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The Effect of Investment Knowledge and Risk Tolerance on Stock Investment Interest Among Generation Z (Case Study: FEBI UINSU Students)

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Abstract

This study aims to analyze the effect of investment knowledge and risk tolerance on stock investment interest among students of the Faculty of Islamic Economics and Business at Universitas Islam Negeri Sumatera Utara who belong to Generation Z in the 2024/2025 academic year. The research uses an associative quantitative approach through a survey of 100 respondents determined using the Slovin formula from a population of 4,553 active students. Data were collected through a Likert scale questionnaire from 1 to 5 and analyzed using multiple linear regression with the help of SPSS version 27. The results indicate that investment knowledge and risk tolerance have a positive and significant effect on stock investment interest both partially and simultaneously. This study addresses the research gap arising from inconsistent empirical findings on these relationships. The results contribute empirical evidence within an Islamic university Generation Z context, demonstrating that cognitive understanding of risk return concepts and psychological comfort with market volatility are key drivers of stock investment interest, with practical implications for investment education program design.

Keywords: Investment Knowledge, Risk Tolerance, Stock Investment Interest, Generation Z

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INTRODUCTION

Investment behavior has become a key strategy in modern financial planning, particularly in the face of global economic uncertainty and the need for future financial independence. Advances in financial technology (fintech) and easy access to information via the internet have

encouraged the public to become more aware of the importance of investing, including in high-risk investment instruments such as stocks. Generation Z, as a digitally native generation, is characterized by openness to change, quick adoption of information, and broad access to technology-based financial education, making them a potential key investor segment in the future. These conditions make a study of Generation Z's interest in stock investing highly relevant to understanding the context of strengthening Indonesia's capital market ecosystem and financial literacy.

Current trends indicate a growing involvement of young people in stock investment activities. This is closely tied to a shift in Generation Z's financial behavior, as they increasingly seek alternative financial management options beyond traditional savings. However, high interest does not necessarily translate into the ability or readiness to make rational investment decisions. Many students remain interested in investing but lack a sufficient understanding of the associated risks,

capital market mechanisms, as well as portfolio management principles. In addition, exposure to social media and viral investment trends also have the potential to influence decision-making without sufficient knowledge.

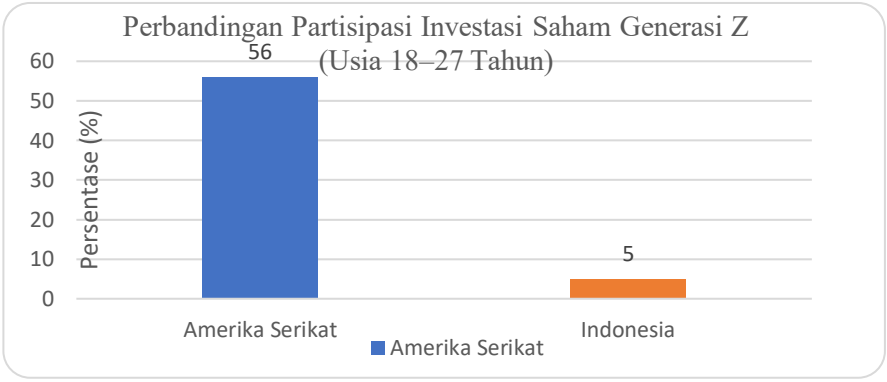

Figure 1. Comparison of Stock Market Participation Among Generation Z in the U.S. and Indonesia

Source: FINRA & CFA Institute (2023); KSEI (2024); BPS (2023), compiled by the researcher.

The trend of increased participation by young people in stock investing is also evident globally, particularly in the United States. Generation Z is generally defined as the group born between 1997 and 2012, who, at the time of this study, are between the ages of 12 and 27 and are beginning to enter their productive years and engage in independent financial activities (Dimock, 2019). A report by the FINRA Investor Education Foundation and the CFA Institute shows that approximately 56% of Gen Z in the United States have invested in financial instruments, with stocks being one of the primary instruments (FINRA & CFA Institute, 2023). These findings indicate that Generation Z in developed countries has shown relatively high engagement in investment activities from a young age, particularly among young adults who already have an income and increasingly easy access to digital investment platforms. Furthermore, Generation Z's engagement in stock investment activities is also closely tied to their level of understanding of investments and their individual readiness to face the risks inherent in stock instruments factors that several early studies have identified as key drivers of young people's interest in stock investing.

