FINANCIAL LITERACY, RISK TOLERANCE, RETURN, AND INTEREST IN STUDENT INVESTMENT DECISIONS

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Abstract

Investing in the capital market is growing rapidly in Indonesia, as evidenced by the increasing number of investors registered at PT Kustodian Sentral Efek Indonesia and most of them are young investors under 30 years old. The objective of this research is to examine how financial literacy, risk tolerance, return, and interest affect decision-making when it comes to investments. The participants involved in this study are students enrolled in the Bachelor of Accounting program at Udayana University's Faculty of Economics and Business from the graduating classes of 2020 and 2021. The sample was determined using the purposive sampling technique, a sample of 242 respondents was obtained. The data analysis technique uses multiple linear regression analysis. The results of the analysis prove that financial literacy, risk tolerance, return, and interest have a positive effect on students' decision to invest. The results of this study can provide empirical support in behavioral finance theory and theory of planned behavior which explain behaviors related to students' decisions to invest.

Keywords: Financial Literacy, Risk Tolerance, Return, Investment Interest, Investment Decision

1. INTRODUCTION

Investment has become a primary choice for growing wealth in an ever-evolving economic era. Investment involves allocating current resources with the expectation of future benefits (Diva & Suardana, 2023). It is crucial for achieving financial freedom in the future. Therefore, as emphasized by Rudiwantoro (2018), individuals need to thoroughly prepare before entering the investment world.

The development and marketing of digital financial products are rapidly advancing. People are now encouraged to invest directly through online platforms (Beal & Delpachitra, 2003). The capital market is one of the venues where investors and issuers engage in buying and selling financial instruments such as bonds, stocks, mutual funds, and other instruments, offering options for short-term or long-term investments. The presence of capital markets provides assurance to investors regarding their investments. There has been a notable growth in investments in Indonesia, which is evident from the increase in the number of Single Investor Identifications (SIDs). Possessing an SID serves as official confirmation that an investor is registered in the capital market as required by law. According to a report from PT Kustodian Sentral Efek Indonesia (KSEI), the quantity of SIDs has been steadily rising until September 2023.

According to information obtained from www.ksei.co.id, the amount of investors who have enrolled with KSEI as of September 2023 has now climbed to 11,729,977, which represents a 13.74% growth from the total SID at the conclusion of December 2022. This indicates a growing public awareness of capital market investments, reflected in the positive annual growth of SID numbers. Among these, approximately 6.67 million investors are young individuals aged 30 and below. The number of young investors in the capital market has also consistently increased throughout 2023 (KSEI, 2023).

Young investors include students, who are a significant demographic with an important role in national transformation. PT Bursa Efek Indonesia (BEI) collaborates with various universities to establish Investment Galleries as a means to attract new investors from among students. Campus Investment Galleries function as a resource to familiarize the academic community with the capital market at an early stage, through a partnership involving BEI, universities, and securities firms. The objective is to impart not only theoretical understanding but also hands-on experience (Zulfikar & Wicaksono, 2019). BEI targets students as a key group for increasing the number of young investors because they possess advantages over workers, housewives, and retirees, such as their age (Listyani et al., 2019). Additionally, students can apply the knowledge acquired during their studies to real-world investment practices.

Udayana University, in partnership with PT Bursa Efek Indonesia, is one of the universities involved in this collaboration. The Investment Gallery at Udayana University can be found within the Faculty of Economics and Business (FEB). This particular space, also known as the Indonesian Stock Exchange corner, functions as the headquarters for the Semi-Autonomous Body of Capital Market Study Groups (BSO KSPM). The Capital Market Study Group supports students interested in investing in the capital market. Data on account openings registered at Udayana University's Investment Gallery over the past five years shows a decline in new stock account openings among students up to 2023. The decline in account openings from 2022 to 2023 is 34%. This phenomenon indicates a decrease in student interest in investing, despite the increase in young investors reported by KSEI.

Individuals are frequently swayed by Behavioral Finance Theory when making investment choices. Nofsinger (2001) defines behavioral finance as the study of how people actually behave in financial decision-making. Behavioral finance explains how psychological factors affect investment or financial activities. Investment decisions are significantly influenced by the information available and the investor's knowledge about investments, with each investor having different levels of ability and knowledge (Said & Amiruddin, 2017). Investment decisions depend on the knowledge and desires of potential investors, influenced by financial literacy, risk tolerance, return, and investment interest.

Being financially literate involves possessing the awareness, knowledge, skills, attitudes, and behaviors required to make informed financial choices and ultimately attain financial well-being (Sugiharti & Maula, 2019). The 2022 National Financial Literacy and Inclusion Survey (SNLIK) showed an increase in the financial literacy index among the public. The 2022 SNLIK results revealed a financial literacy index of 49.68%, up from 38.03% in 2019 (OJK, 2022). Despite the progress made, there are still some Indonesians who do not have a sufficient grasp of different financial products and services, resulting in the underutilization of facilities in the financial sector. Poor personal financial management can result in financial difficulties (Mandagie et al., 2020).

