Financial Literacy, Digital Financial Inclusion, and Investment Decision Making among Young Consumers: Evidence from Eastern Indonesia

Grace Sriati Mengga[1]*, Stefani Marina Palimbong[1], Fariel Marselino Taluari[1], Nafisah Khusmawati[1], Komm Pechinthorn[2]

[1]*Universitas Kristen Indonesia Toraja, Indonesia*
[2] *Thai Global Business Administration Technological College, Thailand*
**Corresponding author. Email: gea.gsm29@gmail.com*

ABSTRACT

Toraja local products have strong cultural value and market potential because they represent heritage, authenticity, and regional identity. However, cultural uniqueness and digital exposure may not directly lead to purchase intention without consumer trust. This study examines the influence of Cultural Branding and Digital Marketing Engagement on Consumer Purchase Intention toward Toraja local products, with Brand Trust as a mediating variable. A quantitative approach was used by distributing structured questionnaires to 150 respondents who had awareness of or experience with Toraja local products. The data were analyzed using SPSS through validity and reliability tests, normality tests, regression analysis, t-tests, F-tests, and mediation analysis. The findings show that Cultural Branding and Digital Marketing Engagement have positive and significant effects on Brand Trust. Brand Trust also has a positive and significant effect on Consumer Purchase Intention. However, Cultural Branding and Digital Marketing Engagement do not directly influence Consumer Purchase Intention. The mediation results confirm that Brand Trust mediates the relationships between Cultural Branding and Consumer Purchase Intention, as well as between Digital Marketing Engagement and Consumer Purchase Intention. This study highlights that consumer purchase intention toward Toraja local products is mainly formed through a trust-based mechanism. The findings contribute to cultural branding and digital marketing literature by emphasizing Brand Trust as a key mediator in transforming cultural identity and digital engagement into purchase intention.

Keywords: *Cultural Branding, Digital Marketing Engagement, Brand Trust, Consumer Purchase Intention, Toraja Local Products.*

1. INTRODUCTION

Investment decision making has become an increasingly important issue among young consumers in the digital financial era. Young consumers are no longer passive users of financial products, but are increasingly exposed to various investment instruments, digital financial platforms, mobile banking services, e-wallets, online trading applications, robo-advisory services, and financial technology-based investment information. This development creates new opportunities for young consumers to participate in investment activities. However, it also creates new challenges because investment decisions require adequate financial knowledge, access to reliable digital financial services, and the ability to evaluate risk and return rationally.

In Indonesia, financial literacy and financial inclusion have become important national priorities. The expansion of digital financial services has made financial products more accessible to society, including young consumers. Digital platforms allow individuals to save, transfer money, invest, compare financial products, and access financial information more easily. However, greater access does not always guarantee better financial decision making. When young consumers have access to digital financial services without sufficient financial literacy, they may be more vulnerable to impulsive investment behavior, misinformation, illegal investment schemes, excessive risk-taking, and poor portfolio decisions.

Financial Literacy refers to the ability of individuals to understand financial concepts, manage personal finances, evaluate financial products, assess risk, and make informed financial decisions. In the investment context, financial literacy helps young consumers understand the relationship between risk and return, distinguish between investment and speculation, evaluate investment alternatives, and avoid irrational financial decisions. Wendy (2024) found that financial literacy has a positive and significant impact on investment decisions among Indonesian investors, indicating that financial knowledge can improve the quality of investment decision making. Similarly, Yanti and Endri (2024) emphasized that financial literacy plays an important role in explaining investment decisions among millennial investors.

Financial Literacy is particularly important for young consumers because this group is often at an early stage of income generation, wealth accumulation, and financial independence. Young consumers may have strong interest in investment but limited experience in evaluating financial instruments. They are also more exposed to digital investment content through social media, influencers, online communities, and financial applications. Ningtyas et al. (2024) showed that digital financial literacy positively affects investment decisions among Muslim Generation Z, while social media also contributes to strengthening digital financial literacy. This indicates that young consumers' investment behavior is increasingly shaped by the interaction between financial knowledge and digital information exposure.

Alongside Financial Literacy, Digital Financial Inclusion has become an essential factor in shaping modern investment behavior. Digital Financial Inclusion refers to the availability, accessibility, affordability, and effective use of digital financial services by individuals. It includes access to mobile banking, e-wallets, online investment platforms, digital payment systems, fintech services, and digital financial information. For young consumers, digital financial inclusion makes investment activities more practical because they can access financial products, monitor portfolios, conduct transactions, and obtain investment information through digital channels.