In contrast, in Indonesia, although the number of stock investors has continued to rise in recent years, the participation rate among Generation Z remains relatively low. Generation Z in Indonesia, currently aged approximately 17–27, is the age group that is beginning to

actively participate in economic and investment activities(Statistik, 2023). Data from the Indonesian Central Securities Depository (KSEI) for 2024 shows that the total number of stock investors in Indonesia stands at approximately 5.8 million individuals, with roughly 55–60% falling into the under-30 age group a demographic dominated by Generation Z (KSEI, 2024). However, when compared to Indonesia's Generation Z population, which exceeds 70 million, it is estimated that only about 4–5% of Generation Z are involved in stock investing (Statistik, 2023; KSEI, 2024). This comparison highlights a disparity in Generation Z's stock investment participation rates between developed countries such as the U.S. and developing countries such as Indonesia.

The disparity in Generation Z's stock investment participation rates between developed and developing countries indicates that young people's interest in stock investing is not solely influenced by the trend of increasing investor numbers, but is also linked to individuals' readiness to understand investments and their willingness to face the risks inherent in stock instruments. In this context, investment knowledge is a key component in shaping rational investment behavior, while risk tolerance determines an individual's willingness to face uncertainty and stock market fluctuations (Sabrina et al., 2024).

However, previous research on the contribution of investment knowledge and risk tolerance to stock investment interest has yielded inconsistent findings. Some studies suggest that risk tolerance has a positive effect on investment interest, but a study (Ramadhan & Said, 2025) actually shows that risk tolerance has a significant negative effect on investment interest among certain university students. Furthermore, a study (Hani et al., 2025) found that risk tolerance does not have a significant effect on students' interest in stock investment. These differing findings highlight inconsistencies in empirical results, opening the door for further testing, particularly within the context of Generation Z in a university setting.

Differences in Generation Z's interest in stock investing between developed countries and Indonesia, as well as inconsistent findings from previous research, indicate that the younger generation's interest in stock investing still requires further in-depth study. This situation has sparked researchers' interest in examining the extent to which investment knowledge and risk tolerance are related to Generation Z's interest in stock investment. This study was conducted to re-examine the relationship between these two variables in the context of college students, with the aim of providing a more comprehensive understanding of the relationship between investment knowledge and risk tolerance and interest in stock investment.

THEORITICAL REVIEW AND HYPOTHESIS DEVELOPMENT

Interest in Stock Investing

Interest in stock investment refers to an individual's tendency to demonstrate interest, attention, and intent in engaging in investment activities involving stock instruments. In the study of financial behavior, interest is understood as an initial state of readiness that reflects an individual's orientation toward an economic activity before the investment is actually carried out (Panjaitan & Ramadhani, 2023). According to (Andriani, 2019), interest in stock investment among the younger generation is linked to perceptions of potential returns, risks, and individuals' confidence in understanding investment mechanisms. In explaining interest in stock investment, investment knowledge is one of the factors that influence the development of individual interest in investing (Tumanggor et al., 2025). Investment knowledge refers to a person's level of understanding of the conceptual framework of investing, the characteristics of equity instruments, the mechanisms of the capital market, and the Investment knowledge enables individuals to evaluate financial information more objectively, thereby influencing their

interest in investment activities. A study initiated by (M. Mulyana et al., 2019) indicates that the level of investment knowledge among college students is related to their ability to understand investment risks and expected returns. Therefore, investment knowledge is viewed as a cognitive factor related to the formation of interest in stock investment (Yolanda, 2024). Risk tolerance indicates the extent to which an individual is willing to accept uncertainty in investment outcomes as well as potential losses that may arise from investment activities (N. F. Siregar & Anggraini, 2023). According to (Hidayat & Pamungkas, 2022), risk tolerance reflects an individual's attitude toward fluctuations in investment value and their ability to accept variations in investment returns. Meanwhile, research by (Frans & Handoyo, 2020) indicates that differences in risk tolerance levels can influence an individual's tendency to show interest in stock investments.

