capital market has gained a high number of investors especially during the pandemic. In 2019, there were only 2.84 million investors or 1% of Indonesia's total population. By 2021, there are 7,48 million investors in the capital market (KSEI, 2022). Investor growth in Indonesia was dominated by the age of under 30. This age group contributes 60.30% of total investors in Indonesia. Moreover, during 2021, the number of investors was increased by 92.99% and 59.81% of them are the age group under 30 years (Sidik, 2021).

It is also represented by the development of wealth management startups such as Bibit, Ajaib, and Pluang. Wealth management has become one of the biggest sub-sectors in the fintech industry. One of the main players, Ajaib has become the seventh unicorn in Indonesia. Bibit's assets under management reached above IDR 5 trillion due to the escalation of investment trend. According to Ramadhani (2021), utilization of technology in the form of online trading application has a positive impact and become one of the main driver in the increasing of Indonesian investor.

The investment ecosystem in Indonesia has indicated a positive trend. There are numerous influencers in the field of investment and personal finance. Through their content, influencers could also educate their followers and will result in increasing their financial literacy. Moreover, BEI has regularly held Sekolah Pasar Modal as a medium for capital market and investment education to increase capital market participation of Indonesian citizen. Previous study found that financial literacy has a significant influence on participation in the stock market (Afgani et al., 2021). In fact, Indonesia has a low financial literacy level at 38.03%, according to the recent survey held by Financial Service Authorization (OJK) in 2019.

To be specific, West Java recorded the lowest financial literacy level among other provinces in Java and its financial literacy level decreased from 38.7% in 2016 to 37.4% in 2019. While, West Java has 705,265 investors that recorded an increase of 153% from previous year (KSEI, 2022). Bandung City contribute the most to the figure with 135,545 investor or around 19.2% from total investor in West Java and it was dominated by generation z.

Investor growth reached 92.99% and was dominated by generation z that consider as a digital-savvy and actively using internet in daily activity. However, it is very small compared to the total population in Indonesia. There is still lack of participation in capital market by Indonesian citizen.

The research will analyse the correlation between the financial literacy and information technology towards generation z participation in the capital market. The object of this research would be generation z in Bandung City. The information technology that assessed in this research would bound to the use of online trading application. The impact of this research hopefully would give an insight regarding the factor influencing generation z to participate in the capital market and the strategy to increase this generation participation in the capital market.

2. Literature Review

2.1. Financial Literacy

Financial literacy is an understanding of a prominent financial concept and ability to manage personal finance (Remund, 2010). People need to have financial literacy to help manage their personal finance as the economy and financial products become more diverse. There are four indicators to measure financial literacy covering behavior related to how someone uses their money (Bhushan, 2014). According to (Bongomin et al., 2016), there are four indicators to measure financial literacy covering behavior, skills, knowledge, and attitude towards financial decision making.

Previous study has been conducted to analyze the relationship between financial literacy and stock market participation. A study conducted in Bandung with generation z as the audience found that financial literacy has a significant influence towards stock market participation (Afgani et al., 2021). Sivaramakrishnan et al., (2017) also found that financial literacy significantly influences the intention to participate in stock market. It is in line with another study that concludes people with low financial literacy are less likely to invest in stocks (Van Rooij et al., 2011). However, there is still a contradiction in research conducted by Viana et al, (2021). The study was conducted in Jakarta Metropolitan Area targeting generation z as the research object. and reveals that financial literacy is not significantly influence the investment interest.

2.2. Information Technology

Retail investors are increasingly using online trading facility provided by a securities company or wealth management fintech. Online trading allows traders and investors to transact anywhere and at any time using devices that are connected to the internet, making it easier for investors to make decisions (Tandio & Widanaputra, 2016). Previous study has examined the phenomena as retail stock investor has been risen with the use of mobile trading apps. Malhotra (2021) stated that ease of use is the most important aspect in mobile trading apps from investor's perspective followed by analytical and information feature, and security. Another previous study conducted by Roca et al. (2009) claims that perceived usefulness, perceived trust, and perceived ease of use are critical factors in online trading systems.

A study conducted by Hutasoit and Ginting (2021) reveal that millennial generation's interest to invest in capital market is significantly influenced by information technology. In this study, the usefulness and effectiveness of information technology are used as metrics. It is in line with previous study but with different object, which is generation z, stated that information technology has significantly influence generation z's interest in investing in capital market (Mastura et al., 2020).

