

Behavioral Finance Perspective on Investment Interest of Indonesian Migrant Workers

Behavioral Financial
Perspective on
Investment Interest

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ABSTRACT

Indonesia's population reached 284.43 million in 2025, with 69.25% in the productive age. However, relatively low domestic income levels have encouraged labor mobility among Indonesian migrant workers. Despite higher earnings abroad, improved welfare remains limited, largely due to inadequate financial literacy and suboptimal financial behavior. This study examines the effect of financial literacy and financial inclusion on investment interest, with financial behavior acting as a mediating variable. A quantitative survey approach was employed, targeting adult respondents with investment potential. Data were analyzed using Structural Equation Modeling to assess direct and indirect relationships among variables. This research contributes to the literature by integrating a behavioral finance perspective to explain investment interest formation among Indonesian migrant workers, particularly through testing the mediating role of financial behavior. The findings reveal that financial literacy and financial inclusion significantly influence investment interest both directly and indirectly through financial behavior. The results indicate that knowledge and access to financial services do not automatically translate into investment interest, rather, behavioral mechanisms serve as a crucial linkage. These findings support behavioral finance theory, emphasizing that investment decisions are shaped by behavioral characteristics beyond purely rational considerations.

Submitted:
January 21, 2026

Revised:
March 3, 2026

Accepted:
March 28, 2026

Published Online:
March 31, 2026

Keywords: Financial Behavior, Financial Inclusion, Financial Literacy, Indonesian Migrant Workers, Investment Interest.

INTRODUCTION

Indonesia has a diverse demographic structure with an uneven population distribution, largely concentrated in Java, which poses challenges for national development planning. Data from the Central Statistics Agency (*Badan Pusat Statistik/BPS*) show that 69.25% of the population is of productive age, indicating a significant potential to support economic growth and household welfare. However, many workers still face limited economic conditions, with the average monthly income around IDR 3,070,000. Consequently, many individuals choose to work abroad as migrant workers to seek better income opportunities. The Indonesian Migrant Workers Protection Agency (*Badan Perlindungan Pekerja Migran Indonesia/BP2MI*) recorded 135,791 migrant workers deployed abroad in 2023. Although some can earn up to IDR 15 million per month, their financial conditions do not always improve due to short contracts, family financial obligations, consumptive spending patterns, and limited financial management skills. Therefore, effective financial management is essential to improve the financial well-being of migrant workers, including encouraging productive investment activities (Herijawati & Wi, 2025).

Financial literacy can be understood as an effort to enhance individuals' understanding, abilities, and confidence in handling personal finances and making sound financial choices (Faulkner, 2022). In the Indonesian context, this level of literacy has shown a steady upward trend over the last decade. According to data released by the Financial Services Authority (*Otoritas Jasa Keuangan/OJK*), the national financial literacy

JIMKES

Jurnal Ilmiah Manajemen
Kesatuan
Vol. 14 No. 2, 2026
pp. 1865-1876
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v14i2.5171

index rose from 21.84% in 2013 to 29.7% in 2016, and further increased to 38.03% in 2019. However, despite this progress, the figure is still relatively low when compared to developed nations such as Denmark, Norway, and Sweden, where financial literacy rates are around 71%. Insufficient financial literacy may affect how individuals manage their finances and limit their capacity to make well-informed and rational decisions, especially in matters related to saving and investing.

Several previous studies have examined the relationship between financial literacy, financial inclusion, financial behavior, and investment decisions. Tiwari and Yadav (2022) found that although financial literacy and financial inclusion among Generation Z are relatively high, financial literacy does not directly influence investment interest, while financial inclusion has a significant effect. Other studies highlight that strong financial knowledge and effective money management skills improve financial decision-making and encourage investment participation (Hamid & Loke, 2021; Anis et al., 2024). In addition, income level plays an important role in investment decisions, as individuals with higher income have greater opportunities to invest (Atmaningrum et al., 2021; Chaudary et al., 2024). Financial behavior and financial attitudes also significantly influence individuals' investment intentions, particularly among younger generations (Sinnewe & Nicholson, 2023).

In recent years, financial literacy and financial inclusion have gained increasing attention as key factors influencing public participation in investment activities. Financial literacy improves individuals' financial decision-making capabilities and investment behavior (Khan et al., 2022; Hossain & Siddiqua, 2024). However, prior studies report inconsistent findings regarding its direct effect on investment interest. Research by Obeng-Manu (2022) shows that financial literacy significantly influences investment decisions. Meanwhile, Maheswari et al. (2025) argue that knowledge alone is insufficient without supporting psychological factors such as attitudes, self-confidence, and risk perception.