Investment Knowledge

In the financial literature, investment knowledge is understood as a cognitive capacity that encompasses an understanding of the relationship between risk and return, the concept of diversification, stock trading mechanisms, and information that influences price movements in the capital market (Rifani et al., 2025). (Lusardi et al., 2025) explain that financial knowledge reflects an individual's understanding of key concepts related to investing. (Darmawan et al., 2019) emphasize that the level of understanding regarding investment instruments is related to the extent to which an individual recognizes the characteristics and potential of a given instrument. Conceptually, the higher an individual's level of understanding, the greater their tendency to show interest in stock investment activities because they possess a more adequate understanding of the characteristics and dynamics of such instruments (Hardiati et al., 2022).

Risk Tolerance

An understanding of risk tolerance also encompasses an individual's comfort level with stock price fluctuations, their willingness to face uncertainty, and their acceptance of the principle that stock investments carry a level of risk that cannot be entirely eliminated. The level of risk tolerance relates to how individuals view uncertainty as an inherent characteristic of stock investments. Someone who is willing to make decisions involving a relatively higher level of risk generally has a much broader acceptance of stock price fluctuations, which is linked to a tendency to develop an interest in investing in stock instruments (Nasution et al., 2025). Risk tolerance can be understood through indicators that reflect an individual's readiness to face the risk characteristics of stock investments. These indicators include a willingness to accept potential losses in stock investments, the ability to remain calm when stock prices decline, the courage to face unstable market conditions, a willingness to invest in stocks with higher risk levels, comfort with the ups and downs of stock prices, confidence in assessing risks associated with stocks, and acceptance of the uncertainty that is always inherent in stock investments (A. Mulyana et al., 2023). These indicators reflect the psychological dimensions of risk tolerance associated with the characteristics of stock investments as risky instruments.

RESEARCH METHODS

This study employed a quantitative approach and an associative research design aimed at determining the influence of investment knowledge and risk tolerance on interest in stock investment. Data collection was conducted via a survey using a questionnaire

administered to respondents. Data were collected during a specific time period (cross-sectional), meaning all variables were measured at the same point in time.

The study population consisted of active students in the Faculty of Islamic Economics and Business (FEBI) at the State Islamic University of North Sumatra (UINSU) for the 2024/2025 academic year, totaling 4,553 students. This population was grouped into clusters based on study programs and semesters, with a focus on students in semesters 5–7 who had taken courses relevant to economics and investment. The study program clusters included Management, Sharia Accounting, Sharia Banking, Islamic Economics, and Sharia Insurance.

The sample size was determined based on a calculation using the Slovin formula with a margin of error of 10%, resulting in a minimum sample size of 98 respondents. However, to account for the possibility of unprocessable data, this study included 100 respondents, while the sampling technique was conducted proportionally based on study program clusters and semesters to ensure that each group was represented in the study.

The research instrument was designed as a closed-ended questionnaire using a 1–5 Likert scale, where a score of 1 indicates “strongly disagree” and a score of 5 reflects “strongly agree.” The variables of investment knowledge, risk tolerance, and interest in stock investment were measured through statements designed based on the indicators for each variable. The collected data was then analyzed using SPSS version 27 through descriptive statistics, validity tests, reliability tests, classical assumption tests, multiple linear regression analysis, t-tests, F-tests, and the coefficient of determination (R^2).

RESULTS AND DISCUSSION

Respondent Profile

This study involved 100 active students at FEBI UINSU aged 20–23. By gender, the majority of respondents were women, totaling 61 (61%), while men numbered 39 (39%). By program of study, the majority of respondents were from Management, totaling 51 students (51%), followed by Sharia Accounting with 20 students (20%), Islamic Economics with 19 students (19%), Sharia Banking with 9 students (9%), and Sharia Insurance with 1 student (1%). As for the semester, respondents were from the 5th to the 7th semesters, indicating that the respondents included students from the middle to the final years of their studies.

In terms of stock investment experience, the majority of respondents 95 people (95%) stated they had invested in stocks, while 5 people (5%) stated they had never invested in stocks. This finding indicates that the majority of respondents have experience or exposure to stock investment activities.