2.3. Technology Acceptance Model

Researchers and professionals frequently utilize the Technology Acceptance Model (TAM) to forecast and clarify user acceptance of information technology. Technology Acceptance Model (TAM) models system usage intentions and behavior (Davis & Venkatesh, 1996). According to TAM, the two main factors influencing whether information system will be accepted or not are perceived usefulness and ease of use (Roca et al., 2009). Technology Acceptance Model has been used to predict the acceptability of mobile stock trading application among young investors in Malaysia (Chong et al., 2021). The findings of this study claim perceived ease of use and perceived usefulness gives a strong impact on user's acceptance of the apps.

2.4. *Perceived Trust*

Trust enables the expression of a person's future behavior that is frequently based on past interactions. Social psychology, e-commerce, and e-banking are just a few of the fields where trust has emerged as an important factor in user's intentions toward any e-service. An important factor in determining a user's intentions to use and usage behaviors related to any e-service is how trustworthy they feel toward it (Roca et al., 2009). Perceived trust has been used in previous studies to analyze attitudes toward using internet-based products and services (Indarsin & Ali, 2020). The study found that perceived trust has a significant impact on the attitude toward using m-commerce. Another study conducted by Damghanian et al. (2016) attest the perceived trust together with perceived security and perceived risk on acceptance of online banking is an important factor in online banking adoption. Perceived trust and perceived security give a significant influence on online banking acceptance.

2.5. *Capital Market*

The capital market is a long-term lending and investment market that includes companies that deal in securities with a longevity more than a year. The government and business company raise long-term capital on this market. Private investors, insurance providers, pension funds, and banks are the sources of the funding (Sindambiwe, 2014). In Indonesia, capital market product are stocks, bonds, mutual funds, exchange-traded funds, and derivatives. These products could be an investment instrument option for investors. Since stocks is one of capital market products, stock market participation is related to capital market participation as well. Participation in the stock market refers to purchasing stock on the stock exchange to increase wealth (Nadeem et al., 2020). Previous study has been conducted to examine the factor that affecting stock market participation. There are several studies that analyze the influence financial literacy on stock market participation (Van Rooij et al., 2011; Yoong, 2010; Sivaramakrishnan et al., 2017). Another study identified the influence of personality traits towards stock market participation (Conlin et al., 2015).

2.6. *Generation Z*

Generation z is an age group born between 1996 – 2012 (Schweiger & Ladwiig, 2018). Currently, generation z has an age range of 10 - 26 years old, which means that most of them are teenagers and have just reached adulthood. Generation z is the first generation born with the advent of the internet. This generation is proficient in using technology and tends to communicate with virtual social networks. According to Berkup (2014), generation z is closely related to technology, especially the internet which is used to socialize, play and utilize the internet efficiently and innovatively.

2.7. *Research Hypothesis*

Based on explanation above, the researcher developed hypothesis as follows:

- H1 : Financial literacy has a significant influence on capital market participation
- H2 : Information technology has a significant influence on capital market participation

3. **Research Methodology**

3.1. *Research Design*

The process begins with problem identification. Then, conduct a literature review from a previous study that related to the research topic. Followed by hypothesis formulation based on literature review and research objectives. Data collection method uses a quantitative approach by using questionnaire surveys to generation z in Bandung City. Afterward, the collected data are analyzed to come up with results and conclusions.

This study is using a quantitative approach to attest to the influence of financial literacy and information technology on generation z's participation in the capital market. Quantitative research is systematic and structured from the start to the making of the research design [45]. The quantitative approach focuses on measurements and the statistical, mathematical, or numerical analysis of data gathered through polls, questionnaires, and surveys, as well as the manipulation of statistical data that has already been obtained using computing methods [5].

3.2. Sampling Method

This study will target generation z in Bandung City as the respondent. Generation z is an age group ranging from 12-26 years old in 2022. Sampling technique used in this study is non-probability sampling which probability that a subject will be chosen is unspecified [1]. Specifically, this research uses purposive sampling is a type of non-probability technique where participants choose based on the researcher's criteria [3]. The method selected because the researcher targeting the respondents which has criteria of generation z and domicile in Bandung City. This study requires 400 respondents based on calculation using The Slovin method.