From a behavioral finance perspective, financial decisions are shaped not only by knowledge but also by attitudes, habits, and financial management patterns. Consequently, financial behavior may serve as an important mechanism linking financial literacy to investment interest, as it is a strong predictor of personal investment decisions (Singh et al., 2024). Nevertheless, individuals with good financial behavior may still show low investment interest if they perceive investment risks negatively. Furthermore, demographic and generational factors can influence financial literacy and financial behavior (Ndou, 2023; Pokharel & Maharjan, 2024). Meanwhile, recent studies by Shi et al. (2025) highlight that financial literacy, financial capability, and financial behavior are interconnected dimensions shaping financial decision-making.

Based on these conditions, empirical research that simultaneously examines the relationship between financial literacy, financial inclusion, financial behavior, and investment interest among Indonesian migrant workers remains limited. Most previous studies focus on students or the general population, whereas migrant workers represent a unique group characterized by relatively high-income potential but limited financial management capacity. Accordingly, this study aims to analyze the influence of financial literacy and financial inclusion on investment interest and to examine the mediating role of financial behavior in explaining this relationship.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Effect of Financial Literacy on Financial Behavior and Investment Interest

The information, abilities, and convictions that influence people's attitudes and actions when handling money in order to attain financial well-being are referred to as financial literacy. It is seen as a basic competence that allows people to successfully plan, allocate, and manage their funds. According to the OECD (2018), financial literacy encompasses the knowledge, abilities, attitudes, and behaviors necessary to make wise financial decisions that enhance the welfare of both individuals and society as a whole. It goes beyond simply comprehending financial ideas and risks. In this regard, financial literacy has a significant impact on how people handle their money and make financial decisions.

Empirical research also shows how important financial literacy is in impacting personal behavior and financial results. Demographic characteristics, such as age, have been found to be significantly associated with financial literacy levels (Ndou, 2023). However, despite showing responsible saving behavior, millennials still face challenges in investment decision-making (Pokharel & Maharjan, 2024). Financial literacy itself encompasses knowledge of financial concepts, communication ability regarding financial information, and financial management skills that support accurate decision-making in various financial situations (Shi et al., 2025). In addition, financial literacy has been recognized as an important factor influencing broader economic outcomes, including performance within the MSME sector (Baral et al., 2023).

Prior research highlights that financial literacy significantly influences financial behavior and investment decisions. Individuals with higher levels of financial literacy tend to demonstrate better financial outcomes and more responsible financial management practices (Bassa, 2013). Furthermore, increased financial knowledge has been shown to enhance investment interest because individuals with better financial understanding are more capable of evaluating financial opportunities and making informed investment decisions (Obeng-Manu, 2022).

H1: Financial literacy has a significant effect on financial behavior.

H2: Financial literacy has a significant effect on investment interest.

The Effect of Financial Inclusion on Investment Interest

Financial Inclusion is a comprehensive study to remove various barriers related to the use and utilization of financial institution services by the community (Ambarkhane et al., 2022). Three population categories (low-income poor, working poor/productive poor, and near-poor) and three cross-categories (migrant workers, women, and residents of disadvantaged areas) are specifically targeted by the financial inclusion strategy as having the greatest or unmet need for financial services. Bank Indonesia outlines that to determine the extent of the development of inclusive financial activities, a performance measure is needed (Akbar & Siti-Nabiha, 2022).

A review of the literature shows that higher levels of financial inclusion contribute to increased economic activity and strengthened financial stability of individuals. Umeaduma (2023) emphasized that financial inclusion acts as an instrument of economic empowerment that can improve people's ability to access investment opportunities and asset management. People have more options to diversify their financial instruments and devote money to profitable endeavors when they have sufficient access to financial services.

Financial inclusion has been shown to positively impact investment interest in a number of empirical investigations. Soetan et al. (2021) showed that easy access to financial services increases individuals' interest in participating in the capital market. Similar findings were also reported by Ediagbonya and Tioluwani (2023), who stated that access to the formal financial system and financial technology strengthens investment intentions, especially in productive age groups. This indicates that the availability of financial infrastructure and services is an important factor in shaping investment orientation. Research by Dash and Mohanta (2024) and Goyal et al. (2024) confirms that financial inclusion not only directly affects investment interest or decisions, but can also interact with financial behavioral factors. People who have easy access to financial services are able to develop more organized financial management practices, which increases their inclination to invest.

