KIA 10 KONFERENSI ILMIAH AKUNTANSI X 2023
IKATAN AKUNTAN INDONESIA
KOMPARTEMEN AKUNTAN PENDIDIK
UNIVERSITAS MUHAMMADIYAH JAKARTA
FACULTY OF ECONOMICS AND BUSINESS
E-ISSN: 2987-6397

THE EFFECT OF FINANCIAL LITERACY, FINANCIAL BEHAVIOR, AND PERCEIVED RISK ON INVESTMENT DECISIONS

Alvin Latif Chofifah[1], Muhdiyanto[2]*, Muhamad Wahid Ibrahim[3],

[1]Program Studi Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Magelang, Jl. Tidar No.21, Magersari, Kec. Magelang Sel., Kota Magelang, Jawa Tengah, 59214
[2] Program Studi Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Magelang, Jl. Tidar No.21, Magersari, Kec. Magelang Sel., Kota Magelang, Jawa Tengah, 59214
[3] Program Studi Manajemen, Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Magelang, Jl. Tidar No.21, Magersari, Kec. Magelang Sel., Kota Magelang, Jawa Tengah, 59214

*muhdiyanto@ummgl.ac.id

Abstract

Investment is someone's sacrifice today to get greater profits in the future. A higher investment level will increase Indonesia's economic growth (Dinantara et al., 2022). The decision to invest is a challenging thing. Every investor needs the right decision in order to get the desired results. The investment decision considers various things such as security, risk, rate of return, time, money, and the level of liquidity (Ramadhan et al., 2021). Therefore, many factors must be considered in making investment decisions to make an investor more carefully before deciding to invest. By investing, the financial condition in the future will be guaranteed. This study aimed to determine the relation of three independent variables: Financial Literacy, Financial Behavior, and Perceived Risk to the Investment Decision in IDX. The sample of this research is students of the Faculty of Economics and Business, University of Muhammadiyah Magelang. The sampling method in this study used purposive sampling based on predetermined criteria. The criteria in this study are students who have invested or are currently investing in the IDX because they have sufficient financial literacy and behavior to manage their finances well. The sample used in this study was 100 respondents obtained from distributing questionnaires through the Google-form. The analytical tool used to test the hypothesis is multiple linear regression analysis. The study found that financial literacy has a negative effect on investment decisions, while financial behavior and perceived risk positively affect investment decisions.

Keyword: ***Financial literacy, financial behavior, risk perception, and investment decisions***

Background

The International Association of Registered Financial Consultants (IARFC) states that Indonesia is a country that receives attention because the financial literacy and financial inclusion of the Indonesian people are still low compared to other countries (Yundari & Artati, 2021). Many Indonesian people would rather avoid investing. This is because they think the money needed to invest is very large. In addition, the lack of financial literacy and knowledge about investment causes many people to be deceived

E-ISSN: 2987-6397

in investing, such as repeated fraudulent investment cases (Dewi & Purbawangsa, 2018).

The decision to invest is a process related to decisions about several issues before investing (Feby et al., 2021). The decision to invest is also the most critical factor influencing financial management ability and financial well-being. One of the factors that influence investment decisions is financial literacy (Siregar & Anggraeni, 2022).

Financial literacy is the ability to manage finances well so that they can develop and live prosperously in the future (Fadila et al., 2022). Apart from financial literacy, investment decisions are influenced by financial behavior (Ramadhan et al., 2021). Financial behavior is a science that studies how psychological phenomena affect financial behavior, especially how humans carry out an activity in making investment decisions (Julita & Prabowo, 2021). In addition to financial behavior, investment decisions are also influenced by perceptions (Badriatin et al., 2022). Perception of risk is an investor's process of assessing, seeing, and also interpreting an investment risk that will occur depending on the psychological characteristics and circumstances of the person in making a decision (Mahwan & Herawati, 2021).

Previous research conducted by Yasa et al. (2020); Dinantara et al. (2022); Feby et al. (2021); Lestari et al. (2022); and Mahwan & Herawati (2021) state that financial literacy, financial behavior, and perceived risk have a positive effect on investment decisions. This is different from research conducted by Yundari & Artati (2021); Fitriarianti (2019); Pradikasari & Isbanah (2018); Safryani et al. (2020); and (Rosyidah & Lestari (2018), who say that the variables of financial literacy, financial behavior, and perceived risk do not affect investment decisions. This description explains that there are still inconsistencies.