3.3. Questionnaire Design

The researcher constructs the questionnaire consist of three sections. The first section is personal data and capital market participation, the second section consists of financial literacy that adopted from a previous study by Bongomin et al. (2016), and the last section consists of information technology questions adopted from previous study conducted by Roca et al. (2009). Several items were modified based on the context of the influence of financial literacy and information technology on capital market participation. The questionnaire is using a 5-point Likert scale ranging from 1 for strongly disagree to 5 for strongly agree.

3.4. Data Analysis

The researcher employs descriptive analysis and logistic regression based on the data from questionnaire result. Descriptive analysis describes the data regarding its characteristics such as mean and median. Several aspects also shown in this analysis including the demography, participation in capital market, investment instrument choices, financial literacy, and information technology.

Logistic regression has been applied frequently in statistical analyses found in the literature on economics and finance because it is appropriate for models that address decision-making issues. The regression model has functions to predict the outcome variable for new values of the predictive variables and contributes to providing insights into the phenomenon being examined. Examining the impact of numerous independent variables on the dependent variable Y is possible using the logistic regression model (Strzelecka et al., 2020). The variable Y is dichotomous and only accepts two values. This research uses logistic regression to examine the influence of independent variable to dependent variable. By measuring each independent variable's distinct impact on a binary result, logistic regression is a quick and effective technique to examine the impact of several independent variables on that outcome (Stoltzfus, 2011).

4. Results and Discussion

4.1. Respondent Demography

The respondents in this research are from generation-z with total of 412 respondents. The age of respondents is ranging from 17-26 years old which belong to generation z age range. There are 2 respondents of 17 years old (1%); 25 respondents of 18 years old (6%); 72 respondents

of 19 years old (18%); 107 respondents of 20 years old (26%); 79 respondents of 21 years old (19%); 76 respondents of 22 years old (18%); 25 respondents of 23 years old (6%); 11 respondents of 24 years old (3%); 10 respondents of 25 years old (2%); and 5 respondents of 26 years old (1%). It implies that the respondent of this study is dominated by the age of 20 years old.

4.2. Descriptive Statistics

From the total of 412 respondents, 96% of respondents has been participated in the capital market as an investor. There are only 4% of respondents that do not participate in the capital market as an investor. The research's respondents are mostly contributed by generation that invested in the capital market.

Majority of respondents choose stock as their investment asset (61%). Followed by mutual funds (23%), ETF (8%), bond (7%), and derivative (1%).

Table 1: Descriptive Statistics of Financial Literacy

Components	Item	N	Minimum	Maximum	Mean	Std. Deviation
Behaviour	FL1	412	1.00	5.00	4.1335	.85761
	FL2	412	1.00	5.00	4.1699	.84304
	FL3	412	1.00	5.00	3.9102	1.04133
Skills	FL4	412	2.00	5.00	4.4053	.61075
	FL5	412	1.00	5.00	4.4539	.68726
Attitude	FL6	412	2.00	5.00	4.4272	.68494
	FL7	412	1.00	5.00	4.1189	.83494
Knowledge	FL8	412	1.00	5.00	4.4733	.65940
	FL9	412	1.00	5.00	4.2791	.71973
	FL10	412	1.00	5.00	4.2670	.73929
FL Total		412	18.00	50.00	42.6320	4.80697

Respondents have high financial literacy (FL) score. Indicated by the mean score of 42.6320 that is higher than 31 as the lower bound of second interval score range. Majority of the respondents had an understanding that cover four components of financial literacy tested in this research which are behaviour (FL1, FL2, and FL3), skills (FL4 and FL5), attitude (FL6 and FL7), and knowledge (FL8, FL9, and FL10). The researcher found that in item FL3 that asking the routines of respondent to investing monthly, has a slightly lower mean score than others.

Table 2: Descriptive Statistics of Information Technology

Components	Item	N	Minimum	Maximum	Mean	Std. Deviation
Perceived usefulness	IT1	412	1.00	5.00	4.3374	.70470
	IT2	412	1.00	5.00	4.3010	.68113
	IT3	412	1.00	5.00	4.2646	.70134
	IT4	412	1.00	5.00	4.3180	.69644
Perceived ease of use	IT5	412	2.00	5.00	4.1408	.81027
	IT6	412	1.00	5.00	4.0995	.88089
	IT7	412	1.00	5.00	4.1917	.74129
Perceived trust	IT8	412	1.00	5.00	3.9903	.87122
	IT9	412	1.00	5.00	4.1553	.77688
	IT10	412	2.00	5.00	4.1505	.73605
IT Total		412	17.00	50.00	41.9490	5.54958

Respondent in this study had high score of acceptance to utilize information technology (IT) in scope of capital market. Indicated by mean score of 41.9490 that in is in the range of high interval range score between 31 and 50. most of respondent in this research assign a good score

in perceived usefulness (IT1, IT2, IT3, and IT4), perceived ease of use (IT5, IT6, and IT7), and perceived trust (IT8, IT9, and IT10) related to information technology in capital market. Majority items has a mean score above 4 which represent an “agree” that information technology give respondents a perceived usefulness, perceived ease of use, and perceive trust.