H3: Financial inclusion has a significant effect on investment interest.

The Effect of Financial Behavior on Investment Interest

Financial behavior refers to an individual's ability to plan, budget, review, manage, control, seek, and save daily financial resources (Septiani & Wuryani, 2020). It shows

how people handle their finances and make financial decisions in daily life. Financial behavior is the study of how people actually handle money, especially when it comes to decisions about investing, saving, and spending. In this regard, behavioral finance emphasizes that financial choices are frequently impacted by feelings, perceptions, and individual experiences rather than being entirely rational. As a result, how people arrange their financial resources and react to dangers and opportunities in the economy is greatly influenced by their financial behavior. According to Rizaldi and Arrozi (2025), financial behavior is an approach that explains how individuals make investment decisions or interact with financial matters that are influenced by psychological factors.

Financial behavior reflects an individual's financial responsibility, particularly in managing income, expenses, and financial assets in a productive manner. Effective financial management involves activities such as budgeting, evaluating purchases based on needs, and controlling expenditures to ensure that financial obligations can be fulfilled within a certain period. Such behavior generally develops from individuals' efforts to meet their needs in accordance with their income level and financial capacity. In this context, responsible financial behavior is also closely related to investment decisions, as individuals who manage their finances effectively tend to allocate part of their resources for future financial growth. Empirical evidence supports this relationship, showing that financial behavior has a significant direct effect on investment interest (Pujiastuti, 2025). Furthermore, broader financial access also encourages investment participation, as increased financial inclusion in developing countries has been found to enhance public involvement in formal investment instruments (Demirel et al., 2022).

H4: Financial behavior has a significant effect on investment interest.

Mediating Effect of Financial Behavior

Financial literacy is a fundamental skill that enables individuals to understand financial concepts and manage resources effectively to achieve financial well-being. Those with higher financial literacy tend to make better financial decisions, practice responsible financial management, and achieve improved outcomes (Bassa, 2013). It also enhances individuals' ability to evaluate financial opportunities and increases investment interest (Obeng-Manu, 2022). However, despite greater access to financial services, some groups, such as millennials, still face challenges in investment decision-making, highlighting the need to strengthen financial literacy to support better financial behavior (Pokharel & Maharjan, 2024; Pujiati, 2025).

The practical use of financial literacy in day-to-day financial decision-making is reflected in financial behavior. It refers to an individual's ability to plan, budget, manage, control, and save financial resources responsibly. Financial behavior also reflects how individuals allocate income, control spending, and manage financial obligations in order to achieve financial stability. Behavioral finance perspectives further suggest that financial decisions are often influenced by psychological factors and personal experiences rather than purely rational considerations (Rizaldi & Arrozi, 2025). Individuals who demonstrate responsible financial behavior, such as budgeting, evaluating purchases based on needs, and controlling expenses, are more likely to allocate resources for long-term financial goals, including investment activities. Previous studies support this relationship, showing that financial behavior has a significant positive effect on investment interest (Pujiastuti et al., 2025). In addition, improved access to financial services can further encourage participation in formal investment instruments (Demirel et al., 2022). Based on these theoretical and empirical perspectives, financial behavior is expected to act as an important mechanism linking financial literacy to investment interest.

H5: Financial behavior mediates the effect of financial literacy on investment interest.