Additionally, respondents’ sources of investment knowledge came from various media and activities. The largest source of knowledge came from lectures, involving 31 respondents (31%), followed by social media (30 respondents, 30%), capital market training (25 respondents, 25%), investment apps (8 respondents, 8%), friends and family (5 respondents, 5%), and organizations or seminars (1 respondent, 1%). These results indicate that students’ level of investment knowledge is not derived solely from formal academic channels, but is also influenced by informal sources such as social media and investment apps.

Descriptive Statistics of Variables

Descriptive analysis was used to describe the characteristics of the data for each variable under study, namely investment knowledge (X1), risk tolerance (X2), and interest in stock investment (Y). Based on the Descriptive Statistics output in SPSS, the following results were obtained.

Table 1. Descriptive Statistics of Research Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Investment Knowledge	100	21	35	30.92	3.155

Risk Tolerance	100	24	35	30.39	3.184
Stock Investment Interest	100	22	35	32.58	2.746
Valid N (listwise)	100				

Source: Descriptive Statistics output from SPSS 27 (questionnaire data processed by researcher, 2025).

The number of respondents for the investment knowledge variable (N) was 100, with a minimum score of 21 and a maximum score of 35. The mean score was 30.92, with a standard deviation of 3.155. These results indicate that respondents' investment knowledge tends to be relatively strong, with a level of variation in responses that remains within reasonable limits. The most dominant indicator in the investment knowledge variable is knowledge regarding the concepts of risk and return in stock investments.

The risk tolerance variable also had a sample size of 100 respondents, with a minimum score of 24 and a maximum of 35. The mean score was 30.39 with a standard deviation of 3.184. These findings indicate that the respondents' risk tolerance is at a fairly adequate level, although there was variation in responses among respondents. The most dominant indicator in the risk tolerance variable is comfort with the ups and downs of stock price fluctuations.

Furthermore, the stock investment interest variable has a minimum value of 22 and a maximum of 35, with a mean of 32.58 and a standard deviation of 2.746. The relatively high mean indicates that respondents' interest in stock investment tends to be high. Additionally, the standard deviation, which is relatively lower compared to the other two variables, indicates that respondents' answers regarding the stock investment interest variable are relatively more homogeneous. The most dominant indicator for the stock investment interest variable is the intention to increase investments in the future.

Data Quality Testing

A. Validity Test

Validity testing aims to assess whether each statement in the questionnaire is capable of measuring the research variable. An item is considered valid if the calculated r is greater than the table r, making the instrument suitable for use as a research tool.

Table 2. Results of the Validity Test for the Research Instrument

Indikator	***Investment Knowledge* (X1)**	***Risk Tolerance* (X2)**	**Stock Investment Interest (Y)**	**Result**
X1.1	0.729			Valid
X1.2	0.597			Valid
X1.3	0.633			Valid
X1.4	0.662			Valid
X1.5	0.652			Valid
X1.6	0.664			Valid
X1.7	0.664			Valid
X2.1		0.659		Valid
X2.2		0.660		Valid
X2.3		0.761		Valid
X2.4		0.723		Valid
X2.5		0.700		Valid
X2.6		0.795		Valid
X2.7		0.644		Valid
Y.1			0.504	Valid
Y.2			0.462	Valid
Y.3			0.511	Valid
Y.4			0.384	Valid
Y.5			0.531	Valid
Y.6			0.521	Valid

Indikator	*Investment Knowledge* (X1)	*Risk Tolerance* (X2)	Stock Investment Interest (Y)	Result
Y.7			0.528	Valid

Source: Results of questionnaire data analysis using SPSS 27 (2025).

The basic criterion for decision-making in the validity test is that a statement item is deemed to meet the validity criteria if the calculated r value is greater than the table r value at a 5% significance level with a sample size (n) of 100; using degrees of freedom (df) = n − 2 = 98, the table r value is 0.197. Based on the validity test table presented, all items in the variables investment knowledge (X1), risk tolerance (X2), and interest in stock investment (Y) show calculated r values higher than 0.197; therefore, all items are considered suitable for use in the next stage of analysis.

B. Reliability Test

The reliability test aims to ensure the consistency of the research measurement instrument. In this study, reliability was assessed using Cronbach's Alpha. An instrument is declared reliable if the Cronbach's Alpha value exceeds 0.60.