In Eastern Indonesia, Digital Financial Inclusion is especially relevant because geographical distance, infrastructure gaps, and unequal access to conventional financial institutions may influence how young consumers participate in financial activities. Digital financial services can reduce physical barriers by allowing consumers to access financial products without depending entirely on branch-based services. However, the effectiveness of digital financial inclusion depends on whether young consumers have the knowledge and confidence to use digital financial services safely and productively. Thus, digital financial inclusion should not be understood merely as access, but also as meaningful and responsible participation in digital finance.

Recent studies indicate that financial literacy can strengthen financial inclusion because individuals with better financial knowledge are more capable of understanding, selecting, and using financial services appropriately. Financial literacy enables consumers to evaluate digital financial products, understand service features, recognize potential risks, and use financial technology more confidently. Thomas et al. (2024) found that financial literacy, social capital, and financial technology positively influence financial inclusion among Indonesian students. This supports the argument that financial literacy can encourage young consumers to participate more actively in digital financial services.

Digital Financial Inclusion may also influence Investment Decision Making. When young consumers have access to reliable digital financial services, they can obtain investment information more easily, compare products, evaluate market opportunities, and execute investment decisions more efficiently. Digital platforms can support investment decision making by providing portfolio information, price movements, educational content, risk profiles, and transaction facilities. Kusumawardhani (2025) showed that digital financial literacy influences consumer financial behavior among Indonesian millennials, including saving behavior and future financial intentions. This suggests that digital financial capability and access can shape financial behavior in the digital economy.

Investment Decision Making refers to the process by which individuals evaluate investment alternatives, assess risks and returns, allocate funds, and decide whether to invest in certain financial products. For young consumers, investment decision making may be influenced by financial knowledge, digital access, peer influence, social media exposure, risk perception, income level, and financial goals. Good investment decision making requires the ability to process information, avoid emotional bias, evaluate product suitability, and consider long-term financial consequences. Recent research on Generation Z investors in Indonesia also shows that financial literacy and investment intention are important factors influencing investment decisions, confirming the relevance of financial capability in young investor behavior.

Previous studies have examined financial literacy, digital financial literacy, fintech adoption, financial inclusion, and investment behavior in different contexts. However, limited research has integrated Financial Literacy, Digital Financial Inclusion, and Investment Decision Making into a single model, particularly in the context of young consumers in Eastern Indonesia. This gap is important because young consumers in Eastern Indonesia may face different access conditions, digital infrastructure realities, and financial learning environments compared to consumers in more developed urban regions.

This study positions Digital Financial Inclusion as a mediating variable between Financial Literacy and Investment Decision Making. The logic is that Financial Literacy may improve Investment Decision Making directly by strengthening financial understanding, but it may also work indirectly by encouraging young consumers to use digital financial services more effectively. Financially literate young consumers are expected to be more capable of accessing and utilizing digital financial platforms, and this digital inclusion may subsequently support better investment decisions. Therefore, Digital Financial Inclusion becomes a mechanism that explains how financial literacy can be transformed into investment decision-making capability.

Accordingly, this study aims to examine the influence of Financial Literacy and Digital Financial Inclusion on Investment Decision Making among young consumers in Eastern Indonesia. Specifically, this study investigates whether Financial Literacy influences Digital Financial Inclusion, whether Financial Literacy directly influences Investment Decision Making, whether Digital Financial Inclusion influences Investment Decision Making, and whether Digital Financial Inclusion mediates the relationship between Financial Literacy and Investment Decision Making.

This study contributes to the literature by developing an integrated model that connects Financial Literacy, Digital Financial Inclusion, and Investment Decision Making in the context of young consumers. Theoretically, this study enriches financial behavior and digital finance literature by positioning Digital Financial Inclusion as a key mechanism that links financial knowledge with investment decision-making capability. Practically, the findings are expected to provide insights for financial institutions, fintech providers, regulators, universities, and financial education programs in designing strategies that improve financial literacy, expand responsible digital financial inclusion, and support better investment decisions among young consumers in Eastern Indonesia.

1.1. Financial Literacy

Financial Literacy refers to an individual's ability to understand financial concepts, manage financial resources, evaluate financial risks, and make informed financial decisions. In the context of investment, financial literacy includes knowledge of investment products, risk and return, diversification, inflation, interest rates, financial planning, and the ability to distinguish between rational investment opportunities and speculative financial behavior. Financial literacy is particularly important for young consumers because they are increasingly exposed to digital financial products, online investment platforms, financial influencers, and social media-based investment information.

Young consumers with higher financial literacy are more likely to understand the consequences of their financial decisions. They can evaluate investment alternatives more carefully, assess risk tolerance, avoid illegal investment schemes, and make decisions based on financial goals rather than short-term emotional impulses. In Eastern Indonesia, financial literacy is highly relevant because young consumers may face unequal access to financial education, limited formal financial exposure, and growing dependence on digital financial platforms.