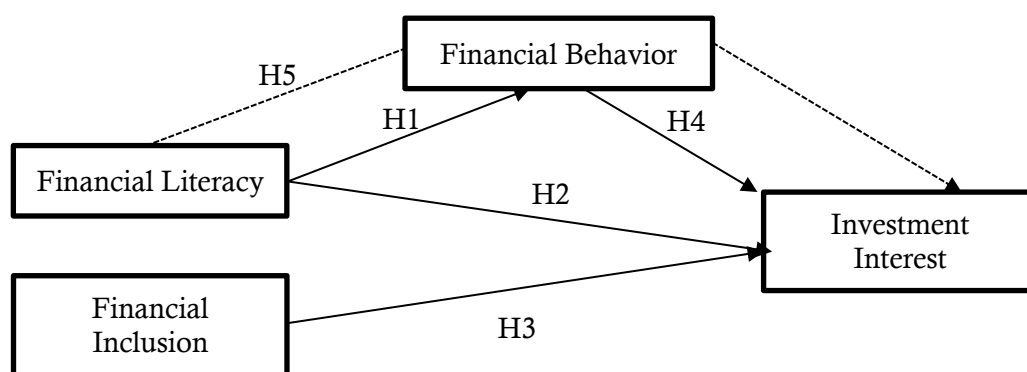


Figure 1. Conceptual Framework

Figure 1 illustrates that financial literacy and financial inclusion directly influence investment interest, while financial literacy also affects it indirectly through financial behavior. Financial literacy enhances individuals' understanding and encourages more responsible financial behavior, which subsequently increases their intention to invest. Financial inclusion, on the other hand, facilitates access to financial services, enabling greater participation in investment activities.

RESEARCH METHODS

This research adopts a quantitative methodology utilizing a causal associative design to analyze the relationships among variables. The selection of this approach is grounded in its suitability for assessing both the relationships and the effects of multiple independent variables, namely, financial literacy and financial behavior, on the dependent variable, investment interest. The population targeted in this study comprises Indonesian migrant workers who possess access to financial information and demonstrate the potential to participate, or have already participated, in investment activities that require financial literacy. The sampling process is conducted using a purposive sampling technique, whereby respondents are selected based on predetermined criteria. These criteria include migrant workers who have accumulated more than two years of work experience, are aged 30 years or above, are capable of independently managing their financial resources, and have either attended financial education programs or seminars, or have access to digital financial services platforms.

The number of samples was determined using the minimum sample size method, which suggests that the required sample should be at least five to ten times the number of indicators used in the research instrument. Given that this study employs 21 indicators, the minimum required sample size is calculated as 21×5 , resulting in 105 respondents. Data were collected through the distribution of questionnaires using a Likert scale ranging from 1 to 5 to measure the respondents' level of agreement with statements related to each variable.

The indicators used to measure each variable are as follows. Financial inclusion is measured through ownership of a formal financial account, ease of access to financial services, use of financial products such as savings or credit, access to various financial products, including investment, and the affordability of financial service costs. Financial literacy is measured through financial knowledge (understanding of financial concepts such as interest, inflation, diversification, and risk), financial attitude toward money management, financial management practices such as saving, budgeting, and paying bills on time, financial decision-making ability, and understanding of risk and long-term financial planning. Financial behavior is measured through savings behavior, consumption behavior, cash flow management, and debt management (Salahuddin et al., 2024; Shi et al., 2025). Meanwhile, investment interest is measured through interest in learning about different types of investments, efforts to seek investment information, willingness to spend time learning through training or seminars, intention to start

investing, and the tendency to increase investment activities (Mayer, 2021; Fonchamnyo et al., 2021; Gultom et al., 2024). The collected data were analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS), with SmartPLS employed as the analytical tool.

RESULTS

The results section commences with an assessment of the measurement model to verify that all constructs employed in the study satisfy the established standards of validity and reliability prior to conducting the structural model analysis. This assessment encompasses the examination of convergent validity, internal consistency reliability, and discriminant validity across the variables of financial literacy, financial inclusion, financial behavior, and investment interest. Convergent validity is evaluated based on outer loadings and the Average Variance Extracted (AVE), whereas reliability is determined through Cronbach’s Alpha and Composite Reliability measures. Furthermore, discriminant validity is analyzed using the Fornell–Larcker criterion alongside the Heterotrait–Monotrait Ratio (HTMT).

Table 1. Validity and Reliability Test

Variable	Indicator	Outer Loading	Cronbach’s Alpha	Composite Reliability	AVE
Financial Literacy	FL1-FL5	0.76-0.84	0.87	0.91	0.66
Financial Inclusion	FI1-FI5	0.78-0.85	0.86	0.90	0.64
Financial Behavior	FB1-FB6	0.77-0.84	0.89	0.92	0.66
Investment Interest	II1-II5	0.78-0.85	0.88	0.91	0.68

The findings of the validity and reliability tests for each of the study’s constructs are shown in Table 1. The outer loading values are used to evaluate the indicators’ validity. According to the findings, every indicator has outside loading values between 0.76 and 0.85, which are higher than the generally recognized cutoff of 0.70. This shows that every indication can accurately reflect its corresponding latent variable, demonstrating the validity and suitability of every measurement item for additional examination.

