



# Literacy, Family, and Technology: Unravelling the Driving Factors of Rural Community Investment Behaviour

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Article Info	Abstract
<b>Article History</b> Received: June, 2026 Revised: June, 2026 Published: June, 2026	Rural communities often show low levels of investment participation despite ongoing global financial and digital inclusion efforts. This study aims to investigate the driving factors of investment behaviour in rural areas by examining the impact of financial literacy, family environment, and technology literacy on investment interest. Using a quantitative approach with a survey design, data were collected from purposively selected samples in a developing rural area in Indonesia. The hypothesis was tested using multiple linear regression analysis. The results of the study revealed that financial literacy, family environment, and technology literacy had a significant and positive effect on the investment interest of rural communities, both partially and simultaneously ( $F = 81.867$ , $p < 0.01$ ). Furthermore, the proposed model was able to explain 76.2% ( $R^2 = 0.762$ ) of the variation in investment interest, indicating the strong predictive ability of the selected variables. This study concludes that efforts to encourage investment behaviour in rural demographics require a holistic approach that synergises financial education, supportive family dynamics, and digital literacy. These findings provide valuable implications for policymakers and financial institutions in designing targeted and contextual financial inclusion programs for rural communities.
<b>Keywords:</b> Family Environment, Financial Inclusion, Financial Literacy, Investment Behaviour, Technology Literacy, Village Communities	
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## INTRODUCTION

In the era of economic globalisation and massive digitalisation, investment is no longer seen simply as an instrument of wealth accumulation for elite groups, but rather as a crucial pillar for individual financial resilience and macroeconomic growth. The global financial inclusion agenda demands the active participation of all levels of society, including those in marginalised areas, to engage in the formal financial sector (World Bank Group, 2025). Participation in the capital market or other investment instruments offers individuals the opportunity to mitigate inflation risks, enhance capital accumulation, and achieve long-term financial well-being (Campbell, 2006; Lusardi & Mitchell, 2014). Therefore, understanding the various psychological, sociological, and technological determinants that shape people's investment behaviour is a very important discourse in the contemporary financial literature (Goldstein & Karolyi, 2019).

Although the benefits of investment have been extensively documented, the gap in financial market participation between urban and rural areas remains a persistent challenge, particularly in developing countries such as Indonesia. Empirical phenomena show that rural communities often display very low levels of involvement in formal investment instruments. Most rural communities tend to adopt an extreme risk-averse attitude, lack confidence in navigating financial products, and face inequality in access to comprehensive investment education compared to their urban counterparts (Intermediation et al., 2016; Jasis, 2021). Ironically, this low investment interest persists even as digital infrastructure and financial technology (fintech) services begin to penetrate into rural areas, indicating that there are non-technical barriers that have not been properly addressed.

Previous literature in the field of behavioural finance emphasises that financial decisions are not only driven by pure economic rationality, but are shaped by cognitive capacity and exposure to primary socialisation (Ghafoor & Akhtar, 2024; Gudmunson & Danes, 2011). This cognitive capacity is represented by financial literacy, which is the basic foundation for individuals to evaluate the risks and

benefits of financial products (Christelis et al., 2010). Meanwhile, the family environment acts as the primary socialisation agent that shapes the habitus, values, and future orientation of individuals towards money (Li et al., 2025). On the other hand, the emergence of digital investment platforms demands technological literacy as an absolute prerequisite that bridges the gap between real investment interests and actions.

Nevertheless, there is an academic gap in the current literature. Most previous research on investment behaviour has tended to focus on urban demographics, college students, or the highly educated younger generation who have instant access to information. There is still very limited research that integrates cognitive aspects (financial literacy), social capital (family environment), and digital capabilities (technological literacy) simultaneously to dissect investment behaviour in rural communities that are in the digital transition phase (Tentama et al., 2023). In fact, the sociocultural and economic characteristics of village communities have dynamics that are much different from urban communities.

