THE INFLUENCE OF FINANCIAL LITERACY, RISK TOLERANCE, AND HERDING BEHAVIOR ON GENERATION Z INVESTMENT DECISIONS IN GREATER JAKARTA

By Vania Nailah Zabrina

Abstract

The growing involvement of young investors in Indonesia indicates that Generation Z is showing increasing interest in investment activities. Nevertheless, this rise in participation is not necessarily accompanied by adequate financial management skills or sound investment decision-making. Therefore, this study investigates impact of financial literacy, risk tolerance, and herding behavior on the investment decisions of Generation Z in the Greater Jakarta area (Jabodetabek). A quantitative survey-based approach was employed, targeting Generation Z individuals residing in Jabodetabek who had prior investment experience. Data were collected through questionnaires administered to the participants. The sample was selected using a purposive sampling technique, resulting in a total of 200 respondents. The collected data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 4 software. The findings reveal financial literacy, risk tolerance, and herding behavior each exert a positive and statistically significant influence on the investment decisions of Generation Z in Jabodetabek.

***Keywords**: Financial Literacy, Risk Tolerance, Herding Behavior, Investment Decision, Generation Z*

PENGARUH LITERASI KEUANGAN, *RISK TOLERANCE*, DAN *HERDING BEHAVIOR* TERHADAP KEPUTUSAN GEN Z DI JABODETABEK

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Abstrak

Meningkatnya partisipasi investor muda di Indonesia memperlihatkan bahwasanya Generasi Z mempunyai minat yang semakin besar pada investasi. Namun, peningkatan tersebut tidak selalu diiringi oleh kemampuan pengelolaan keuangan maupun kualitas pengambilan keputusan investasi yang optimal. Sehingga, penelitian ini menganalisa pengaruhnya dari literasi keuangan, *risk tolerance,* dan *herding behavior* pada keputusan investasi Generasi Z di wilayah Jabodetabek. Penelitian ini mengimplementasikan pendekatan kuantitatif dengan metode survei yang ditujukan pada Generasi Z yang berdomisili di Jabodetabek, mempunyai pengalaman berinvestasi, maupun mengisi kuesioner sebagai instrumen pengumpulan data. Penentuan sampel dilaksanakan dengan mempergunakan teknik *purposive sampling* dengan jumlah responden 200 orang. Data penelitian selanjutnya dianalisa dengan digunakannya metode *Structural Equation Modeling–Partial Least Squares* (SEM-PLS) melalui aplikasi SmartPLS 4. Hasil analisis mengungkapkan jika literasi keuangan, *risk tolerance,* dan *herding behavior* mempunyai pengaruh yang positif dan signifikan pada keputusan investasi Generasi Z di Jabodetabek.

Kata Kunci: Literasi Keuangan, *Risk Tolerance, Herding Behavior,* Keputusan Investasi, Generasi Z