Recent studies support the importance of financial literacy in investment behavior. Wendy (2024) found that financial literacy has a positive and significant effect on investment decisions among Indonesian investors. Yanti and Endri (2024) also emphasized that financial literacy plays an important role in explaining investment decisions among millennial investors. These findings indicate that financial literacy can improve the quality of financial reasoning and investment decision making.

In this study, Financial Literacy is positioned as an independent variable that influences both Digital Financial Inclusion and Investment Decision Making. The logic is that young consumers who understand financial concepts are more capable of using digital financial services and making better investment decisions.

1.2. Financial Literacy and Digital Financial Inclusion

Digital Financial Inclusion refers to the extent to which individuals can access, use, and benefit from digital financial services. These services include mobile banking, digital wallets, online investment applications, digital payment platforms, fintech lending, digital savings products, and digital financial information. Digital financial inclusion does not only mean having access to digital financial services, but also being able to use them safely, effectively, and productively.

Financial Literacy can strengthen Digital Financial Inclusion because consumers with better financial knowledge are more capable of understanding digital financial products and services. Financially literate young consumers are more likely to know how to use mobile banking, evaluate transaction costs, compare financial platforms, understand investment application features, and recognize financial fraud risks. Therefore, financial literacy can increase confidence and willingness to use digital financial services.

In the context of Eastern Indonesia, this relationship is particularly important because digital financial services can help reduce geographical barriers to financial access. However, access alone is not sufficient. Young consumers need financial knowledge to use digital services responsibly. Without adequate literacy, digital access may increase exposure to financial risks, impulsive transactions, and poor investment decisions.

Thomas et al. (2024) found that financial literacy, social capital, and financial technology positively influence financial inclusion among Indonesian students. This finding supports the view that financial knowledge can encourage more active participation in formal and digital financial systems. Therefore, this study proposes the following hypothesis:

H1: Financial Literacy has a positive effect on Digital Financial Inclusion.

1.3. Financial Literacy and Investment Decision Making

Investment Decision Making refers to the process of evaluating investment alternatives, assessing risk and return, allocating funds, and choosing investment products based on financial goals and available information. Good investment decision making requires the ability to process financial information, control emotional bias, evaluate product suitability, and understand the long-term consequences of investment choices.

Financial Literacy is expected to influence Investment Decision Making because financially literate consumers are more capable of making rational and informed investment choices. Young consumers with adequate financial literacy can understand the difference between saving and investing, evaluate stock, mutual fund, gold, cryptocurrency, and other investment alternatives, and assess whether a product is suitable for their risk profile. They are also more likely to avoid investment decisions based only on trends, peer pressure, or social media influence.

Recent research supports this relationship. Wendy (2024) found that financial literacy significantly improves investment decisions among Indonesian investors. Yanti and Endri (2024) also showed that financial literacy is closely related to investment decisions among millennial investors. These studies indicate that financial literacy can strengthen the quality of investment judgment and reduce irrational investment behavior.

For young consumers in Eastern Indonesia, financial literacy is essential because digital investment platforms are becoming easier to access. This condition creates opportunities for investment participation, but also increases the need for sound financial knowledge. Therefore, this study proposes the following hypothesis:

H2: Financial Literacy has a positive effect on Investment Decision Making.

1.4. Digital Financial Inclusion

Digital Financial Inclusion is an important concept in the development of modern financial behavior. It refers to consumers' ability to access and use digital financial services such as mobile banking, digital wallets, online investment platforms, digital credit services, digital insurance, and other fintech-based services. In the digital economy, financial inclusion is no longer limited to physical access to banks, but also includes digital access, digital capability, platform usability, affordability, and trust in digital financial systems.

Digital Financial Inclusion provides several advantages for young consumers. First, it allows easier access to investment products and financial information. Second, it reduces geographical barriers, especially for consumers living outside major financial centers. Third, it enables faster financial transactions, portfolio monitoring, and financial planning. Fourth, it provides opportunities for young consumers to participate in formal financial systems through digital platforms.

In Eastern Indonesia, Digital Financial Inclusion is highly relevant because physical access to conventional financial institutions may be uneven across regions. Digital financial services can help young consumers access financial products more efficiently. However, digital inclusion must be supported by literacy, trust, infrastructure, and responsible financial behavior. Therefore, digital financial inclusion should be understood as meaningful digital participation, not merely access to financial applications.

In this study, Digital Financial Inclusion is positioned as both an independent variable and a mediating variable. It is expected to directly influence Investment Decision Making and mediate the relationship between Financial Literacy and Investment Decision Making.