Based on the background that has been explained, there are still differences between one study and another, so the authors conducted another study with the title "The Influence of Financial Literacy, Financial Behavior and Perceived Risk on Student Investment Decisions at the IDX (Empirical Studies on Students of the Faculty of Economics and Business, Muhammadiyah University of Magelang).

Method

This research is quantitative, using primary data. Primary data is data in the form of numbers on a Likert scale. Then statistical tests are carried out. The sampling

E-ISSN: 2987-6397

technique in this study used a purposive sampling technique based on predetermined criteria. The criteria in this study are students who have or are currently investing in the IDX. The sample in this study was 100 student respondents at the Faculty of Economics and Business, Muhammadiyah University of Magelang. The data collection method used in this study is questionnaires through the Google-form. The data analysis technique in this study used multiple linear regression analysis using SPSS 25. This study used several tests, namely validity test, reliability test, the goodness of fit (R2), F test and t test.

Hypothesis Development

The Effect of Financial Literacy, Financial Behavior, and Perceived Risk on Investment Decisions

Signaling theory explains why companies urge to convey or provide information related to financial reports. Signal theory can help companies, owners, or even parties from outside the company to reduce information asymmetry to produce quality and integrity of financial reports. Company management often provides private information about the company with the consideration that it can attract investors to invest in the company. The decision to invest is a challenging one for every individual. There are many things to consider before deciding to invest. The factors that must be considered include knowing the level of risk, return, time, money, and liquidity.

H_1. Financial Literacy, Financial Behavior, and Perceived Risk have a simultaneous effect on Investment Decisions

The Effect of Financial Literacy on Investment Decisions

Signal theory explains how a company can signal users of its financial statements. Signal theory can explain what managers do to reduce information asymmetry. This can make investors analyze the information they get in the form of good signals (good news) or wrong signals (bad news). The signal theory itself is closely related to the availability of company information to know this requires sufficient financial literacy so that decision-making can follow the expected goals. Financial literacy is knowledge about finance, which aims to achieve a prosperous life. Knowledge of financial literacy is vital for every individual. This makes an individual right in making a decision.

H_2. Financial literacy has a positive effect on Investment Decisions

E-ISSN: 2987-6397

Effect of Financial Behavior on Investment Decisions

Signal theory explains the importance of information released by companies on investment decisions. Information is crucial for an investor because then an investor will get complete, relevant, timely, and accurate information or information. This information is used as a tool for an investor to analyze before the investor decides to invest. In addition to financial behavior, information also influences investment decisions. Financial behavior is a person's behavior or a person's habits in managing his finances.

H_3. Financial behavior has a positive effect on Investment Decisions

The Effect of Perceived Risk on Investment Decisions

Signaling theory explains that this theory plays a role in making decisions about signals that an investor will receive. An investor will catch signals related to the information he gets so that investors will take these signals with minimal risk and get returns in the future. For the return that an investor will obtain must pay attention to the risk that will be borne. The level of risk desired by an investor is low, so the return to be obtained by investors is also low. Conversely, if the level of risk to be obtained by an investor is high, then the return to be obtained will also be high.

H_4. Perceived risk has a positive effect on Investment Decisions

Result and Discussion

Based on the research results, it proves that financial literacy, financial behavior, and risk perception have a simultaneous or joint effect on investment decisions. The results of this study support the first hypothesis (H_1). Therefore, the first hypothesis (H_1) of this study is accepted. According to signaling theory, all actions taken by the company's management provide clues to investors about how management views the company's prospects. This theory explains why companies urge to convey or provide information related to the company's financial statements.

a. The Effect of Financial Literacy on Investment Decisions

Based on the results of the t-test, it shows that t count -7.145 > t table 1.660 and P value = 0.000 <α = 0.005. These results indicate that financial literacy significantly negatively affects investment decisions, so H_2 is rejected. These results align with research conducted by (Safryani et al., 2020), which states that

E-ISSN: 2987-6397

financial literacy significantly negatively affects student investment decisions. That is, any increase in financial literacy will cause a decrease in dividend decisions. Adequate financial literacy is based on the existence of an individual's financial behavior following signal theory. Based on signal theory, information received by investors can be in the form of complete, relevant, accurate, and timely signals so that they can be used as input or material for consideration in making investment decisions for students. However, in fact, in this study, various information from investors related to company prospects cannot be used as a benchmark for a student to make an investment decision. In this study, several indicators still need to represent the research results. So that financial literacy has a significant negative effect on investment decisions in students.

