



Investment Policy Analysis Between Generation Z and Millennial Generation

Fadali Rahman¹, Aditya Iskandar Syah^{2*}, Aisyah Safitri³, Ayu Maulidia⁴, Subhan⁵

^{1,2,3,4,5}University of Madura, Madura, Indonesia

fadali.rahman@unira.ac.id¹, adityaiskandarsyah0703@gmail.com^{2*}, aisyahsafitri355@gmail.com³, ayua02845@gmail.com⁴, subhan@unira.ac.id⁵

Abstract

This study aims to analyze and This study uses a quantitative approach with a comparative associative survey method and involves 100 respondents (50 Gen Z and 50 Millennials) who are domiciled in Indonesia and have investment experience, with a *purposive sampling technique*. comparing investment policies between Generation Z and Millennials in Indonesia. These two demographic groups are "Digital Natives" who are familiar with the development of information technology and investment applications. Primary data were collected through an *online questionnaire* and analyzed using Multiple Linear Regression and *Independent Sample t-test* with the help of the SPSS program. The results of the regression analysis show that financial literacy (X1), investment knowledge (X2), and investment risk (X3) simultaneously and partially have a significant effect on investment policy (Y) in both generations. The coefficient of determination (R²) value of 0.652 indicates that 65.2% of the variation in investment policy can be explained by these three variables. The results of the comparative test (*Independent Sample t-test*) with a Sig. (2-tailed) value = 0.018 (<0.05) indicate a significant difference in investment policies between Generation Z and the Millennial Generation. Generation Z (born 1996–2010) tends to be more daring in taking risks and is quicker in adopting digital investment technologies such as applications (Bibit, Bareksa, Ajaib, IPOT), and chooses instruments with medium to high risk (stocks and digital assets). The Millennial generation (born 1981–1995) exhibits more conservative behavior, oriented towards the security and stability of assets, with a preference for relatively low-risk instruments such as mixed mutual funds, deposits, and *blue-chip stocks*. These findings reinforce *Behavioral Finance theory*, emphasizing the importance of individual understanding, experience, and risk perception in investment decision-making. The research's implications suggest the need for the government/OJK to expand digital financial literacy programs tailored to each generation, as well as the development of educational and secure features by securities firms.

Keywords: *Investment Policy, Generation Z, Millennials, Financial Literacy, Investment Risk, Investment Decisions.*

1. Introduction

In today's digital era, investment decisions are no longer solely influenced by financial capital, but also by financial literacy, access to information, and the ability to adapt to technology. Millennials and Generation Z play a crucial role in Indonesia's economic development, particularly in investment activities. These two generations have distinct characteristics in terms of life experiences, digital skills, and how they perceive financial risks and opportunities. According to the Financial Services Authority (OJK, 2024), financial literacy in Indonesia continues to improve, with the literacy index reaching 65.43% and financial inclusion at 75.02%. This demonstrates progress in public understanding of financial products, but specific strategies are still needed for the younger generation to enable them to invest intelligently and responsibly.

In the context of investment policy, the government and financial institutions play a crucial role in creating regulations and a conducive investment environment for the public. Investment policy not only regulates investment procedures and instruments but also encompasses aspects of investor protection, information transparency, and the development of financial literacy (Bodie, Kane, & Marcus, 2018). This policy is expected to create an inclusive financial system, enabling both Millennials and Gen Z to actively participate in investment activities. Millennials generally exhibit more cautious investment behavior and consider long-term stability. In contrast, Generation Z, who grew up amidst advances in digital technology, is more open to innovations such as app-based investments, crypto assets, and peer-to-peer lending. [4]note that Gen Z's digital native nature makes them more willing to take risks, although this is often not accompanied by adequate financial literacy.

Data from the Indonesia Stock Exchange [9] shows that investors under 30—most of whom are Gen Z—contribute to more than 55% of total retail investors. This presents both an opportunity and a challenge for policymakers. If investment policies can be tailored to the characteristics and needs of these two generations, the potential for increased investment participation in Indonesia will be even greater. However, without adaptive and educational policies, such participation could pose risks to financial market stability.

Thus, research on Investment Policy Analysis between Generation Z and Millennials is important to understand the extent to which existing policies are able to address the differences in the characteristics of the two generations in investing. The results of this analysis are expected to provide input for the government, financial institutions, and the public in creating more effective, inclusive, and sustainable investment policies. Generation Z and Millennials are two demographic groups that are the main focus in the dynamics of modern investment, especially in the Indonesian context. Growing up in the era of rapid information technology, they tend to have higher financial literacy and are more open to digital investment than the Millennial generation.