Table 3. Reliability Test Results (Cronbach's Alpha)

Reliability Statistics	Nilai
Cronbach's Alpha	0.922
N of Items	21

Source: SPSS 27 data output (2025).

Based on the Reliability Statistics output from SPSS, the Cronbach's Alpha value was 0.922 across 21 items, which substantially exceeds the 0.60 threshold. All questionnaire items are therefore deemed reliable. The instrument demonstrates an excellent level of internal consistency and is suitable for use in subsequent analysis.

Classical Assumption Tests

A. Normality Test

The normality test was conducted to determine whether the regression residuals are normally distributed. Given the large sample size (n = 100), the Kolmogorov–Smirnov (K–S) test was employed. Residuals are considered normally distributed when the Asymp. Sig. (2-tailed) value exceeds 0.05.

Table 4. Normality Test Results (Kolmogorov–Smirnov)

One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual
N	100
Normal Parameters[ab]	
Mean	0.0000000
Std. Deviation	2.26035272
Most Extreme Differences	
Absolute	0.080
Positive	0.046
Negative	-0.080
Test Statistic	0.080
Asymp. Sig. (2-tailed)[c]	0.117
Monte Carlo Sig. (2-tailed)[d]	
Sig.	0.119
99% Confidence Interval Lower Bound	0.111
99% Confidence Interval Upper Bound	0.128

Source: SPSS 27 data output (2025).

Notes:

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 1724717747.

The K–S test on the unstandardized residuals yielded an Asymp. Sig. (2-tailed) value of 0.117. Since this value exceeds 0.05, it can be concluded that the residuals are normally distributed. The normality assumption is therefore satisfied, and the analysis may proceed to subsequent assumption tests.

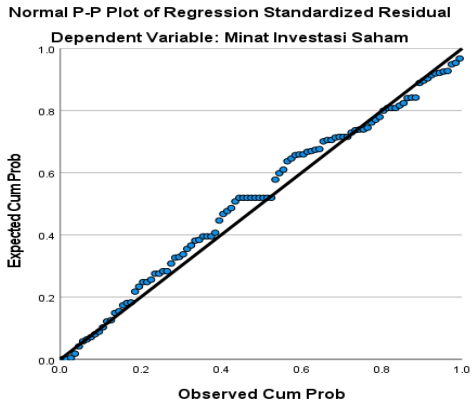

Figure 2. Normal P–P Plot of Residuals
Source: SPSS 27 data output (2025).

This result is further supported by the Normal P–P Plot of standardized residuals (Figure 2). The plot shows that data points cluster closely around the diagonal reference line, confirming that the residuals approximate a normal distribution. The normality assumption of the regression model is therefore fulfilled.

B. Multicollinearity Test

The multicollinearity test determines whether the independent variables are excessively correlated with one another. A well-specified model should be free of multicollinearity. The decision criteria are: Tolerance > 0.10 and VIF < 10 indicate the absence of multicollinearity.

Table 5. Multicollinearity Test Results (Tolerance and VIF)

Model	Variabel	B (Unstandardized)	Std. Error	Beta (Standardized)	t	Sig.	Tolerance	VIF
1	(Constant)	16.444	2.396		6.864	<0.001		
1	Investment Knowledge	0.230	0.107	0.264	2.139	0.035	0.460	2.176
1	Risk Tolerance	0.297	0.106	0.345	2.798	0.006	0.460	2.176

Source: SPSS 27 data output (2025).

Based on the Coefficients output in SPSS, investment knowledge and risk tolerance each have a Tolerance value of 0.460 and a VIF value of 2.176. Since Tolerance

> 0.10 and VIF < 10, the regression model is free from multicollinearity, and both variables can be used simultaneously.