b. Effect of Financial Behavior on Investment Decisions

Based on the results of the t-test shows that t count 6.771 > t table 1.660 and P value = 0.000 <α = 0.005. These results indicate that financial behavior positively affects investment decisions, so H_3 is accepted. These results are in line with research conducted by Yasa et al. (2020), which states that financial behavior has a significant positive effect on investment decisions in college students. Any increase in the financial behavior variable will lead to an increase in investment decisions. This is in accordance with the signal theory. In this study, there is a connection with the signal theory. Investment decisions from an investor can provide a good signal for the company's development. Information obtained by an investor from the company will affect market conditions. This information is used as a tool for an investor to analyze before the investor decides to invest. In addition to financial behavior, information also influences investment decisions. An individual's investment decision-making only sometimes has a consistent attitude toward the assumptions made. Investment decision-making will be influenced by their perception and understanding of the information obtained. Financial behavior is a person's behavior or habits in managing his finances. The better the financial behavior of students, the better the investment decisions taken by students.

c. The Effect of Perceived Risk on Investment Decisions

E-ISSN: 2987-6397

Based on the results of the t-test shows that t count 13.292 > t table 1.660 and P value = 0.000 < α = 0.005. These results indicate that perceived risk has a significant positive effect on investment decisions, so H_4 is accepted. These results align with Mahwan & Herawati's (2021) research, which states that perceived risk has a significant positive effect on student investment decisions. That is, any increase in risk perception causes an increase in investment decisions. Based on signal theory, this theory can explain decision-making related to signals received by investors. Risk perception plays an essential role in human behavior, especially concerning decision-making in uncertain circumstances. Perceived risk is an investor's view or vision that arises from interpreting the situation in investment activities that will be considered between the return (return) and the risk of the investment he will choose. Perception of risk can determine the investment product selected according to the level of risk obtained. The higher the level of perception that is owned, the more an investor can think further about an investment decision.

Conclusion

To sum up, this study found that financial literacy, financial behavior, and perceived risk simultaneously affect investment decisions among students of the Faculty of Economics and Business at the Muhammadiyah University of Magelang. Financial literacy negatively affects investment decisions in students of the Faculty of Economics and Business at Muhammadiyah University of Magelang. Financial behavior and Perceived risk positively affect investment decisions in students of the Faculty of Economics and Business at the Muhammadiyah University of Magelang.

Limitation and Future Recommendation

This study focuses only on financial literacy, financial behavior, and risk perception. Therefore, it possibly denied that there are still many obstacles in this study due to the limited literature and articles used as references in the process. In addition, this study used a purposive sampling method by distributing online questionnaires that could raise a problem if the answers from the respondents are different from the actual

E-ISSN: 2987-6397

situation because the results of this study are only based on written data from the questionnaire that they are not controlled.

Recommendations for the company are to improve the company's prospects in order to attract investors to invest in the company. Advice for students of the Faculty of Economics and Business at the Muhammadiyah University of Magelang can increase their financial knowledge and information related to investment decisions.

Reference

Badriatin, T., Rinandiyana, L. R., & Marino, W. S. (2022). Persepsi Risiko dan Sikap Toleransi Risiko terhadap Keputusan Investasi Mahasiswa. *Jurnal Ekonomi Dan Manajemen*, *20*(2), 158–163.

Dewi, I. M., & Purbawangsa, I. B. A. (2018). Pengaruh Literasi Keuangan, Pendapatan Serta Masa Bekerja Terhadap Perilaku Keputusan Berinvestasi. *Jurnal Ekonomi Dan Bisnis Universitas Udayana*, *7*, 1867–1894.

Dinantara, M. D., Narimawati, U., Affandi, A., Priadana, S., & Erlangga, H. (2022). The Effect of Financial Literature and Behavior on Individual Investment Decision Behavior (Study on Perumnas Project Employees). *International Journal of Education, Information Technology and Others (IJEIT)*, *5*(2), 389–399. https://doi.org/10.5281/zenodo.6400054

Feby, N., Panjaitan, H., & Listiadi, A. (2021). Literasi Keuangan dan Pendapatan pada Keputusan Investasi dengan Perilaku Keuangan sebagai Variabel Moderasi. *Jurnal Ilmiah Akuntansi Dan Humanika*, *11*(1), 142–155.