4.3. Validity and Reliability Test

Validity and reliability are conducted to evaluate the instrument measurement. The researcher uses Pearson Correlation to measure the validity. The data can be concluded valid if the Pearson Correlation value is exceeding the R table. The number of respondents is 412, with 95% confidence level means the r table is 0.097. Each of the item in variable uses in this study, which are financial literacy and information technology has Pearson correlation value that exceed the R table. Therefore, all variables are confirmed to be valid.

To examine the consistency of data, researcher uses Cronbach’s alpha as reliability testing. According to Janssens et al. (2008), the acceptable value of Cronbach’s alpha is 0.6. Based on the reliability test, the Cronbach’s alpha of financial literacy is 0.821 and information technology is 0.901 which means all the variables exceed 0.6. It can be concluded that the data being used by the researcher is strongly reliable

4.4. Linearity of Independent Variables and Log-odds

To assess the linearity of independent variables and log-odds, Box-Tidwell test has been conducted and shows the result that each independent variables are linear to the log-odds. Box-Tidwell test uses transformational variable using natural log of each variable that multiplied by the variable itself. The sig. result for trFL is 0.761 and trIT is 0.912 that all of them are greater than 0.05. If the natural log of independent variables is insignificant toward dependent variables, means that the independent variables and the log odds are linear (Shrestha, 2019). Thus, there is a linearity of independent variables and log-odds.

4.5. Absence of Multicollinearity

Variance inflation factor (VIF) measure the variance inflated in estimated regression coefficient if the independent variables are correlated. If the VIF value is greater than 5, it is considered as high, and the independent variable will exhibit multicollinearity (Shrestha, 2020). The multicollinearity test results both FL and IT has VIF value of 1.630. Therefore, the model meets the assumptions to has the absence of multicollinearity.

4.6. Overall Model Fit

Table 3: -2LL Result

Model	-2 log likelihood
Block 0	141.674
Block 1	100.687

Overall model fit was tested by comparing the -2LL of block 0 model and block 1 model. Block 0 is the initial test where only include constant and the block 1 is the following test that include constant and independent variables. The -2LL value of block 1 model is 100.687 that less than the initial -2LL of 141.674. It shows a decrease from block 0 model to block 1 model. Therefore, it can be concluded that the model is fit.

Table 4: Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	40.987	2	.000
	Block	40.987	2	.000
	Model	40.987	2	.000

There is a reduction from -2LL of the baseline model to the -2LL of the new model as of 40.987. The difference is namely Model chi-square. Furthermore, the omnibus test of this model resulting a sig. value is .000 indicates the new model gives significantly better prediction than the baseline model (Menard, 2001).

4.7. Goodness of Fit

Table 5: Hosmer-Lemeshow Test Result

Step	Chi-square	df	Sig.
1	11.444	8	.178

The researcher uses Hosmer-Lemeshow Test to assess the goodness of fit from the model. Based on the test result, the p-value of the model is $0.178 > 0.05$ which means that there are no significant differences between the model and the data observed and considered a good fit (Hilbe, 2009). Therefore, it can be concluded that the model has a good fit.

4.8. Pseudo R-Squared

Table 6: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	100.687 ^a	.095	.325

The pseudo r-squared result measure how the model can explain the capital market participation. However, this research relies more on the Nagelkerke test result due to Katarina & Satrianto (2020) that claims that Cox and Snell result does not in the range of 0 – 1, while Nagelkerke is the modification of Cox and Snell which the result ranging from 0 – 1. Cox and Snell R² result is 0.137 means that the model could explain the variability of dependent variable by 13.7%. Nagelkerke R² result is 0.325 means that the model could explain the variability of dependent variable by 32.5%.

