ABSTRACT

The rapid growth of young investors, particularly those born between 1995 and 2010 known as Generation Z, has significantly contributed to the increasing number of investors in Indonesia. The capital market, which is increasingly dominated by Generation Z, often encounters challenges in investment decision-making, such as fraud risks, low risk comprehension, and psychological phenomena like FOMO (Fear of Missing Out). These factors tend to lead to less rational investment behavior.

This study aims to analyze the influence of heuristic availability bias on investment decision-making, with risk tolerance as a mediating variable and external locus of control as a moderating variable. A quantitative approach was employed, and data were collected using questionnaires distributed to 414 Generation Z respondents in Jakarta who have investment experience. The sampling technique used was non-probability sampling, and data analysis was conducted using regression analysis to examine the moderated mediation model.

The results indicate that heuristic availability bias has a negative effect on both investment decision-making and risk tolerance, while risk tolerance has a significant effect on investment decision-making. External locus of control significantly moderates the effect of heuristic availability bias on risk tolerance, with a negative conditional effect. Risk tolerance does not directly mediate the relationship; however, it significantly mediates the relationship when moderated by external locus of control. These findings reinforce the understanding that psychological aspects, particularly cognitive bias and risk tolerance, play a crucial role in shaping investment decision-making behavior among Generation Z.

Keywords*: External Locus of Control, Heuristic Availability Bias, Invesment Decision Making, Risk Tolerance.*