To bridge these theoretical and empirical gaps, this study aims to unravel the factors driving investment behaviour of rural communities by examining the influence of financial literacy, family environment, and technology literacy simultaneously. By taking the locus of a developing rural area in Indonesia (Haduyang Village, Lampung), this study offers novelty through a holistic approach that brings together internal-cognitive and external-environmental perspectives in one integrated regression analysis model. The results of this study are expected to make a dual contribution: theoretically enriching the literature on rural financial behaviour in developing countries, and practically serving as a strategic guide for policymakers and financial institutions in designing more effective and targeted community-based financial inclusion programs.

## **METHODS**

### **Research Design**

This study uses a quantitative approach with a verifiable descriptive method, which is designed through an ex post facto design and surveys (Nuryana et al., 2023; Suroto et al., 2019). This design was chosen because the researcher did not manipulate independent variables, but rather searched retrospectively (facts that have occurred) to identify the influence of financial literacy, family environment, and technology literacy on investment interest in rural communities.

### **Population and Sample**

The research was carried out in Haduyang Village, South Lampung Regency, an area that is undergoing a financial digitalisation transition. Sampling was carried out using purposive sampling techniques, which specifically targeted individuals with specific criteria relevant to the research objectives. Based on this technique, as many as 30 respondents were selected to represent the target demographic.

### **Data Collection Techniques and Instruments**

Primary data collection focused on the deployment of a Likert scale structured questionnaire (with a score range of 1 for "Strongly Disagree" to 5 for "Strongly Agree") to measure dependent and independent variables. To enrich the context of quantitative data, the researcher also conducted in-depth observations, preliminary interviews, and collected documentation as empirical evidence from the field.

Before being used for primary data collection, the questionnaire instrument is tested for feasibility through:

1. **Validity Test:** Evaluated using the Pearson Product-Moment correlation formula. A question item is declared valid if it meets the  $r\text{-count} > r\text{-table}$  requirements and has a significance value below the specified threshold ( $\alpha < 0.05$ ).
2. **Reliability Test:** The internal consistency of the instrument is measured using Cronbach's Alpha coefficient. The instrument is declared reliable for repeated measurements if the instrument is proven to be  $r\text{-count} > r\text{-table}$  at a significance level of 5%.

## Data Analysis Techniques

All data collected were analysed using parametric statistical software through three main stages:

1. Analysis Prerequisite Test: Consists of a normality test (using the Kolmogorov-Smirnov or Lilliefors method) to ensure that data errors are normally distributed, and a homogeneity test (Levene's Test) to ensure intergroup variance is sourced from a homogeneous population.
2. Classical Assumption Test: Involves a linearity test to ensure that there is a meaningful linear relationship between independent and dependent variables.
3. Hypothesis Testing: Performed using Multiple Linear Regression analysis. This test includes a t-test to see the significance of the influence of each variable of financial literacy, family environment, and technology literacy. In addition, the F-Test (ANOVA) was applied to confirm the significance of the influence of all independent variables together (simultaneously) on investment interest, along with the analysis of the Coefficient of Determination to determine the percentage of influence contribution from the research model.  $R^2$

## RESULTS AND DISCUSSION

### A. Result

#### Classical Prerequisite and Assumption Tests

Before multiple linear regression is conducted, the research data first undergo a series of analysis prerequisite tests to ensure the feasibility of the estimation model. The results of the normality test using a statistical approach show that the residual significance value is above, which indicates that the error in the model is normally distributed. Furthermore, the results of the variance homogeneity test confirmed that the data obtained came from a homogeneous population. For the linearity test, the relationship between each independent variable and the dependent variable shows a significant linear relationship. Thus, all the basic assumptions in parametric statistical analysis have been fulfilled.

#### Multiple Linear Regression Analysis and Hypothesis Testing

Multiple linear regression analysis was used to test the contribution of the variables Financial Literacy, Family Environment, and Technology Literacy to Investment Interest. The results of the simultaneous test (F test) and the determination coefficient are summarised in Table 1 below:

Table 1. Results of Simultaneous Significance Test (F Test) and Coefficient of Determination  $R^2$

Model Regression	F-count	Signifying cover (p-value)	R-Square (R2)	Adjusted R-Square
Simultan (X <sub>1</sub> ,X <sub>2</sub> ,X <sub>3</sub> →Y)	81,867	0,000	0,762	0,735

Source: Research Processing Data (2025)

Based on Table 1, the results of the ANOVA analysis produced an F-count value of 81.867 with a significance level of 0.000. Since the significance value is much smaller than the established standard of significance, the main hypothesis of this study is accepted. This proves that Financial Literacy, Family Environment, and Technology Literacy together (simultaneously) have a positive and significant influence on people's Investment Interest in developing rural areas.