C. Heteroscedasticity Test

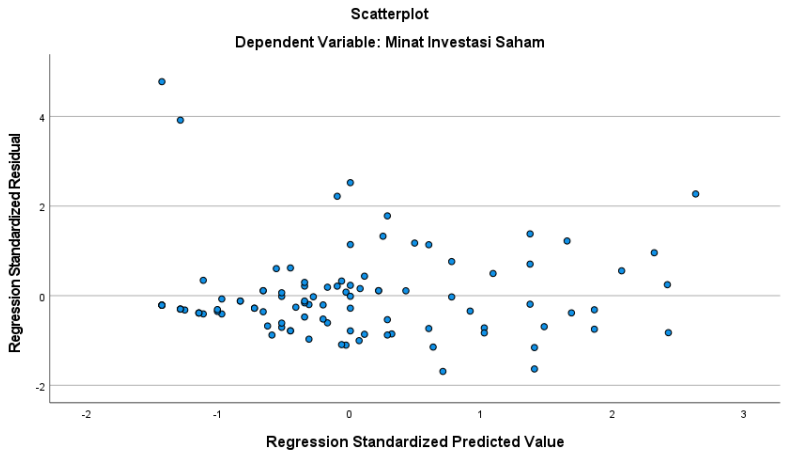

Figure 3. Scatterplot for Heteroscedasticity Test
Source: SPSS 27 data output (2025).

Examination of the scatterplot (Figure 3) shows that the residual points are scattered randomly around the zero line without forming any discernible pattern (e.g., fan-shaped, funnel-shaped, or systematic clustering). The balanced distribution of points above and below the zero line indicates a constant residual variance (homoscedasticity). The model is therefore free from heteroscedasticity and satisfies the classical assumption.

Multiple Linear Regression Analysis

Multiple Linear Regression Analysis was applied to estimate the effect of investment knowledge (X1) and risk tolerance (X2) on stock investment interest (Y). Based on the Coefficients output in SPSS, the constant value is 16.444, the coefficient for investment knowledge is 0.230, and the coefficient for risk tolerance is 0.297.

Table 6. Multiple Linear Regression Results (Coefficients)

Model	Variabel	B (Unstandardized)	Std. Error	Beta (Standardized)	t	Sig.
1	(Constant)	16.444	2.396		6.864	<0.001
1	Investment Knowledge	0.230	0.107	0.264	2.139	0.035
1	Risk Tolerance	0.297	0.106	0.345	2.798	0.006

Source: SPSS 27 data output (2025).

The resulting regression model is as follows:

Y = 16,444 + 0,230X1 + 0,297X2 + e

The constant of 16.444 indicates the expected stock investment interest when both predictors equal zero. The investment knowledge coefficient (0.230) indicates that each one-unit increase in investment knowledge is associated with a 0.230-unit increase in stock investment interest, holding risk tolerance constant. The risk tolerance coefficient (0.297) indicates that each one-unit increase in risk tolerance is associated with a 0.297-unit increase in stock investment interest, holding investment knowledge constant.

Hypothesis Testing

A. Partial t-Test

The partial t-test assesses the individual significance of each independent variable on the dependent variable. A variable is deemed significant when its Sig. value < 0.05, or when the t-calculated exceeds the t-table value. At df = 97 and α = 5%, the t-table value is 1.661.

Table 7. Hasil Regresi Linier Berganda (Coefficients)

Model	Variabel	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
1	(Constant)	16.444	2.396		6.864	< 0.001
1	Investment Knowledge	0.230	0.107	0.264	2.139	0.035
1	Risk Tolerance	0.297	0.106	0.345	2.798	0.006

Source: SPSS 27 data output (2025).

Based on the Coefficients output in SPSS, the variable investment knowledge yielded a t-calculated value of 2.139 with Sig. = 0.035. This significance value is below 0.05. Since t-calculated (2.139) exceeds t-table (1.661), investment knowledge has a significant partial effect on stock investment interest, supporting H1.

Furthermore, the risk tolerance variable yielded a t-calculated value of 2.798 with Sig. = 0.006, also below 0.05. Since t-calculated (2.798) exceeds t-table (1.661), risk tolerance has a significant partial effect on stock investment interest, supporting H2.

B. Simultaneous F-Test

The F-test was used to determine whether investment knowledge (X1) and risk tolerance (X2) simultaneously influence stock investment interest (Y). The model is deemed significant when Sig. < 0.05 or F-calculated exceeds the F-table value. At df1 = 2 and df2 = 97 with α = 5%, the F-table value is 3.09.

Table 8. Simultaneous F-Test Results (ANOVA)

Model	Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	240.550	2	120.275	23.065	< 0.001
1	Residual	505.810	97	5.215		
1	Total	746.360	99			

Source: SPSS 27 data output (2025).