Millennials and Gen Z share similarities as "digital natives" familiar with the development of information technology and investment applications [8]. The rapid development of investment applications, online trading services, and the massive availability of information have encouraged them to start investing [2]. In fact, during times of crisis such as the pandemic, investment interest among Millennials and Gen Z tends to increase, driven by free time and the opportunity for declining instrument prices in the capital market [2].

However, there are fundamental differences that influence the investment policies of both generations. While older Millennials tend to have larger investment assets, Generation Z faces the challenge of building financial resilience amidst fluctuating economic conditions [8]. Factors such as financial literacy, investment risk, and investment knowledge play a crucial role in decision-making [2].

With investment experience and financial behavior being important factors that influence the investment decisions of these two generations, and the purpose of this journal is to A deep understanding of the differences in investment policies between generation Z and millennials is very important to optimize investment strategies and encourage broader financial inclusion in the digital era.

2. Literature Review

2.1. Investment Policy

Investment policy comprises various rules, regulations, and strategies designed to guide the public in investing. According to [1], investment policy can encompass aspects of investment instrument regulation, financial literacy, and government-determined fiscal incentives. In Indonesia, the Financial Services Authority (OJK) plays a role in developing policies that promote financial inclusion, including through investment education and digitalization programs (OJK, 2024).

2.2. Financial Literacy and Investment Decisions

Financial literacy is a crucial factor influencing investment behavior. Chen and Volpe (1998) stated that the level of understanding of financial instruments is directly related to the quality of investment decision-making. [3] found that investment knowledge, financial literacy, and risk perception positively influence investment decisions among Millennials and Generation Z. This suggests that financial literacy policies should be directed at improving the practical understanding of both generations.

2.3. Millennials and Their Investment Characteristics

The Millennial generation (born around 1980–1995) tends to be experiencing a transition phase from a traditional to a digital economy. They are more cautious in making investment decisions due to their long-term orientation and stability considerations. According to , Millennials prefer relatively safe investment instruments, such as deposits, mutual funds, or large-cap stocks, over high-risk instruments.

2.4. Generation Z and Their Investment Characteristics

Generation Z (born around 1996–2010) grew up in a digital environment. Exposure to social media, financial influencers, and the fear of missing out (FoMO) trend has made them more willing to take risks in investing[5]. [7] also showed that Gen Z's investment interest tends to be high, but is not always accompanied by adequate financial literacy. Therefore, investment policies for Gen Z need to emphasize digital-based education and consumer protection.

3. Materials And Methods

3.1. Research Methods

This study uses a quantitative approach with a survey method to analyze and compare investment policies between Generation Z and Millennials in Indonesia. A quantitative approach was chosen because it allows researchers to objectively and measurably examine the relationships between variables.

3.1.1. Types and Approaches of Research

This research is a comparative associative study , aiming to determine the differences and relationships between factors influencing investment policy across two different generations. The study was conducted by collecting numerical data through an online questionnaire (Google Form) compiled based on variable indicators from previous studies.

3.1.2. Population and Sample

The population of this study includes all *Generation Z and Millennial individuals* who have experience or knowledge in investment activities, whether in the capital market, mutual funds, or digital assets.

The sampling technique uses purposive sampling, namely selecting samples based on certain criteria, including:

1. Respondents belong to Generation Z (born 1996–2010) or Millennials (born 1981–1995),
2. Have or are currently investing, and
3. Domiciled in Indonesia.

The sample size was determined using the Slovin formula as used by [2][6] With a 10% error rate (e) of the estimated population of young investment app users in Indonesia, a minimum of 100 respondents was obtained, consisting of approximately 50 Generation Z respondents and approximately 50 Millennial Generation respondents.

3.1.3. Data collection technique

Primary data was obtained through an online questionnaire distributed on a Likert scale of 1–5, ranging from “Strongly Disagree” to “Strongly Agree.” Questions in the questionnaire included the following indicators:

3.1.4. Data Analysis Techniques

Data analysis was performed using the SPSS program. The analysis stages include:

1. Validity and Reliability Test to ensure the reliability of the instrument,
2. Classical Assumption Test (normality, multicollinearity, heteroscedasticity),
3. Multiple Linear Regression Test to test the influence of financial literacy, risk, and investment knowledge on investment policy,
4. The t-test and F-test are used to determine the partial and simultaneous effects between variables, as well as
5. Comparative Test (Independent Sample t-test) to compare investment policies between Generation Z and Millennials.
6. Location and Time of Research

The research was conducted online from September to December 2025 with respondents spread across various regions of Indonesia, particularly Madura and East Java as the main representatives.

