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The Role Of Financial Technology (Fintech) In Increasing Investment Participation Among Millennials

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ABSTRACT
The advancement of digital technology has led to various innovations in the financial sector, one of which is financial technology (fintech). This innovation has significantly transformed how society, especially the millennial generation, accesses financial services and participates in investment activities. This study aims to examine in depth how fintech contributes to increasing investment participation among Indonesian millennials. A descriptive qualitative approach is employed through literature review methods, supported by secondary data from authoritative institutions such as the Financial Services Authority (OJK), Bank Indonesia, as well as various industry reports and academic publications. Findings indicate that fintech successfully reduces many conventional barriers that have long hindered young people from investing. These barriers include limited access to initial capital, a lack of credible investment information, and complex traditional investment procedures. Fintech platforms offer more inclusive access through user-friendly mobile applications, educational features, and more affordable and flexible investment options. These features play a significant role in increasing millennials' interest and confidence in investing. Nevertheless, challenges remain in the form of uneven financial literacy and data security risks, which must be managed seriously. This study concludes that fintech acts as a strategic driver of financial inclusion, with great potential to foster a more financially literate and empowered young generation of investors.

ABSTRAK
Perkembangan teknologi digital telah mendorong lahirnya berbagai inovasi di sektor keuangan, salah satunya adalah financial technology (fintech). Inovasi ini membawa transformasi signifikan dalam cara masyarakat, khususnya generasi milenial, mengakses layanan keuangan dan terlibat dalam aktivitas investasi. Penelitian ini bertujuan untuk mengkaji secara mendalam bagaimana peran fintech berkontribusi dalam mendorong partisipasi investasi di kalangan milenial Indonesia. Pendekatan yang digunakan adalah deskriptif kualitatif dengan metode studi pustaka, yang diperkuat oleh data sekunder dari lembaga otoritatif seperti Otoritas Jasa Keuangan (OJK), Bank Indonesia, serta berbagai laporan industri dan publikasi ilmiah.Temuan menunjukkan bahwa kehadiran fintech mampu mereduksi berbagai hambatan konvensional yang selama ini menghalangi partisipasi generasi muda dalam investasi. Hambatan tersebut mencakup keterbatasan akses terhadap modal awal, minimnya informasi investasi yang kredibel, serta rumitnya prosedur investasi konvensional. Fintech menyediakan platform yang lebih inklusif melalui aplikasi mobile yang bersifat user-friendly, fitur edukatif, serta opsi investasi yang lebih terjangkau dan fleksibel. Fitur-fitur ini berperan besar dalam meningkatkan minat dan kepercayaan milenial untuk mulai berinvestasi.Namun demikian, tantangan masih terdapat dalam aspek literasi keuangan yang belum merata serta risiko keamanan data yang perlu dikelola secara serius. Penelitian ini menyimpulkan bahwa fintech merupakan motor penggerak inklusi keuangan yang strategis, dengan potensi besar dalam menciptakan generasi investor muda yang lebih melek finansial dan berdaya saing.

INTRODUCTION

The development of digital technology has had a significant impact on the transformation of people's economic behavior, including in terms of accessing and managing financial services. One of the prominent innovations is the presence of financial technology (fintech), which presents a variety of information technology-based financial services. Fintech allows users to make transactions, obtain investment information, and manage portfolios online via personal devices. In Indonesia, the adoption of fintech has experienced rapid growth in the last five years and has covered a variety of services, from e-wallets, digital financing, to application-based investment platforms (Yusuf & Sari, 2021).

The millennial generation, born between 1981 and 1996, is a demographic group that is very close to digital technology. However, their level of participation in investment activities is still relatively low. A study by Nurlaili and Sihombing (2020) shows that the main obstacles to millennial investment participation include low financial literacy, minimal initial capital, and the perception that investment is a complicated and high-risk activity. This is where fintech plays a strategic role by simplifying access to investment products and providing educational features that increase user understanding of the risks and benefits of investment.Furthermore, fintech not only functions as a means of transaction, but also as a financial inclusion instrument that allows groups of people who were previously untouched by formal investment services to actively participate. With low initial costs, easy registration, and an intuitive interface, fintech becomes a bridge between the needs of the younger generation and the investment world that previously seemed exclusive (Rahayu et al., 2022). However, amidst these conveniences, challenges remain, especially related to the security of personal data and the unpreparedness of regulations to accommodate rapid technological dynamics (Hasanah & Pramudito, 2023).