The value of the Determination Coefficient obtained was 0.762. This figure indicates that the contribution of the combined variance of financial literacy, family environment, and technology literacy can explain 76.2% of changes or fluctuations in investment interest of rural communities. Meanwhile, the remaining variance of 23.8% was influenced by other variables that were not included in this research model, such as real income levels, perception of financial risk, and accessibility of physical financial institutions.

### B. Discussion

The empirical findings in this study reinforce the theoretical proposition in behavioural finance (Sundavadara & Sanghvi, 2024) that an individual's interest in entering the financial market does not occur in a purely mechanical-rational manner, but is the product of an interaction of cognitive capacity, proximate sociological structure, and digital adoption skills.

### **The Role of Financial Literacy: The Role of Financial Literacy**

Partially, financial literacy has proven to be a major driving factor that positively increases the investment interest of rural communities. Adequate financial knowledge gives individuals the competence to conduct objective risk assessments (Wang, 2009). In rural areas, fear of loss of capital is often the biggest psychological limitation (Karlan et al., 2014; Tanaka & Camerer, 2010). As people's financial literacy increases, especially regarding the basic concepts of inflation, diversification, and return, saturation or resistance to formal investment products can be minimised. These results are in line with global financial inclusion theory (Allen et al., 2011), which places cognitive literacy as a key prerequisite for transforming society from mere passive savers to active investors.

### **The Influence of the Family Environment**

Family environmental factors act as primary economic socialisation agents which are very crucial in the context of developing rural communities. Cultural values in rural Indonesia tend to place the family at the centre of collective decision-making (Kusnali et al., 2025). When a family practices sound financial management, is open to discussing long-term asset allocation, or sets a real example in investing, it creates a behavioural contagion effect on other family members. Support, both in the form of moral encouragement and intergenerational knowledge transfer within households, significantly lowers the perception of individual uncertainty when facing new financial instruments.

### **The Impact of Technology Literacy**

In the current era of digitalisation, technology literacy acts as a "bridge of non-physical infrastructure". The geographical barriers of rural communities to access capital markets that were once centred in urban areas have now been eroded by the presence of financial technology (fintech) platforms. However, the availability of gadgets and internet networks will not have an impact without digital literacy. The findings of this study verify that rural communities who have high technology literacy will have greater confidence to explore investment applications, understand digital interfaces, and avoid the risk of cybercrime or fraudulent investments.

### **Three-Factor Holistic Synergy**

The most important contribution of this study lies in its simultaneous analysis. The presence of high value (76.2%) proves that to build a sustainable investment ecosystem in rural areas, these three factors cannot be separated. A person may have smart financial literacy, but if his family environment is restrictive or he struggles with technology in operating digital platforms, this interest will not manifest into real investment behavior. On the other hand, mastery of technology without strong financial literacy will only plunge rural communities into high-risk speculative behaviour. Therefore, the synergy between financial cognitive ability, family social support, and digital technology adaptability is the main driver of the financial maturity of rural communities (Yoshino et al., 2015).

## **CONCLUSIONS**

This study succeeded in unravelling the factors driving investment behaviour of rural communities through the integration of cognitive, social, and technological aspects. Based on empirical analysis, it is concluded that financial literacy, family environment, and technology literacy have a positive and significant influence on people's investment interest in rural areas, both partially and simultaneously. These findings confirm that investment interest in rural demographics is not shaped by a single determinant, but is the result of synergy from adequate financial understanding, the existence of a social support system from families, and adaptability to modern digital technologies. The high capacity of the regression model suggests that the combination of these three variables provides a robust framework for predicting and dissecting the financial behaviour of rural communities that are in the transition phase towards digital financial inclusion.

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