The ANOVA output yielded an F-calculated value of 23.065 with Sig. < 0.001, which is below 0.05. Since F-calculated (23.065) substantially exceeds F-table (3.09), the result confirms that investment knowledge and risk tolerance simultaneously have a significant effect on stock investment interest.

C. Coefficient of Determination (R^2)

The coefficient of determination (R^2) quantifies the proportion of variance in the dependent variable explained by the independent variables. In this study, it reflects the

combined contribution of investment knowledge and risk tolerance in explaining stock investment interest.

Table 9. Coefficient of Determination (R^2) (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.568	0.322	0.308	2.284

Source: SPSS 27 data output (2025).

The Model Summary output shows an R Square of 0.322 and an Adjusted R Square of 0.308. The Adjusted R^2 of 0.308 indicates that investment knowledge and risk tolerance together explain 30.8% of the variance in stock investment interest, while the remaining 69.2% is attributable to other factors outside the model.

DISCUSSION

This discussion elaborates on the meaning of the research findings concerning the effect of investment knowledge and risk tolerance on stock investment interest among FEBI UINSU students (Generation Z). The results are interpreted through the lens of Behavioral Finance Theory, which posits that investment decisions are shaped not only by rational factors but also by cognitive capacities and psychological dispositions of individual investors (Almansour et al., 2023). The statistical tests confirm that both independent variables exert significant effects, both partially and simultaneously, on stock investment interest, affirming that the research model adequately captures the inter-variable relationships examined.

Effect of Investment Knowledge on Stock Investment Interest

The analytical findings indicate that *investment knowledge* has a significant positive effect on stock investment interest (Sig. = 0.035 < 0.05; β = 0.230), indicating a positive directional relationship between *investment knowledge* and stock investment interest among FEBI UINSU students. This finding is consistent with (Syaputra & Aslami, 2022) and (Anggraini & Ariani, 2025), which similarly reported a significant positive effect of investment knowledge on student investment interest. Theoretically, *investment knowledge* refers to an individual's understanding of concepts, characteristics, and the risk–return dynamics of stock investment factors directly associated with the formation of stock investment interest.

Based on these findings, students with a higher level of *investment knowledge* tend to exhibit stronger stock investment interest, as investment knowledge provides clearer insight into the characteristics and dynamics of stock investing. This is reflected in the dominant indicator of the *investment knowledge*, namely knowledge of risk–return concepts in stock investment, and the dominant indicator of stock investment interest, namely the intention to increase investment in the future. The prominence of both indicators suggests that as students' understanding of the risk–return relationship deepens, their tendency toward stock investment interest strengthens, as reflected through the intention to expand stock investment going forward. This finding is consistent with Sobaih and Elshaer (2023), who demonstrated that financial knowledge significantly enhances individuals' intention toward risky investments by improving their cognitive capacity to evaluate risk–return trade-offs.

Effect of Risk Tolerance on Stock Investment Interest

The analysis results show that *risk tolerance* has a significant effect on stock investment interest (Sig. = 0.006 < 0.05; with a positive regression coefficient of 0.297, indicating that a stronger risk tolerance level among respondents corresponds to a stronger stock investment interest. This finding is consistent with research by (Anggraini & Ariani, 2025) and (S. K. A. Siregar & Siregar, 2024), which similarly reported that risk tolerance influences student investment interest. This consistency demonstrates that *risk tolerance* is meaningfully associated with stock investment interest. Theoretically, *risk tolerance* is understood as the degree to which an individual is willing to accept the possibility of losses and fluctuations in

investment returns. In the context of stock investment, tolerance toward price changes and market uncertainty is associated with the emergence of stock investment interest.

Based on the research findings, students with a higher level ofrisk tolerance are more likely to exhibit stronger interest in stock investing as they are able to accept the risk dynamics inherent in stock instruments. This is reflected in the dominant indicator of the *risk tolerance*, namely comfort with the ups and downs of stock price fluctuations, and the dominant indicator of stock investment interest, namely the intention to increase investment in the future. The relationship between these two indicators demonstrates that students who feel more comfortable with stock price movements tend to exhibit a stronger intensity of interest in stock investment, as reflected through their intention to expand stock investment going forward. This finding aligns with Grable and Rabbani (2023), who found that individuals with higher financial risk tolerance demonstrated a stronger propensity toward investment engagement, underscoring the role of psychological comfort with uncertainty as a key driver of investment interest.