4.9. Logistic Regression Model

Table 7: Variables in The Equation

Variable	B	S.E.	Wald	df	Sig.	Exp(B)
Financial Literacy	.176	.048	13.545	1	.000	1.193
Information Technology	.136	.045	9.154	1	.002	1.146
Constant	-8.958	2.026	19.636	1	.000	.000

The logistic model results the constant has regression coefficient value of -8.958. Financial literacy has a positive correlation to the dependent variable indicated by regression coefficient value of 0.176. It also in line with the odds value that greater than 1, means that there is positive influence for every one unit increase in financial literacy is expected to increase the capital market participation by 1.193. This variable has p-value results 0.000 that is less than alpha value 0.05 means it must reject the null hypothesis. It implies that financial literacy has a significant influence on the dependent variable.

Information technology has regression coefficient value of 0.136 that indicates a positive correlation to the dependent variable. In line with the odds ratio value of 1.146 that also represent a positive influence towards the independent variable which per one unit increase of information technology is expected to increase capital market participation by 1.146. Furthermore, the p-value results 0.002 that is less than alpha value 0.05 means it must reject the null hypothesis. It exhibits that information technology is significantly influence the dependent variable.

The logistic regression model then formulated as follow:

$$\ln(odds) = -8.958 + (0.176)(FL) + (0.136)(IT)$$

4.10. Financial Literacy and Capital Market Participation

The analysis has delivered a finding that financial literacy has a p-value of 0.000 that is less than 0.05 as alpha value. It implies that the null hypothesis is rejected and H1 is accepted. Furthermore, financial literacy has a positive regression coefficient and odds ratio. Which means higher investment knowledge will result to higher probability to participate in capital market. On the contrary, lower financial literacy will result to lower probability to participate in capital market. Therefore, we can conclude that financial literacy has a significant positive influence towards the capital market participation.

This finding is conforming to previous study conducted by Sivaramakrishnan & Srivastava (2017) that indicates financial literacy were shown to have a significant impact on intention to stock market participation. It states that financial literacy is an important foundation for stock market participation. The finding also supports the previous study by Van Rooij et al. (2011) reveals that financial literacy significantly improves stock ownership. The study concludes that even the persons with high basic literacy scores are considerably more likely to participate in stock market.

This research finding is in line with previous research that claims financial literacy gives a significant influence on interest in investing (Faidah, 2019; Hutasoit & Ginting, 2021). With financial literacy, investors are prepared with knowledge of current financial products and their advantages when making an investment decision. To support this, it can also be said that this study found that, in addition to financial literacy, savings and loan advantages awareness is also followed. Investors claim that understanding future savings is crucial for setting up financial plans. This may serve as more evidence that interest in investments will rise as investors' grasp of the advantages of future savings increases.

Previous studies that mentioned above are related with this study finding as presented in prior sub-chapter discover that majority of generation z with high financial literacy are consider having an ability to allocating their personal budget. Thus, they tend to be active to do investing in monthly basis. Furthermore, with understanding of financial literacy, generation z has some knowledge to use financial product and service. They are enlightened about the benefits of the various financial products before making an investment decision. This behavior would lead generation z to participate in the capital market as their choices of investment instrument.

The development of financial literacy was also affected by this generation behavior that according to a survey by Alvara Research Center, generation z is categorized as internet addicted user that spend more than 7 hours in the internet (Annur, 2022). To be specific, majority of generation z in Bandung City access social media every day (Kawidjaya et al., 2022) and they agreed that social media is a useful and educational tool (Gandana & Oktaviandy, 2021). While according to previous study, social media has advantages for increasing financial literacy (Yanto et al., 2021) and can be used as a source of insightful knowledge on financial services and products in order to increase financial literacy (Shvahr et al., 2021). It is correlated with program held by *Otoritas Jasa Keuangan (OJK)* that has collaborated with 15 social media influencers to deliver financial education with purpose to increase financial literacy (Nuraini, 2022). Thus, financial literacy of generation z in Bandung City could been risen, leading to this generation's participation in the capital market. Moreover,

Bandung City has the most investment gallery among other cities in West Java. There are 22 investment gallery that spread in campuses and even community organization which has contributed to the Bandung citizen intention to invest with their program covering education about investing, financial planning, etc.