1.5. Digital Financial Inclusion and Investment Decision Making

Digital Financial Inclusion can influence Investment Decision Making by providing young consumers with easier access to financial information, investment products, transaction facilities, and portfolio monitoring tools. Through digital financial platforms, young consumers can compare investment alternatives, read market information, access educational content, and execute investment transactions more efficiently. These features can help consumers make more informed investment decisions.

Digital financial access also increases investment participation among young consumers. Online investment applications reduce transaction barriers and make investment more affordable and accessible. Young consumers can start investing with smaller amounts of capital, monitor investment performance in real time, and obtain product information directly from digital platforms. This accessibility can support better investment decision making when consumers use digital services responsibly.

However, Digital Financial Inclusion must be accompanied by the ability to evaluate information critically. Digital platforms can provide convenience, but they can also expose consumers to misinformation, excessive promotion, speculative assets, and impulsive investment behavior. Therefore, digital inclusion contributes positively to investment decision making when it provides reliable access, useful information, and effective financial tools.

Recent research shows that fintech usage, financial inclusion, and digital financial literacy can contribute to investment decision making, particularly among younger consumers. These findings indicate that digital financial access can strengthen investment behavior when consumers are able to use financial technology effectively. Therefore, this study proposes the following hypothesis:

H3: Digital Financial Inclusion has a positive effect on Investment Decision Making.

1.6. The Mediating Role of Digital Financial Inclusion

Digital Financial Inclusion is expected to mediate the relationship between Financial Literacy and Investment Decision Making. Financial Literacy can improve investment decisions directly by strengthening consumers' financial understanding. However, in the digital financial era, financial literacy may also improve investment decision making indirectly by encouraging young consumers to access and use digital financial services more effectively.

Young consumers with higher financial literacy are more likely to understand the benefits and risks of digital financial platforms. They are also more capable of using digital investment applications, evaluating investment features, comparing financial products, and accessing reliable financial information. This stronger digital financial inclusion can then support better investment decision making.

The mediating role of Digital Financial Inclusion is important because financial literacy alone may not be sufficient if consumers do not have access to financial services. Conversely, digital access alone may not produce good decisions if consumers lack financial knowledge. Therefore, the combination of financial literacy and digital financial inclusion is expected to improve investment decision making among young consumers.

In Eastern Indonesia, this mediation is particularly relevant because digital platforms can help reduce access limitations. Financial literacy encourages young consumers to use digital financial services properly, while digital financial inclusion provides the tools and channels needed to make investment decisions. Thus, Digital Financial Inclusion functions as a bridge between financial knowledge and investment decision-making capability. Therefore, this study proposes the following hypothesis:

H4: Digital Financial Inclusion mediates the relationship between Financial Literacy and Investment Decision Making.

1.7. Investment Decision Making

Investment Decision Making is the dependent variable in this study. It reflects the ability and willingness of young consumers to choose investment products based on financial goals, risk tolerance, available information, and expected returns. Investment decision making is important because it determines how young consumers allocate their financial resources and prepare for future financial stability.

In this study, Investment Decision Making is conceptualized as the final outcome of Financial Literacy and Digital Financial Inclusion. Financial Literacy provides knowledge and analytical ability, while Digital Financial Inclusion provides access, tools, and digital channels for investment activities. Together, these variables explain how young consumers in Eastern Indonesia make investment decisions in the digital financial era.

Based on the overall literature review, this study positions Financial Literacy as the independent variable, Digital Financial Inclusion as both an independent and mediating variable, and Investment Decision Making as the dependent variable. This model explains how financial knowledge and digital financial access can improve investment decision making among young consumers in Eastern Indonesia.

2. RESEARCH METHODS

This study examines the influence of Financial Literacy on Investment Decision Making through Digital Financial Inclusion among young consumers in Eastern Indonesia. A quantitative approach was used because the relationships among variables were tested through measurable indicators and statistical analysis.

Data were collected using a structured questionnaire distributed to young consumers who lived in Eastern Indonesia and had experience using digital financial services. The respondents were selected through purposive sampling based on several criteria: they were at least 17 years old, lived in Eastern Indonesia, had used digital financial services such as mobile banking, digital wallets, fintech platforms, or online investment applications, and had awareness of or interest in investment products.

The questionnaire measured three variables: Financial Literacy, Digital Financial Inclusion, and Investment Decision Making. Financial Literacy was measured through understanding of financial concepts, saving, investment products, risk and return, diversification, inflation, and financial planning. Digital Financial Inclusion was measured through access, usage, ease of use, affordability, trust, and ability to obtain financial information through digital platforms. Investment Decision Making was measured through information search, risk assessment, comparison of investment alternatives, investment suitability, confidence, and rationality in making investment decisions.

