

Abstract

The growth of capital market investors in Indonesia shows a remarkable trend, reaching 22.22% in 2024, with Generation Z as the dominant demographic group. However, behind this high participation, there is a significant gap where the financial inclusion rate of Gen Z (75.02%) is not matched by their financial literacy rate of only 65.43% (OJK, 2024). This phenomenon is reinforced by data from Sun Life (2024), which states that only 49% of them feel financially secure and 58% tend to avoid risk, thus highlighting the urgency of examining the psychological factors that shape their investment behavior.

This study aims to analyze the influence of financial literacy, financial self-efficacy, and financial risk attitude on investment behavior. Specifically, this research examines the mediating role of financial self-efficacy in the relationship between financial literacy and investment behavior, as well as the moderating role of financial risk attitude in the relationship between financial self-efficacy and investment behavior. This study uses a quantitative approach by distributing questionnaires to 177 Generation Z investors in Indonesia, and the data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique.

The results show that financial literacy, financial self-efficacy, and financial risk attitude each have a positive and significant effect on investment behavior. A key finding of this study is that the positive influence of financial self-efficacy on investment behavior turns negative when moderated by financial risk attitude, indicating that the combination of high self-confidence and a risk-tolerant attitude can be counterproductive to investment decisions.

The main contribution of this study lies in a deeper understanding of the psychological dynamics of young investors in Indonesia and highlights the potential risks of self-confidence that is not balanced with careful risk management. The practical implication of this finding is the need for educational programs that not only focus on increasing knowledge but also on managing expectations and risk awareness to foster healthier investment behavior.

Keywords: Financial Risk Attitude, Financial Self-Efficacy, Financial Literacy, Investment behavior, Generation Z Investors