Based on this background, this study aims to analyze in depth how fintech plays a role in encouraging investment participation in the Indonesian millennial generation. The main question asked in this study is: to what extent is fintech able to overcome the structural and psychological barriers faced by the younger generation in investing? By understanding these dynamics, it is hoped that a strategy can be formulated to strengthen the fintech ecosystem in creating a more inclusive and sustainable investment climate.

LITERATURE REVIEW

Financial technology (fintech) is the result of innovation in the field of financial services based on information technology with the aim of increasing service efficiency, expanding accessibility, and providing convenience to users. In practice, fintech allows users to open investment accounts online, access financial information and education, and utilize data-based analytical features presented in real time (Gomber, et al., 2018). This technology offers a simpler, faster, and more inclusive financial experience, especially for the younger generation who are familiar with digital devices.

To understand the factors that influence fintech adoption, the technology adoption theory proposed by Davis (1989) is an important reference. This theory states that two key variables in technology acceptance by users are perceived usefulness and perceived ease of use. Perceived usefulness refers to the extent to which individuals believe that using technology will improve their performance, while ease of use reflects the perception that the technology is free from excessive effort. In the context of fintech, perceptions of ease of application navigation and usefulness of features are determining factors in the decision to use by the millennial generation.In addition to the technological aspect, financial literacy also plays a central role in influencing investment behavior. Lusardi and Mitchell (2014) explained that individuals with high levels of financial literacy tend to be more rational in making investment decisions. They have a better understanding of risk, returns, and portfolio diversification. Therefore, the success of fintech in increasing millennial investment participation is greatly influenced by the user's ability to understand basic financial concepts.Thus, the synergy between the ease of technology offered by fintech and the level of financial literacy possessed by users becomes an important foundation in creating healthy and inclusive investment behavior. The framework of this research is based on the causal relationship between fintech adoption, financial literacy levels, and increased investment participation, especially among the Indonesian millennial generation.

METHODS

This study uses a qualitative descriptive approach to deeply understand the role of financial technology (fintech) in encouraging investment participation of the millennial generation in Indonesia. This approach was chosen because it is appropriate for uncovering complex social and behavioral phenomena, especially related to technology adaptation and financial decisions of the younger generation. The data sources in this study consist of secondary data obtained through documentation and review of official documents and digital publications. These documents include reports from the Financial Services Authority (OJK), Bank Indonesia (BI), the Indonesian Fintech Association (AFTECH), as well as national and international scientific journal articles relevant to the themes of fintech, financial literacy, and millennial investment behavior. The publication time used as a reference is focused on the period 2019 to 2024, to be in accordance with the latest developments in the field being studied. The inclusion criteria in the selection of data and literature sources were determined based on three main aspects: (1) fintech platforms that have been officially registered and are actively operating in Indonesia in accordance with OJK regulations; (2) data that includes fintech users aged 18 to 35 years, in accordance with the demographic characteristics of the millennial generation; and (3) publications or reports that include indicators of involvement in investment, such as the number of new investors, types of products selected, and levels of user participation.

The operational definition of variables in this study includes:

- Fintech as a digital application or platform that provides technology-based financial services.
- Investment participation is defined as the involvement of individuals in investment activities, either directly (stocks, mutual funds) or indirectly (P2P lending, robo advisors)
- Millennials refer to individuals born between 1981 and 1996.

The data analysis method uses content analysis techniques that aim to identify the main themes, patterns, and narratives in the documents being reviewed. The analysis steps are carried out through the process of data categorization, information reduction, and interpretation of the socio-economic context of fintech developments on changes in millennial investment behavior.

RESULTS

The results of the analysis of secondary data obtained from the Financial Services Authority (OJK) report in 2023 show a very significant increase in the number of fintech users in the investment sector over the past five years. In 2019, the number of fintech investors was recorded at around 1 million people. This figure has jumped drastically to more than 12 million investors by the end of 2023. Of the total number, the majority of users, around 60 percent, come from the millennial generation age group (18–35 years), most of whom are young workers living in urban areas.