4.11. Information Technology and Capital Market Participation

The researcher analysis yielded a finding that information technology has a p-value of 0.002 that is less than 0.05 as alpha value. It implies that the null hypothesis is rejected and H1 is accepted. Information technology also has a positive odds ratio and regression coefficient. In other words, increased information technology will increase the likelihood that people will participate in the stock market. On the other hand, a lower level of information technology will reduce the likelihood of participating in the capital market. Therefore, we can conclude that information technology has a significant positive influence towards the capital market participation.

The finding is in line with previous study by Mastura et al. (2020) that claims information technology is significantly affect the interest to invest in capital market. Its study was conducted with college student, which in the age range of generation z as the research object. The finding also corresponds with the study that has been done previously by Hutasoit & Ginting (2021) and Negara & Febrianto (2020) that targeting millennial generation as the research object has conclude that information technology has a positive and significant impact on investment interest in the capital market. Information technology developments will make it simpler for investors to execute capital market transactions. Hence leads the millennial generation to have an interest in capital market investment.

The finding exhibits that perceived usefulness, perceived ease of use, and perceived trust of generation z are considered high, related to the use of information technology in the capital market. It is in line with previous study that reveals perceived usefulness, perceived ease of use, and perceived trust are critical factors in online trading systems (Roca et al., 2009). Hence, the success of an online trading system depends on user perceptions of the trust, usefulness, and ease of use. It implies that if an information technology in the capital market such as mobile trading apps could provide the perceived usefulness, perceived ease of use, and perceived trust, it will be highly accepted by the generation z. Thus, it will boost the capital market participation of generation z.

The finding also correlated with Fintech Report from DSInnovate (2021) that states from consumer perspective, the priority things that need to be improved by fintech services are easy UI/UX and security. Both aspects are positioned in position 1 and 2 based on the consumer perspective survey. Easy UI/UX is related to the perceived usefulness and perceived ease of use. While security aspect is related to the perceived trust.

As majority of generation z in Bandung City access social media every day (Kawidjaya et al., 2022), they possibly had high exposure with digital marketing of investment fintech and securities company. Moreover, recently wealth management fintech such as Ajaib, Bibit, and Pluang uses public figure as their brand ambassador. While, in previous study, found that there is a significant effect of brand ambassador on intention to use investment application (Cahyaningtyas et al., 2021). Thus, it will affect the generation z in Bandung to have intention to use investment apps provided by wealth management fintech.

5. Conclusion

This research analyzes the influence of financial literacy and information technology on generation z participation in capital market. This research involved 412 generation z that domicile in Bandung City as respondent. Data being analyzed using descriptive analysis and logistic regression as the statistical model.

Based on statistical result, financial literacy has a positive correlation towards capital market participation, and it means that the higher financial literacy that generation z had, the higher the probability of them to participate in capital market. The result of statistical analysis exhibits that financial literacy has a positive and significant influence towards generation z participation in the capital market.

In line with the financial literacy, information technology has a significant influence towards generation z participation in the capital market. Furthermore, information technology and capital market participation are positively correlated, which indicates that generation z is more likely to invest in the capital market if they had found the information technology that provide usefulness, ease of use, and trustworthiness.

According to the research findings, financial literacy and information technology has a significant influence on generation z participation in the capital market. Thus, to improve the generation z participation in the capital market, we need to enhance this generation's financial literacy and develop an information technology that provide perceived of usefulness, perceived ease of use, and perceived trust among generation z.

This study will provide a valuable recommendation for generation z, policymaker, securities company, and wealth management fintech companies. For generation z, they need to realize the importance of financial literacy. Financial literacy leads generation z to participate in capital market as they are aware about investing. A decent financial literacy will also prepare them to decide which financial product or services that they will use. It is related with the research finding regarding information technology. For policymaker, policymaker should focus on enhancing financial literacy of generation z and they could collaborate with social media influencer, securities company, wealth management fintech, student-led organization, or create investment gallery in universities. The researcher suggests supporting the information technology ecosystem especially in the capital market. For securities company and wealth management fintech, although their focus is on investment, the researcher suggests them to broaden the education program including financial literacy since financial literacy has significant influence on capital market participation. Application Improvement should be focus on UI/UX, security, and features that can increase users' performance.

For future research, could add the predictor that considered to have an influence towards capital market participation. Also, the research respondent could be broadening not only that domicile in Bandung City. The respondents should be more diverse since in this research, more than 90% of the respondents has been participated in capital market. Future researcher could also use different financial literacy measure that can differentiate the basic and advanced financial literacy to have more in depth analysis regarding this variable.

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