Cronbach’s Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) are used to assess reliability. The findings indicate that while the CR values range from 0.90 to 0.92, the Cronbach’s Alpha values for all variables fall between 0.86 and 0.89. These numbers show a high degree of internal consistency among the indicators assessing each construct, as they are higher than the suggested threshold of 0.70. Additionally, each construct explains more than half of the variance of its indicators, as evidenced by the AVE values, which range from 0.64 to 0.68 and exceed the minimum threshold of 0.50. These findings demonstrate that the measuring model satisfies the necessary standards for validity and reliability, suggesting that the constructs employed in this investigation are suitable and trustworthy for further structural model research.

Table 2. Discriminant Validity

Variable	Fornell-Lacker				HTMT		
	FL	FI	FB	II	FL	FI	FB
Financial Literacy (FL)	0.812				-		
Financial Inclusion (FI)	0.542	0.800			0.71	-	
Financial Behavior (FB)	0.601	0.573	0.812		0.76	0.73	-
Investment Interest (II)	0.565	0.548	0.643	0.825	0.74	0.72	0.79

Table 2 displays the outcomes of the discriminant validity assessment employing both the Fornell–Larcker criterion and the Heterotrait–Monotrait Ratio (HTMT). The Fornell–Larcker analysis reveals that the square root of the Average Variance Extracted (AVE) for each construct exceeds its correlations with other constructs in the model. This suggests that each construct is more strongly related to its own indicators than to those of other constructs, thereby fulfilling the requirement for discriminant validity. Furthermore, the HTMT values among the constructs fall within the range of 0.71 to 0.79, all of which

remain below the recommended cutoff value of 0.90. These results indicate that the constructs are empirically distinguishable from one another, confirming that the measurement model demonstrates satisfactory discriminant validity.

Subsequently, the structural model, which incorporates all latent variables, financial literacy as the independent variable, along with financial behavior and investment interest as dependent variables, was evaluated through a goodness-of-fit analysis. Based on this comprehensive model, further assessment was carried out in accordance with the goodness-of-fit criteria, as presented in Table 3.

Table 3. Goodness of Fit Indices

Criteria	Cut-off Value	Computational Results	Description
Chi-Square	Expected to be small	8.409	Fit
Rel. Chi-Square	≤ 2.00	4.805	Less Fit
Sig. Probability	≥ 0.05	0.000	Less Fit
RMSEA	≤ 0.08	0.191	Less Fit
CFI	≥ 0.95	0.724	Fit
TLI	≥ 0.90	0.682	Fit
NFI	≥ 0.90	0.679	Fit
IFI	≥ 0.90	0.728	Fit

Based on the test results as shown in Table 3 above, it can be seen that the Goodness of Fit Indices for all criteria show that there are 5 model fit measurements that fall into the fit category, and there are 3 categories that are less fit. Thus, the model is considered to be quite good overall. According to Koay et al. (2022), there are several measures of model fit in SEM, and model fit is assessed based on how many measures of fit are satisfied by the research model. The more target values of the goodness-of-fit measures that are satisfied by the model, the better the research model.

Testing the path coefficient on the structural equation model is one way to test the hypothesis based on the empirical model presented in this paper. Table 4 displays the tabular arrangement of the coefficient values.

Table 4. Relationship of Direct Influence Between Variables

Relationship	Coefficient	S.E.	t-statistics	p-value
Financial Literacy → Financial Behavior	0.268	0.089	3.014	0.003
Financial Literacy → Investment Interest	0.214	0.109	1.975	0.048
Financial Inclusion → Investment Interest	0.268	0.094	2.840	0.005
Financial Behavior → Investment Interest	0.402	0.122	3.301	0.000

The results indicate that financial literacy has a positive and significant influence on financial behavior and investment interest. The path analysis shows that financial literacy significantly affects financial behavior with a coefficient of 0.268, a t-statistic of 3.014, a standard error of 0.089, and a p-value of 0.003, which is below the significance level of 0.05. This finding implies that individuals with higher levels of financial literacy tend to demonstrate better financial behavior in managing their finances. In addition, financial literacy also has a positive and significant effect on investment interest, as indicated by a coefficient of 0.214, a t-statistic of 1.975, a standard error of 0.109, and a p-value of 0.048. Since the p-value is lower than 0.05, the result confirms that increased financial knowledge encourages individuals to develop a greater interest in investment activities.