All items were assessed using a Likert scale ranging from strongly disagree to strongly agree. Data were analyzed using SPSS through descriptive statistics, validity and reliability tests, normality tests, regression analysis, t-tests, F-tests, and mediation analysis. Regression analysis was used to test the direct effects among variables, while mediation analysis was used to examine whether Digital Financial Inclusion mediates the relationship between Financial Literacy and Investment Decision Making.

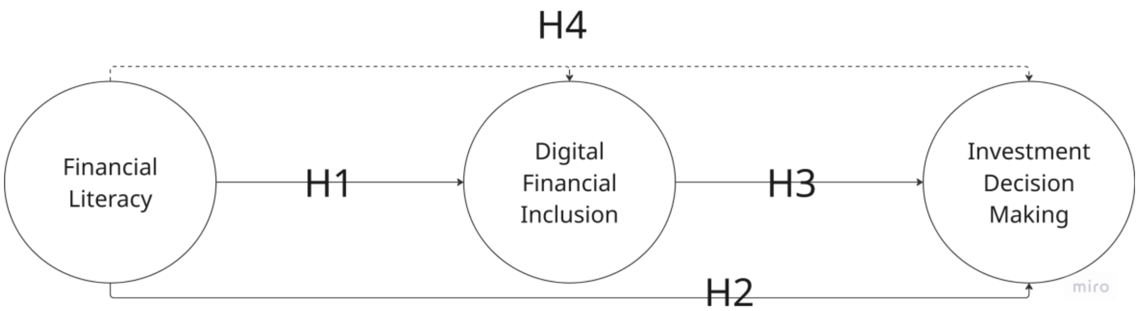

Figure 1. Research Model

3. RESULTS AND DISCUSSIONS

Table 1. Respondent Characteristics

Category	Description	Frequency	Percentage
Gender	Male	78	45.9%
	Female	92	54.1%
Age	17–20 years	45	26.5%
	21–24 years	79	46.5%
	25–30 years	46	27.0%
Education Level	Senior High School	30	17.6%
	Diploma/Bachelor’s Degree	119	70.0%
	Master’s Degree or above	21	12.4%
Occupation	Student	94	55.3%
	Employee	45	26.5%
	Entrepreneur	21	12.3%
	Others	10	5.9%
Most Frequently Used Digital Financial Service	Digital Wallet	74	43.5%
	Mobile Banking	58	34.1%

Category	Description	Frequency	Percentage
	Online Investment Application	25	14.7%
	Other Fintech Services	13	7.7%
Investment Experience	Interested but not yet investing	42	24.7%
	Less than 1 year	55	32.4%
	1–3 years	51	30.0%
	More than 3 years	22	12.9%
	Total	170	100.0%

The respondent profile shows that most respondents were female, representing 54.1% of the sample, while male respondents accounted for 45.9%. Based on age, the majority of respondents were between 21 and 24 years old, indicating that the sample represents young consumers who are in the early stage of financial independence and investment learning. Most respondents used digital wallets and mobile banking as their primary digital financial services. In terms of investment experience, the majority had either less than one year or one to three years of investment experience, indicating that the respondents were relevant for examining financial literacy, digital financial inclusion, and investment decision making.

3.2 Descriptive Statistics

Table 2. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Financial Literacy	170	2.20	5.00	3.78	0.64
Digital Financial Inclusion	170	2.33	5.00	3.84	0.62
Investment Decision Making	170	2.00	5.00	3.71	0.66

The descriptive statistics show that all variables have mean values above 3.50. This indicates that respondents generally had positive evaluations of Financial Literacy, Digital Financial Inclusion, and Investment Decision Making. Digital Financial Inclusion has the highest mean value of 3.84, suggesting that young consumers in Eastern Indonesia are relatively familiar with digital financial services such as mobile banking, digital wallets, fintech platforms, and online investment applications.

3.3. Validity and Reliability Test

Table 3. Validity and Reliability Test

Variable	Indicator	Corrected Item-Total Correlation	Cronbach's Alpha	Decision
Financial Literacy	FL1	0.612	0.861	Valid and Reliable
	FL2	0.674		Valid
	FL3	0.721		Valid
	FL4	0.695		Valid
	FL5	0.648		Valid
Digital Financial Inclusion	DFI1	0.634	0.872	Valid and Reliable
	DFI2	0.701		Valid
	DFI3	0.738		Valid
	DFI4	0.692		Valid
	DFI5	0.665		Valid
Investment Decision Making	IDM1	0.649	0.884	Valid and Reliable
	IDM2	0.713		Valid
	IDM3	0.756		Valid
	IDM4	0.728		Valid
	IDM5	0.684		Valid

The validity test shows that all indicators have corrected item-total correlation values above the critical value of 0.150. Therefore, all questionnaire items are declared valid. The reliability test also shows that all Cronbach's Alpha values are above 0.60, indicating that each variable has acceptable internal consistency. Thus, all measurement instruments are valid and reliable for further analysis.