Simultaneous Effect of Investment Knowledge and Risk Tolerance on Stock Investment Interest

The analytical findings indicate that *investment knowledge* and *risk tolerance* simultaneously have a significant effect on stock investment interest (Sig. = 0.000 < 0.05; F-calculated = 23.065 > F-table = 3.09), confirming that both variables are jointly associated with stock investment interest. The coefficient of determination (R^2 = 0.308) indicates that 30.8% of the variance in stock investment interest can be explained by *investment knowledge* and *risk tolerance*, while the remaining 69.2% is attributable to factors outside the model. This finding is consistent with (Anggraini & Ariani, 2025) and (Syaputra & Aslami, 2022), which showed that investment knowledge and risk tolerance simultaneously influence investment interest. Theoretically, *investment knowledge* refers to knowledge of the characteristics, risks, and return potential of stock investment, whereas *risk tolerance* relates to an individual's level of acceptance of value fluctuations and uncertainty inherent in stocks, such that both variables are jointly associated with stock investment interest.

Based on these results, the researchers conclude that among students, the combined relationship between *investment knowledge* and *risk tolerance* is jointly associated with stock investment interest. This is reflected in the dominant indicator of the *investment knowledge*, namely knowledge of risk–return concepts in stock investment, and the dominant indicator of the *risk tolerance*, namely comfort with the ups and downs of stock price fluctuations. Meanwhile, the stock investment interest variable, the most dominant indicator is the intention to increase investments in the future. This convergence of the three dominant indicators demonstrates that when students possess knowledge of risk return trade-offs and feel comfortable with stock price movements, their stock investment interest as reflected through the intention to increase stock investment tends to be stronger.

CONCLUSION

The analytical findings indicate that *investment knowledge* has a significant positive effect on stock investment interest (Sig. = 0.035 < 0.05; β = 0.230), indicating a positive directional relationship between *investment knowledge* and stock investment interest among FEBI UINSU students. The analysis results also show that *risk tolerance* has a significant effect on stock investment interest (Sig. = 0.006 < 0.05; with a positive regression coefficient of 0.297, indicating that stronger risk tolerance corresponds to stronger stock investment interest. *investment knowledge* and *risk tolerance* simultaneously have a significant effect on stock investment interest (Sig. = 0.000 < 0.05; F-calculated = 23.065 > F-table = 3.09), confirming that both variables are jointly associated with stock investment interest. The coefficient of determination (R^2 = 0.308) indicates that 30.8% of the variance in stock investment interest can be explained by *investment knowledge* and *risk tolerance*, while the remaining 69.2% is attributable to other factors outside the model.

From a theoretical perspective, this study contributes to the behavioral finance literature by empirically demonstrating that cognitive and psychological factors specifically investment knowledge and risk tolerance jointly determine stock investment interest among Generation Z students in an Islamic university context. These findings extend and support the propositions of Behavioral Finance Theory and align with the interplay between financial literacy, risk tolerance, and financial behavior documented by. From a practical standpoint, the findings carry important implications for investment education program design. Universities, particularly Islamic higher education institutions, should incorporate structured financial literacy programs that emphasize risk return concepts and cultivate psychological readiness toward market volatility. Investment galleries and capital market training activities embedded within the academic curriculum can serve as effective venues for building both investment knowledge and risk tolerance among Generation Z students. Policymakers and financial regulators may also leverage these findings to design targeted financial education campaigns aimed at accelerating young investor participation in Indonesia's capital market.

This study is not without limitations. First, the sample was drawn exclusively from FEBI UINSU, limiting the generalizability of the findings to other universities or regions in Indonesia. Second, the cross-sectional research design captures data at a single point in time, precluding causal inferences over time. Third, the model explains only 30.8% of the variance in stock investment interest, indicating that additional variables such as financial self-efficacy, subjective norms, digital platform access, or Islamic financial values may account for a substantial portion of the unexplained variance. Future research is encouraged to employ longitudinal designs, expand the sample to include multiple institutions across different provinces, and explore potential mediating or moderating variables such as emotional intelligence, real estate investment intention, or the interplay between financial literacy and investment behavior in Islamic finance contexts.

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