Ferdiawan, I. K. Y., Gama, A. W. S., & Astiti, N. P. Y. (2022). Pengaruh Literasi Keuangan Dan Sikap Keuangan Terhadap Keputusan Berinvestasi Mahasiswa S1 Fakultas Ekonomi Dan Bisnis Universitas Mahasaraswati Denpasar Angkatan 2018-2020. *Jurnal EMAS*, *3*(April), 1–14.

Fitriarianti, B. (2019). Pengaruh Literasi Keuangan, Perilaku Keuangan Dan Pendapatan Terhadap Keputusan Berinvestasi. *Jurnal Ekonomi Dan Bisnis*, *7*(2).

Julita, & Prabowo, B. R. (2021). Pengaruh Pendapatan dan Perilaku Keuangan terhadap

E-ISSN: 2987-6397

Keputusan Investasi saat Pandemi (Studi Kasus Nasabah PT. Pegadaian (Persero) CP Helvetia. *Proceding Seminar Nasional Kewirausahaan*, *2*(1), 75–90. http://dx.doi.org/10.30596%2Fsnk.v2i1.8220

Khairiyati, C., & Krisnawati, A. (2019). Analisis Pengaruh Literasi Keuangan Terhadap Keputusan Investasi Pada Masyarakat Kota Bandung. *Jurnal Manajemen Dan Bisnis*, *3*(2).

Lestari, M., Pangestuti, D. C., & Fadila, A. (2022). Analisis Literasi Keuangan, Pendapatan Dan Persepsi Risiko Terhadap Keputusan Investasi Serta Perilaku Keuangan Sebagai Variabel Intervening. *Jurnal Riset Akuntansi Dan Keuangan*, *4*(1), 33–46.

Mahwan, I. B. P. F., & Herawati, N. T. (2021). Pengaruh Literasi Keuangan, Persepsi Risiko, dan Locus of Control Terhadap Keputusan Investasi Pengusaha Muda di Singaraja. *Jurnal Ilmiah Mahasiswa Akuntansi*, *12*(3), 768–780.

Pradikasari, E., & Isbanah, Y. (2018). Pengaruh Financial Literacy, Illusion Of Control, Overconfidence, Risk Tolerance, Dan Risk Perceptionterhadap Keputusan Investasi Pada Mahasiswa Di Kota Surabaya. *Jurnal Ilmu Manajemen*, *6*, 424–434.

RRosyidah, S. M., & Lestari, W. (2018). Religiusitas Dan Persepsi Risiko Dalam Pengambilan Keputusan Investasi Pada Perspektif Gender. *Journal of Business and Banking*, *3*(2), 189. https://doi.org/10.14414/jbb.v3i2.236

Sadalia, I., & Butar-Butar, N. A. (2018). *Perilaku Keuangan Teori dan Implementasi*.

Safryani, U., Aziz, A., & Triwahyuningtyas, N. (2020). Analisis Literasi Keuangan, Perilaku Keuangan, Dan Pendapatan Terhadap Keputusan Investasi. *Jurnal Ilmiah Akuntansi Kesatuan*, *8*(3).

Siregar, D. K., & Anggraeni, D. R. (2022). Pengaruh Literasi Keuangan Dan Perilaku Keuangan Terhadap Keputusan Investasi Mahasiswa. *Jurnal Ekonomi Dan Bisnis*, *2*(1), 96–112.

Spence, M. (1973). Job Market Signalling. *The Quarterly Journal Of Economics*, *Vol 887*.

E-ISSN: 2987-6397

Yasa, I. W., Upadana, A., & Herawati, N. T. (2020). Pengaruh Literasi Keuangan dan Perilaku Keuangan terhadap Keputusan Investasi Mahasiswa. *Jurnal Ilmiah Akuntansi Dan Humanika*, *10*(2), 126–135.

Yundari, T., & Artati, D. (2021). Analisis Pengaruh Literasi Keuangan, Perilaku Keuangan dan Pendapatan Terhadap Keputusan Investasi (Studi Kasus pada Karyawan Swasta di Kecamatan Sruweng Kabupaten Kebumen). *Jurnal Ilmiah Mahasiswa Manajemen, Bisnis Dan Akuntansi*, *3*(3), 609–622.