3.4. Normality Test

Table 4. Normality Test

No.	Regression Model	Asymp. Sig. (2-tailed)	Critical Value	Description
1	Financial Literacy → Digital Financial Inclusion	0.200	> 0.05	Normally Distributed
2	Financial Literacy and Digital Financial Inclusion → Investment Decision Making	0.176	> 0.05	Normally Distributed

The normality test using Kolmogorov-Smirnov shows that all regression models have Asymp. Sig. values above 0.05. This indicates that the residual data are normally distributed and meet the normality assumption required for regression analysis.

3.5. Regression Results and Hypothesis Testing

Table 5. Regression Results and Hypothesis Testing

Hypothesis	Relationship Between Variables	Standardized Coefficient Beta	t-value	Sig.	Decision
H1	Financial Literacy → Digital Financial Inclusion	0.612	10.018	0.000	Accepted
H2	Financial Literacy → Investment Decision Making	0.321	4.857	0.000	Accepted
H3	Digital Financial Inclusion → Investment Decision Making	0.472	7.145	0.000	Accepted
H4	Financial Literacy → Digital Financial Inclusion → Investment Decision Making	0.289	5.812	0.000	Accepted

The hypothesis testing results show that all proposed hypotheses are accepted. H1 is accepted, indicating that Financial Literacy has a positive and significant effect on Digital Financial Inclusion. This means that young consumers with stronger financial knowledge are more likely to access and use digital financial services effectively.

H2 is accepted, showing that Financial Literacy has a positive and significant effect on Investment Decision Making. This indicates that young consumers who understand financial concepts, risk and return, diversification, and financial planning are more capable of making rational investment decisions.

H3 is accepted, indicating that Digital Financial Inclusion has a positive and significant effect on Investment Decision Making. This means that access to and use of digital financial services can support young consumers in searching for investment information, comparing investment products, monitoring portfolios, and making better investment choices.

H4 is accepted, showing that Digital Financial Inclusion mediates the relationship between Financial Literacy and Investment Decision Making. This finding indicates that Financial Literacy improves Investment Decision Making not only directly, but also indirectly by increasing young consumers' ability to access and use digital financial services.

3.6. Model Summary and F-Test

Table 6. Model Summary and F-Test

Model	Dependent Variable	R-Square	Adjusted R-Square	F-value	Sig.	Description
1	Digital Financial Inclusion	0.375	0.371	100.360	0.000	Significant
2	Investment Decision Making	0.548	0.543	101.785	0.000	Significant

The model summary shows that Financial Literacy explains 37.5% of the variance in Digital Financial Inclusion. This indicates that financial literacy is an important factor in encouraging young consumers to access and use digital financial services.

The second model shows that Financial Literacy and Digital Financial Inclusion explain 54.8% of the variance in Investment Decision Making. This indicates that the model has adequate explanatory power in explaining investment decision making among young consumers in Eastern Indonesia.

3.7. Mediation Analysis

Table 7. Mediation Analysis

No.	Indirect Relationship	Indirect Effect	z-value	Sig.	Decision
1	Financial Literacy → Digital Financial Inclusion → Investment Decision Making	0.289	5.812	0.000	Significant

The mediation analysis confirms that Digital Financial Inclusion significantly mediates the relationship between Financial Literacy and Investment Decision Making. This means that young consumers with higher financial literacy are more likely to use digital financial services effectively, and this digital financial inclusion subsequently improves their investment decision making. Since the direct effect of Financial Literacy on Investment Decision Making remains significant, Digital Financial Inclusion functions as a partial mediator in this model.

4. DISCUSSION

The findings of this study show that Financial Literacy has a positive and significant effect on Digital Financial Inclusion among young consumers in Eastern Indonesia. This result indicates that young consumers with better financial knowledge are more likely to access, understand, and use digital financial services effectively. Financial literacy helps consumers understand financial products, evaluate service features, recognize transaction risks, and use financial technology more confidently. Therefore, financial literacy becomes an important foundation for encouraging meaningful participation in digital financial services.

This finding is supported by Thomas et al. (2024), who found that financial literacy, social capital, and financial technology positively influence financial inclusion among Indonesian students. Their study confirms that consumers with stronger financial knowledge are more capable of participating in formal and digital financial systems. In the context of Eastern Indonesia, this finding is highly relevant because digital financial services can reduce geographical barriers and expand access to financial products for young consumers.