Improving public understanding of financial literacy is crucial for enabling smart financial behavior and decision-making, especially in a dynamic and constantly changing financial environment. According to Mandagie et al. (2020), Yasa et al. (2020), and Pradnyani & Sujana (2023), financial literacy significantly affects investment decision-making. Diva & Suardana (2023) suggest that good financial literacy can aid in making sound investment decisions among students, while Arianti (2020) found that financial literacy does not significantly affect investment decisions.

An investor's decision involves various considerations due to the risks associated with expected returns. Risk tolerance is the level of risk an individual is willing to accept (Hikmah et al., 2020). Risk perceptions vary among individuals, even among students with knowledge of the capital market (Dewi et al., 2017). Good risk tolerance leads to better investment decisions, while poor risk tolerance results in poor investment decisions (Mandagie et al., 2020). According to Mandagie et al. (2020), Fridana & Asandimitra (2020), and Masruroh & Sari (2021), risk tolerance affects student investment decisions, while Diva & Suardana (2023) and Amanda et al. (2023) found no significant effect of risk tolerance on student investment decisions.

Return is a key factor motivating investment and represents the reward for bearing investment risks (Listyani et al., 2019). Return is the profit earned by investors from their investments. Optimizing returns for investors involves achieving higher future results, which can be facilitated by good financial literacy and risk tolerance. According to Mahardhika & Asandimitra (2023), high returns are desired by investors and can enhance investment decisions by offering high profits. Tandio & Widanaputra (2016), Syafa'ah (2020), Pratama (2022), and Sulistyowati et al. (2022) discovered that the rate of return has a significant impact on choices regarding investments, while Mursyidan & Syaipudin (2023) discovered that the return did not have a notable impact on investment choices.

Interest plays a crucial role in decision-making, including investment decisions. Interest is the tendency to focus on an activity or issue continuously, driven by enjoyment and without coercion. Accounting students at Udayana University, particularly those from the 2020 and 2021 cohorts, have taken courses on investment such as Capital Market Theory. Students tend to show interest in investing when motivated by lecturers at the beginning of their studies, but over time, only a few continue to be interested in capital market investments. Interviews conducted by Yasa et al. (2020) revealed that some students at Udayana University prefer saving accounts over capital market investments due to perceived lower risk and easier liquidity. Yovieta et al. (2022) found that higher investment interest leads to increased investment decisions, while decreased interest results in lower investment decisions. Trenggana & Kuswardhana (2017) suggest that investment interest can be assessed by how much effort someone puts into learning about investments or actively trying different types of investments. The Theory of Planned Behavior, a social psychology theory predicting human behavior and understanding attitudes, can explain how intentions in investment interest led to actions such as attending investment training, accepting investment offers, and eventually investing. Listyani et al. (2019), Matruty et al. (2021), and Aisya (2022) found a positive and significant effect of investment interest on student investment decisions.

Studies have been carried out on investment choices involving financial knowledge, risk tolerance, return, and interest in investing, with varying results. This study seeks to delve deeper into the influence of Financial Literacy, Risk Tolerance, Return, and Investment Interest on Student Investment Decisions specifically at the Faculty of Economics and Business, Udayana University.

2. LITERATURE REVIEW

2.1. The Influence of Understanding Financial Concepts on the Choices Students Make in Investing

Financial literacy is the knowledge that an individual possesses about financial terms and strategies with the goal of securing stable financial future. With financial literacy, one can effectively manage and allocate funds for their financial needs. Financial literacy impacts investment decisions, linked to behavioral finance theory, which focuses on how psychological factors influence investor decision-making. Behavioral finance theory emerged as a critique of the efficient market hypothesis, which assumes investors make rational decisions based on available information, often failing to accurately represent market conditions (Diva & Suardana, 2023).

Research by Sugiharti & Maula (2019) research indicates that students' behavior in managing finances is greatly influenced by their level of financial literacy. This means that possessing greater knowledge and skills in financial matters can result in more prudent and efficient financial management. Studies by Hikmah et al. (2020), Saputro & Lestari (2019), and Amanda et al. (2023) confirm that financial literacy positively influences investment decisions. Similarly, Mandagie et al. (2020), Novianggie & Asandimitra (2019), and Syah & Barsah (2022) stated that increased financial knowledge has a significant impact on the choices individuals make regarding investments. This indicates that individuals with greater financial literacy tend to make better investment decisions. According to Mahardhika & Asandimitra (2023), investors with high financial literacy tend to make more informed and bold investment decisions. It is hypothesized that financial literacy affects student investment decisions positively.

H_1: Financial literacy positively influences student investment decisions.

2.2. The Impact of Risk Tolerance on Student Investment Decisions

Risk tolerance influences investment choices and is in line with behavioral finance theory, which underscores the importance of psychological aspects in making financial decisions. Risk tolerance influences how investors assess risk and make decisions. High risk tolerance is essential for successful investing (Samsuri et al., 2019). Investors with high risk tolerance typically have clear goals and make efficient and wise investment decisions (Yuliani & Nurwulandari, 2023). Studies by Fridana & Asandimitra (2020), Masruroh & Sari (2021), and A. S. Mahardhika & Restianto (2023) demonstrate that one's willingness to take risks has a beneficial impact on the choices made when investing. Mahardhika & Asandimitra (2023) suggested that higher risk usually results in higher possible gains, showing that individuals with a good tolerance for risk are more inclined to take bigger risks and attain larger returns. It is hypothesized that risk tolerance affects student investment decisions positively.