Furthermore, financial inclusion and financial behavior also show significant effects on investment interest. The analysis reveals that financial inclusion has a positive and significant impact on investment interest, with a coefficient of 0.268, a t-statistic of 2.840, a standard error of 0.094, and a p-value of 0.005. This result indicates that broader access to financial services can enhance individuals' willingness to invest. Moreover, financial behavior demonstrates the strongest influence on investment interest, with a coefficient of 0.402, a t-statistic of 3.301, a standard error of 0.122, and a p-value of 0.000. These findings suggest that individuals who exhibit better financial management practices are

more likely to have a higher level of investment interest. All proposed hypotheses are supported because each relationship shows a positive and statistically significant effect. To facilitate the analysis of the functional relationship of indirect influence between variables, the coefficient values are arranged in a table as shown in Table 5.

Table 5. Indirect Functional Relationship

Variable	Information
Independent Variable	Financial Literacy
Intervening Variable	Financial Behavior
Dependent Variable	Investment Interest
Value	0.098

According to Table 5 and Figure 2, the value of the indirect effect of financial literacy on investment interest through the variable of financial behavior is 0.098. Thus, the hypothesis stating that there is an effect of financial literacy on investment interest through financial behavior is accepted. Thus, the overall causal effect of the financial literacy variable on investment interest through financial behavior can be illustrated in the following structural model:

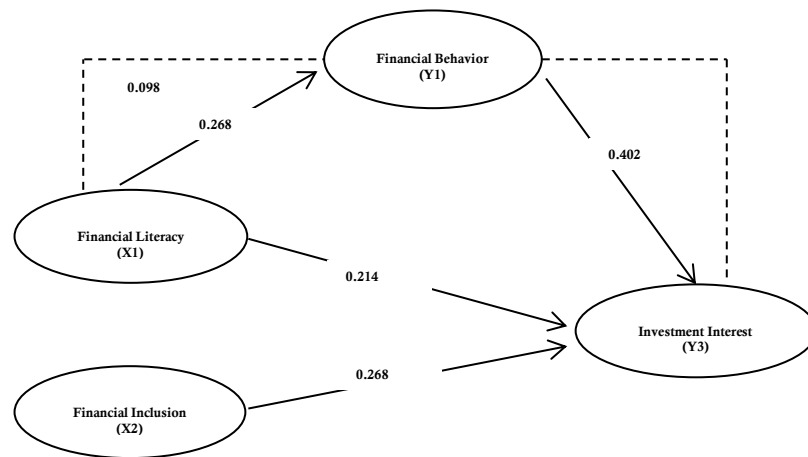


Figure 2. Research Structure Flowchart

Table 6. Total Effect

Total Effect	Value
Total effect of financial literacy on investment interest	0.293
Total effect of financial inclusion on investment interest	0.437

Based on Table 6, the total effect of financial literacy on investment interest is 0.293. This indicates that financial literacy increases investment interest through a combined direct and indirect effect of 0.293. Meanwhile, the total effect of financial inclusion on investment interest is 0.437. This indicates that financial inclusion increases investment interest through a combined direct and indirect effect of 0.437.

DISCUSSION

The findings indicate that financial behavior is strongly influenced by financial literacy, where greater financial understanding leads to more responsible and rational financial management. Individuals with higher financial literacy tend to plan and manage their finances more effectively. Mohta and Shunmugasundaram (2024) highlight that while millennials demonstrate responsible saving habits, challenges in investment decisions remain. Prior studies by Mittal (2022) have also demonstrated that higher financial literacy has a positive effect on investment behavior. Conversely, low financial literacy is associated with limited retirement planning and greater reliance on high-interest loans, while higher literacy encourages participation in financial markets through a better understanding of risks and returns (Prasad et al., 2021).

The findings show that financial literacy significantly influences investment interest, as individuals with greater financial understanding are more likely to engage in investment activities. It helps individuals evaluate opportunities and make informed decisions (Pujiastuti et al., 2021). From a theoretical perspective, Human Capital Theory views knowledge as a key asset for rational decision-making, while Prospect Theory explains risk avoidance; however, adequate financial literacy enables more rational risk assessment and recognition of long-term benefits. Empirical evidence confirms that higher financial literacy increases investment interest, market participation, and intention to invest (Hassan & Kalli, 2009; Hermansson & Jonsson, 2021).