4. Results and Discussion

4.1. Respondent General Description

This study involved 100 respondents, consisting of 50 Generation Z respondents (born 1996–2010) and 50 Millennials (born 1981–1995). Based on the questionnaire results, most respondents were aged 20–30 years, with a bachelor's degree and domiciled in Madura and East Java. The majority of respondents (72%) already have investment experience, particularly through digital platforms like Bibit, Bareksa, Ajaib, and IPOT. This indicates that the use of digital technology is a crucial factor in facilitating online investment access for both generations.

4.2. Validity And Reliability Test

The research instrument was tested using Pearson Correlation for validity and Cronbach Alpha for reliability. The results of the validity test show that all question items have a calculated r value $>$ r table (0.196), meaning that all statement items are declared valid. The results of the reliability test showed a Cronbach Alpha value of 0.873, which means that all variables have a high level of consistency (reliability).

4.3. Multiple Linear Regression Analysis Results

Regression analysis was used to determine the influence of financial literacy (X_1), investment knowledge (X_2), and investment risk (X_3) on investment policy (Y) in both generations.

The regression equation obtained is:

$$[Y = 2.418 + 0.312X_1 + 0.287X_2 + 0.265X_3 + e] \quad (1)$$

Interpretation of results:

The *financial literacy coefficient* (0.312) shows that increasing financial literacy will improve the quality of investment policies of both generations. *Investment knowledge coefficient* (0.287) has a positive effect on the ability to make rational investment decisions. *Investment risk coefficient* (0.265) shows that the higher the awareness of risk, the more careful respondents are in determining investment strategies. value is 0.652, which means that 65.2% of investment policy can be explained by these three variables, while the remainder is influenced by other factors outside the research model. Comparison Test (Independent Sample t-Test), The t-test results show a significant difference

between Generation Z and Millennials regarding investment policies, with a Sig. (2-tailed) value = 0.018 < 0.05. This means that there are real differences in the way the two generations make decisions and manage their investment policies. Generation Z tends to be more willing to take risks and rely on digital applications in investment, in line with research results [8]. The Millennial generation is more oriented towards asset security and stability, and uses a more fundamental analysis approach as stated [2]

5. Discussion

5.1. Investment Policy in Indonesia

Investment policy is a series of rules, strategies, and instruments designed by the government and financial institutions to encourage investment activity in the community. The primary goal of investment policy is to create a conducive, transparent, and safe investment climate for all levels of society, including the younger generation. According to Bodie, Kane, and Marcus (2018), investment policy should ideally balance returns and risk, while also considering investor protection. In Indonesia, investment policy is regulated by various institutions, such as the Financial Services Authority (OJK), the Ministry of Finance, and the Indonesia Stock Exchange (IDX), which play a role in overseeing market transparency and educating investors. In recent years, the government has strived to strengthen inclusive policies to make investment accessible to the wider community, including through Digital Financial Literacy and Investor Education programs. According to the 2024 National Survey on Financial Literacy and Inclusion by the Financial Services Authority (OJK), Indonesia's financial literacy rate increased to 65.43%, indicating progress in understanding financial products. However, a gap remains between literacy skills and investment behavior, particularly among Generation Z and Millennials. Research shows that financial literacy, investment knowledge, and investment risk significantly influence investment policy across both generations. This finding strengthens the theory of Behavioral Finance, which explains that investment behavior is not only determined by rational aspects, but also by the understanding, experience, and risk perception of each individual. Among Generation Z, high financial literacy encourages them to more quickly adopt app-based investment technology [8]. They tend to invest in medium- to high-risk instruments, such as stocks and digital assets, in the hope of achieving large returns in a short period of time. Meanwhile, Millennials exhibit more conservative investment behavior. They are more careful in considering economic stability and financial security, as explained by [2]. Millennials prefer instruments such as balanced mutual funds, deposits, and blue-chip stocks, which carry relatively low risk. In addition, these results are in line with (Rahman et al., 2025) which emphasizes the importance of promotion and quality of digital investment services in influencing people's financial decisions. In general, the results of this study prove that increasing financial literacy and access to investment technology.