This rapid growth is clearly reflected in several leading fintech investment platforms in Indonesia, such as Bibit, Ajaib, and Pluang, which experienced a significant spike in new user acquisition during the period. Based on user trend analysis, most of the new investors come from young professionals with fixed incomes, who are looking for easy, flexible investment access that does not require large initial capital.

The main features that are most utilized by users in fintech applications include the auto-invest feature, risk profile calculator, and interactive financial education module. These three features are considered very helpful in improving the understanding of novice investors about portfolio management, risk management, and the choice of investment instruments that suit the characteristics and financial goals of each individual.

In addition to the growth in the number of investors, the value of transactions carried out through fintech investment platforms has also experienced a consistent increase. It was noted that in the period 2020 to 2023, the average value of investment transactions increased annually (year-on-year) by 45 percent. This increase shows that not only the number of investors has increased, but also the intensity and volume of financial involvement of investors in utilizing fintech platforms as a means of investment has experienced significant strengthening. Thus, this data shows that the role of fintech in facilitating access to investment instruments for the millennial generation has increased quantitatively and qualitatively. Ease of use, educational approaches, and technology-based features are considered to be the main factors driving high digital investment participation among Indonesian millennials.

DISCUSSION

The advancement of financial technology (fintech) has played an important role in expanding investment access, especially for the millennial generation. One form of real contribution from fintech is the ease of the registration process that can be done digitally without having to go through complicated conventional bureaucratic procedures. In addition, the low minimum investment value limit is a special attraction for novice investors. As an illustration, a platform like Bibit provides a mutual fund investment feature with a nominal value starting from IDR 10,000 , a very affordable figure and opens up opportunities for young people to start investing even with limited capital.

Another advantage of fintech services is the presentation of simple yet meaningful financial data and information. Through a user-friendly interface, novice investors can easily understand market movements, portfolio performance, and the types of investment products available. Data visualization features such as interactive graphs, risk calculators, and brief explanations of investment products are very effective educational tools for millennial users.

To show this growth trend, the following data presents the number of millennial investors using fintech platforms in the period 2020 to 2023:

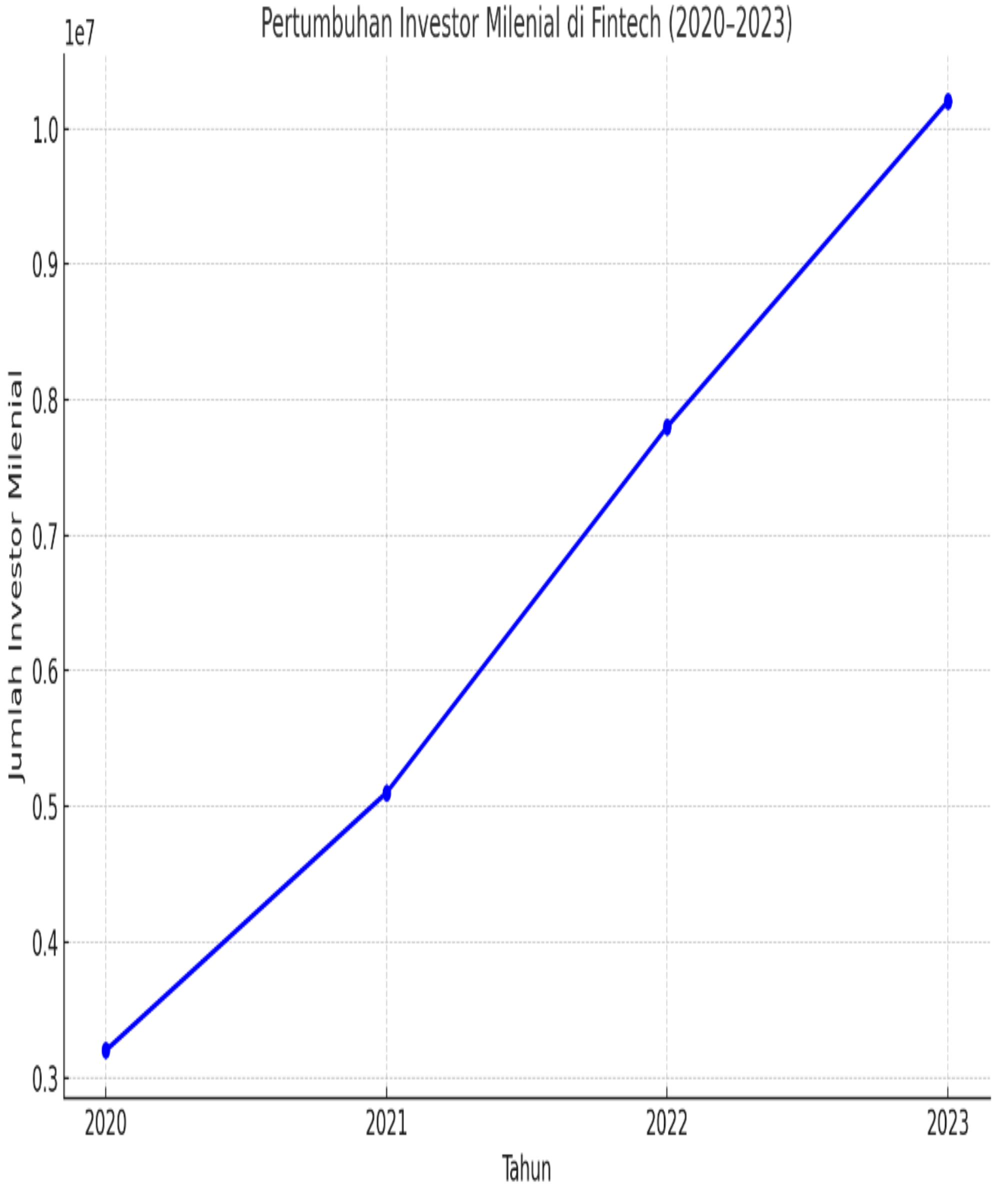
Table 1. Growth of Millennial Investors on Fintech Platforms (2020–2023)