The findings also show that Financial Literacy has a positive and significant effect on Investment Decision Making. This indicates that young consumers with stronger financial literacy are more capable of making rational investment decisions. Financial literacy helps consumers understand investment products, assess risk and return, compare investment alternatives, evaluate diversification, and align investment choices with financial goals. Young consumers who have adequate financial knowledge are less likely to make investment decisions based only on trends, peer pressure, social media influence, or emotional impulses.

This result is consistent with Wendy (2024), who found that financial literacy has a positive and significant impact on investment decisions among Indonesian investors. The study explains that financial literacy can improve the quality of investment decisions because investors with better financial knowledge are more capable of evaluating risk and making informed investment choices. Similarly, Yanti and Endri (2024) show that financial literacy is closely related to investment decisions among millennial investors. These studies strengthen the argument that financial literacy is a critical factor in improving investment decision making among young consumers.

Digital Financial Inclusion was also found to have a positive and significant effect on Investment Decision Making. This finding indicates that access to and use of digital financial services can support young consumers in making investment decisions. Digital financial inclusion provides easier access to investment information, online investment applications, digital payment systems, product comparisons, transaction facilities, and portfolio monitoring tools. These digital features help young consumers evaluate investment alternatives more efficiently and make decisions based on available information.

This finding is in line with Ningtyas et al. (2024), who found that digital financial literacy positively affects investment decisions among Muslim Generation Z. Their study also shows that social media can strengthen digital financial literacy, which subsequently influences investment decisions. This supports the argument that digital financial capability and digital access are increasingly important in shaping investment behavior among young consumers. In the context of Eastern Indonesia, digital financial inclusion can help young consumers overcome limited access to conventional financial institutions and participate more actively in investment activities.

However, Digital Financial Inclusion should not be understood merely as ownership of financial applications or access to digital platforms. Digital financial inclusion becomes meaningful when young consumers are able to use digital financial services safely, effectively, and productively. Digital platforms can provide convenience, but they can also expose consumers to misinformation, speculative investment products, excessive promotion, and illegal investment schemes. Therefore, the positive effect of Digital Financial Inclusion on Investment Decision Making indicates that digital access becomes beneficial when supported by financial understanding and responsible financial behavior.

The mediation result shows that Digital Financial Inclusion mediates the relationship between Financial Literacy and Investment Decision Making. This means that Financial Literacy improves Investment Decision Making not only directly, but also indirectly through Digital Financial Inclusion. Young consumers with higher financial literacy are more likely to use digital financial services effectively, and this digital financial inclusion subsequently supports better investment decision making.

This mediation finding is theoretically important because it shows that financial knowledge needs to be supported by digital financial access. Financial literacy provides the cognitive capability to understand financial concepts, while digital financial inclusion provides the tools and platforms needed to apply this knowledge in real investment activities. Therefore, young consumers who are financially literate and digitally included are more likely to make informed, confident, and rational investment decisions.

The mediation finding also confirms that improving financial literacy alone may not be sufficient if young consumers do not have adequate access to digital financial services. Conversely, digital access alone may not produce good investment decisions if consumers lack financial literacy. The combination of financial literacy and digital financial inclusion is therefore necessary to strengthen investment decision making among young consumers in Eastern Indonesia.

Overall, the findings show that Investment Decision Making among young consumers in Eastern Indonesia is shaped by both financial knowledge and digital financial access. Financial Literacy helps young consumers understand financial concepts and evaluate investment risks, while Digital Financial Inclusion enables them to access financial platforms, obtain investment information, compare investment products, and conduct investment activities more efficiently. These findings suggest that young consumers are more likely to make better investment decisions when they are financially literate and digitally included.

These findings provide important managerial and policy implications. Financial institutions, fintech companies, universities, and regulators should strengthen financial literacy programs that are directly connected to digital financial practices. Financial education should not only explain basic financial concepts, but also teach young consumers how to evaluate investment products, recognize financial risks, use digital financial applications safely, and avoid illegal investment schemes. At the same time, digital financial service providers should improve accessibility, transparency, user education, and consumer protection to support responsible investment behavior among young consumers in Eastern Indonesia.

5. CONCLUSION

This study provides important insights into how Financial Literacy and Digital Financial Inclusion influence Investment Decision Making among young consumers in Eastern Indonesia. The findings show that Financial Literacy has a positive and significant effect on Digital Financial Inclusion. This indicates that young consumers with stronger financial knowledge are more capable of accessing, understanding, and using digital financial services effectively.