5.2. Characteristics of the Millennial Generation in Investment

Millennials, born between 1981 and 1996, are a group now of productive age and possessing substantial purchasing power. They grew up during a technological transition—between the conventional and digital eras—and thus exhibit a relatively cautious nature when making financial decisions. According to [3], Millennials tend to choose stable and easy-to-understand investment instruments, such as deposits, mutual funds, and blue-chip stocks. Furthermore, they prioritize security and long-term investment. Their improved financial literacy compared to previous generations enables Millennials to assess risks and opportunities more rationally. However, the main challenges facing this generation are overthinking risks and relying on sometimes inaccurate digital information. Therefore, investment policies aimed at Millennials need to emphasize data-driven education and investor protection to ensure their investment decisions are more informed and efficient.

5.3. Characteristics of Generation Z in Investment

Generation Z, born between 1997 and 2012, are known as digital natives because they grew up amidst the rapid development of information technology. They have a high adaptability to digital innovation, including in financial activities and investments. Based on research by [5], Gen Z tends to invest through digital platforms such as stock apps, peer-to-peer lending, and crypto assets. Despite their greater willingness to take risks, Gen Z often lacks mature financial literacy. Many of them make investment decisions based on social media trends without in-depth analysis. This makes them more susceptible to speculative investments. Therefore, investment policies need to be geared toward providing practical and educational guidance that aligns with their digital mindset, such as providing interactive investment education apps and transparent, real-time market information.

5.4. The Relationship between Investment Policy and Generation Z and Millennials

A sound investment policy must adapt to the dynamics of generational behavior. Millennials and Generation Z differ significantly in how they access, understand, and evaluate investment information. Millennials require security and legal certainty, while Gen Z demands easy access and speed of information. Therefore, the government and financial institutions need to develop adaptive and participatory policies. For example, this could include expanding digital financial education, providing app-based investment platforms with robust security features, and introducing youth-friendly investment instruments such as micro-investments or short-term investments. With the implementation of inclusive policies, these two generations will not only act as consumers of financial products but also as drivers of national economic growth by increasing participation in the capital market. In line with the OJK's (2024) opinion, financial literacy and equitable policies will be essential foundations for building a sustainable investment ecosystem.

6. Conclusion

Based on the results of a study conducted on 100 respondents from Generation Z and Millennials in Indonesia, it can be concluded that financial literacy, investment knowledge, and risk awareness significantly influence the investment policies of both generations. The coefficient of determination (R^2) of 0.652 indicates that these three variables can explain 65.2% of the variation in investment policies. Generation Z tends to be more risk-taking and quicker to adopt digital investment technologies, such as Bibit, Bareksa, Ajaib, and IPOT. They are more open to medium- to high-risk instruments like stocks and digital assets. In contrast, Millennials are more cautious and focused on the security and stability of their assets, preferring instruments like balanced mutual funds, deposits, and blue-chip stocks. The significant difference between the two generations is reinforced by the results of *the independent sample t-test* with a Sig. (2-tailed) value of $0.018 < 0.05$, indicating that there are significant differences in investment policies between generations. This finding reinforces the *Behavioral Finance theory*, which emphasizes that investment decisions are not only based on rationality but also on experience, risk perception, and the level of financial literacy of each individual.

7. Suggestion

Based on the results of the research and discussions that have been carried out, several things are recommended for the related parties:

1. The government and the Financial Services Authority (OJK) are expected to expand and strengthen digital financial literacy programs tailored to the characteristics of each generation. Financial education based on interactive apps, webinars, and social media content can be effective tools to increase public understanding, particularly among Generation Z, regarding risk management and sound investment strategies.
2. Companies and digital investment platform developers need to develop informative and secure educational features to not only facilitate transactions but also provide young investors with adequate financial insight. Implementing technologies such as *artificial intelligence* to provide investment recommendations tailored to users' risk profiles, along with improving data security, will strengthen young investors' confidence in the capital market.
3. For academics and researchers, it is recommended that future research expand the sample size and include other variables such as *financial attitudes*, *behavioral bias*, or the influence of social media on investment behavior. This way, future research results can provide a more comprehensive and representative picture of the dynamics of investment behavior across generations in Indonesia.
4. Finally, for the general public and individual investors, especially young people, it is crucial to continuously improve their financial literacy and understand their personal risk profile before making investment decisions. Awareness of the importance of long-term financial planning and selecting instruments that align with their financial capabilities will help create wiser, safer, and more sustainable investment policies.

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