Year	Number of Millennial Investors	Percentage Increase
2020	3,200,000	-
2021	5,100,000	+59.4%
2022	7,800,000	+52.9%
2023	10,200,000	+30.7%

Source: OJK, 2024

Based on the table, it can be seen that the growth in the number of millennial investors shows a consistent trend from year to year. Although there was a decrease in the percentage increase in 2023, in absolute terms the number of investors still experienced a significant increase. This proves that fintech has succeeded in encouraging the active involvement of the younger generation in investment activities through an inclusive and technology-based approach.

Figure 1 The Growth Of Millennial Investors



The graph above illustrates the growth trend in the number of millennial investors using fintech platforms in Indonesia during the period 2020 to 2023. It can be seen that the number of investors has increased consistently every year, from 3.2 million in 2020 to 10.2 million in 2023. The highest increase occurred in 2021 at 59.4 % , then slowed down but remained significant in 2022 and 2023.

CONCLUSION

This study concludes that the presence of financial technology (fintech) has made a strategic contribution in encouraging increased investment participation among the Indonesian millennial generation. Through easy access, low costs, and the provision of applicable educational features, fintech is able to reach market segments that have so far been under-touched by traditional financial institutions. Data shows that the growth trend in the number of millennial investors has experienced a significant spike over the past four years, indicating a shift in the financial behavior of the younger generation towards more active and digital investment patterns. However, obstacles in the form of low levels of financial literacy and issues of personal data protection remain crucial factors that can hinder the sustainability of the development of investment fintech if not addressed systematically.

LIMITATION

Based on the results and findings of this study, it is recommended that the government together with stakeholders in the fintech industry strengthen policies and regulations that support digital consumer protection, especially in terms of user data security. In addition, technology-based financial education needs to be integrated comprehensively into fintech platforms, with interactive approaches such as gamification to increase understanding and engagement of young users. Multi-party collaboration, especially between fintech industry players, higher education institutions, and financial regulatory authorities such as OJK and BI, is also needed to create an inclusive, sustainable, and adaptive digital investment ecosystem to changing times. In the future, further research can be directed at evaluating the impact of fintech on cross-generational investment behavior and the effectiveness of digital financial education models in improving financial literacy in the general public.

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