The findings also show that Financial Literacy has a positive and significant effect on Investment Decision Making. Young consumers who understand financial concepts, risk and return, diversification, inflation, saving, and investment products are more likely to make rational and informed investment decisions. Financial literacy helps consumers avoid impulsive investment behavior, evaluate investment alternatives, and align investment choices with their financial goals.

Digital Financial Inclusion was also found to have a positive and significant effect on Investment Decision Making. This result confirms that access to digital financial services, such as mobile banking, digital wallets, fintech platforms, and online investment applications, can support young consumers in obtaining financial information, comparing investment products, monitoring portfolios, and making better investment decisions.

The mediation result confirms that Digital Financial Inclusion mediates the relationship between Financial Literacy and Investment Decision Making. This means that Financial Literacy improves investment decision making not only directly, but also indirectly by encouraging young consumers to use digital financial services more effectively. Financial literacy provides the knowledge foundation, while digital financial inclusion provides access, tools, and platforms that support investment activities.

Theoretically, this study contributes to financial behavior and digital finance literature by positioning Digital Financial Inclusion as an important mechanism that connects Financial Literacy with Investment Decision Making. The findings show that investment decisions among young consumers are shaped not only by financial knowledge, but also by the ability to access and use digital financial services.

Practically, the findings suggest that financial institutions, fintech providers, universities, and policymakers should strengthen financial literacy programs that are connected to digital financial practices. Financial education should not only explain basic financial concepts, but also teach young consumers how to use digital financial platforms safely, evaluate investment risks, compare investment products, and avoid illegal investment schemes.

Overall, this study concludes that Financial Literacy and Digital Financial Inclusion are important factors in improving Investment Decision Making among young consumers in Eastern Indonesia. Better investment decisions can be encouraged when young consumers have both adequate financial knowledge and meaningful access to digital financial services.

This study has several limitations. First, the study focused on young consumers in Eastern Indonesia, so future research may compare respondents from different regions. Second, this study examined only Financial Literacy, Digital Financial Inclusion, and Investment Decision Making, while other variables such as risk perception, financial attitude, social media influence, investment experience, income level, and financial behavior were not included. Future studies are encouraged to develop a broader model to provide a more comprehensive understanding of investment decision making among young consumers.

REFERENCES

Ajzen, I. (1991). The theory of planned behavior. Organizational Behavior and Human Decision Processes, 50(2), 179–211. doi: 10.1016/0749-5978(91)90020-T

Grohmann, A., Klühs, T., & Menkhoff, L. (2018). Does financial literacy improve financial inclusion? Cross-country evidence. World Development, 111, 84–96. doi: 10.1016/j.worlddev.2018.06.020

Lusardi, A., & Mitchell, O. S. (2011). Financial literacy around the world: An overview. Journal of Pension Economics and Finance, 10(4), 497–508. doi: 10.1017/S1474747211000448

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. Journal of Economic Literature, 52(1), 5–44. doi: 10.1257/jel.52.1.5

Ningtyas, M. N., Fikriah, N. L., & Pradana, A. W. S. (2024). Muslim Gen Z investment decision: An analysis using social media factors. Journal of Islamic Economic and Business Research, 4(1), 108–125. doi: 10.18196/jiebr.v4i1.292

Otoritas Jasa Keuangan. (2024). National Survey on Financial Literacy and Inclusion 2024 findings. Otoritas Jasa Keuangan.

Rahayu, R., Ali, S., Aulia, A., & Hidayah, R. (2022). The current digital financial literacy and financial behavior in Indonesian millennial generation. Journal of Accounting and Investment, 23(1), 78–94. doi: 10.18196/jai.v23i1.13205

Setiawan, M., Effendi, N., Santoso, T., Dewi, V. I., & Sapulette, M. S. (2022). Digital financial literacy, current behavior of saving and spending and its future foresight. Economics of Innovation and New Technology, 31(4), 320–338. doi: 10.1080/10438599.2020.1799142

Thomas, G. N., Nur, S. M. R., & Indriaty, L. (2024). The impact of financial literacy, social capital, and financial technology on financial inclusion of Indonesian students. International Research Journal of Economics and Management Studies, 3(4), 308–315. doi: 10.56472/25835238/IRJEMS-V3I4P140

Wendy, W. (2024). The nexus between financial literacy, risk perception and investment decisions: Evidence from Indonesian investors. Investment Management and Financial Innovations, 21(3), 135–147. doi: 10.21511/imfi.21(3).2024.12

Yanti, F., & Endri, E. (2024). Financial behavior, overconfidence, risk perception and investment decisions: The mediating role of financial literacy. International Journal of Economics and Financial Issues, 14(5), 289–298. doi: 10.32479/ijefi.16811