The results show that financial behavior significantly influences investment interest, where better financial management practices lead to greater participation in investment activities. This is consistent with the Theory of Planned Behavior and Modigliani's Life Cycle Hypothesis, which emphasize the role of intention, self-control, and disciplined saving in enabling investment. Individuals with sound financial behavior also tend to have more realistic risk perceptions and longer investment horizons. Filipiak and Walle (2015) find that disciplined practices such as budgeting and saving increase investment tendency, while stronger self-control and saving habits further encourage stock market participation by Sinnewe and Nicholson (2023).

The findings show that financial inclusion significantly influences investment interest, as greater access to financial services increases individuals' participation in investment activities. It enables Indonesian migrant workers to access investment products more easily, thereby enhancing their willingness to invest. From the perspective of Transaction Cost Economics, financial inclusion reduces barriers such as time, effort, and cost, making investment more accessible. Empirical evidence supports this relationship, showing that improved financial inclusion increases participation in formal investment instruments and encourages capital market involvement, particularly through financial technology adoption (Demirel et al., 2022; Ofosu et al., 2023).

The findings demonstrate that financial literacy significantly affects investment interest indirectly through financial behavior, suggesting that financial knowledge affects investment interest by influencing people's money management strategies. Among Indonesian migrant workers, higher financial literacy encourages positive financial behaviors, such as saving, budgeting, and managing expenses, which increase the likelihood of engaging in investment activities. Financial literacy improves responsible financial behavior that subsequently stimulates investment interest (Elliyana et al., 2025). Meanwhile, financial behavior also acts as a significant mediating variable between financial literacy and investment interest among younger generations (Khawar & Sarwar, 2021). Similarly, financial literacy can influence investment interest through intermediary behavioral factors such as investment attitudes (Sachdeva & Lehal, 2023). This relationship is consistent with the Theory of Planned Behavior and Social Cognitive Theory, which explain that financial knowledge strengthens self-efficacy and shapes behavior that ultimately supports investment decisions (Shih et al., 2022).

These findings imply that enhancing investment interest requires an integrated approach that simultaneously improves financial literacy, strengthens financial behavior, and expands financial inclusion. Policymakers and financial institutions should prioritize targeted financial education programs, promote disciplined financial management practices, and increase access to affordable and user-friendly financial services, particularly for underserved groups such as Indonesian migrant workers. By aligning knowledge development, behavioral reinforcement, and structural access, investment participation can be more effectively encouraged.

CONCLUSION

This research investigates the effect of financial literacy and financial inclusion on investment interest, with financial behavior acting as a mediating variable among Indonesian Migrant Workers (IMWs), using a quantitative method and SEM-PLS analysis. The results indicate that financial literacy exerts a significant positive influence

on financial behavior, suggesting that individuals with higher financial knowledge are more likely to adopt disciplined financial practices, including budgeting, saving, and expenditure control. Moreover, financial literacy has a direct positive impact on investment interest, implying that individuals who possess a stronger understanding of financial concepts and associated risks are more inclined to engage in investment activities. Financial behavior is also found to significantly influence investment interest, demonstrating that individuals who manage their finances responsibly are more likely to allocate funds toward investment.

The findings indicate that financial inclusion enhances investment interest by improving access to financial services and opportunities, while financial behavior mediates the effect of financial literacy on investment interest. This suggests that financial knowledge becomes more effective when reflected in responsible financial practices. Therefore, increasing investment participation among IMWs requires not only improved literacy and access but also the development of sound financial behavior, supported by practical financial education and accessible investment instruments.

Nevertheless, this study is subject to several limitations. The sample is restricted to IMWs who meet specific criteria, which may limit the generalizability of the results to other groups. Furthermore, the reliance on self-reported questionnaire data may introduce potential response bias. Future studies are therefore recommended to involve larger and more diverse samples, incorporate additional variables such as financial attitudes, income stability, and digital financial literacy, and apply longitudinal designs to provide deeper insights into how financial literacy and financial behavior shape investment decisions over time.

FUNDING STATEMENT: This research did not receive any specific grant from funding agencies in the public, commercial, or not - for - profit sectors.

CONFLICTS OF INTEREST: The author declares no conflict of interest.

DECLARATION OF GENERATIVE AI STATEMENT: During the preparation of this work, the author(s) used ChatGPT, Grammarly, and Turnitin in order to assist with language refinement, grammar checking, and originality verification. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the publication.

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