H_2: Risk tolerance positively influences student investment decisions.

2.3. The Impact of Investment Return on Student Investment Decisions

Return is the profit gained from investing. Higher returns increase investor profits. Investment returns affect investment decisions, connected to behavioral finance theory, which explains that actions are influenced by psychological factors. Pratama (2022) discovering a beneficial effect of investment choices on returns. This is supported by

Mahardhika & Asandimitra (2023), who show that return variables positively influence investment decisions. This suggests that higher returns lead to higher investment decisions. It is hypothesized that investment returns affect student investment decisions positively.
H_3: Investment returns positively influence student investment decisions.

2.4. The Impact of Investment Interest on Student Investment Decisions

Investment interest reflects a person's enthusiasm for investing and willingness to engage in investment-related activities. It determines whether someone will pursue investment activities. Investment interest impacts investment decisions, according to the Theory of Planned Behavior, actions are motivated by intentions (Ajzen, 1991). This theory suggests that positive or negative beliefs about investment outcomes influence behavior. Aisya (2022) finds that students decide to invest based on their interest and willingness to learn and plan for the future. Research by Andini (2019) and De Souza et al. (2018) shows that investment interest significantly influences student investment decisions. It is hypothesized that investment interest affects student investment decisions positively.
H_4: Investment interest positively influences student investment decisions.

3. RESEARCH METHODS

This research employs an associative research methodology to elucidate the connections between multiple variables using quantitative analysis methods. The main source of data comes from responses gathered through a questionnaire specifically designed for the study. To collect data, a survey is conducted with the help of a questionnaire. The study seeks to investigate how financial literacy, risk tolerance, return, and investment interest influence the investment choices made by students at the Faculty of Economics and Business, Udayana University in Bali.

The variables examined in the study include financial literacy (X1), risk tolerance (X2), investment return (X3), and investment interest (X4). The study focuses on investment decisions (Y1) as the dependent variable. Financial literacy is evaluated based on general knowledge, savings, insurance, and investments using a 4-point Likert scale consisting of 9 statements. Risk tolerance is assessed through factors such as high-risk investment preferences, preferred investment types, and percentage of investment portfolio using a 4-point Likert scale with 3 statements. Investment return is gauged by interest in returns, potential for high returns, and unlimited returns using a 4-point Likert scale with 5 statements. Investment interest is measured based on factors such as willingness to learn about investments, attendance at investment seminars, and attempts at investments using a 4-point Likert scale with 6 statements. Finally, investment decisions are analyzed with parameters such as return rate, risk assessment, and timing using a 4-point Likert scale with 7 statements.

The study population includes 608 students from the accounting program at Udayana University, Class of 2020 and 2021. The sample size is calculated using Slovin's formula, resulting in a minimum of 242 respondents. Non-probability sampling is used, considering active students from the accounting program who have completed relevant coursework.

Data types include quantitative data (number of students and questionnaire scores) and qualitative data (questionnaire content and responses). Primary data comes from respondents' answers, while secondary data is obtained from other sources or institutions related to the research topic.

An e-questionnaire via Google Forms will be distributed through social media, and personal distribution may occur if needed. The Likert scale used has 4 points, with scores ranging from 1 to 4. Validity and reliability tests are conducted before using the questionnaire. Data analysis will use multiple linear regression with SPSS software.

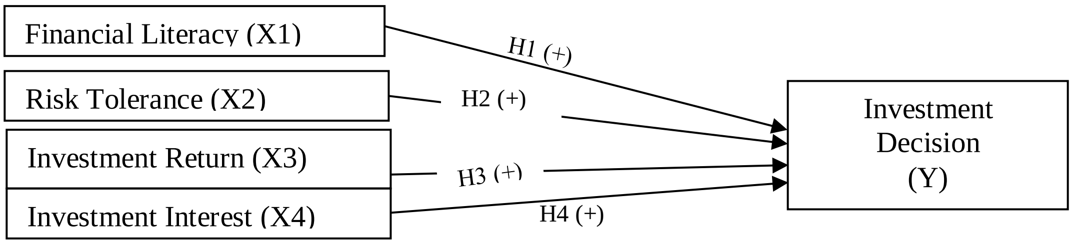

Figure 1. Conceptional Framework
Source: Processed by the Author (2021)

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Characteristics of Research Respondents

The characteristics of the respondents will present the profile of the 242 respondents who participated in filling out the questionnaire.

Table 1. Respondent Characteristic

No	Characteristic	Classification	Total Respondents (People)	Respondents Percentage (%)
1	**Cohort**	2020	141	58.3
		2021	101	41.7
Total			**242**	**100**
2	**Gender**	Male	48	19.8
		Female	194	80.2
Total			**242**	**100**

Source: Processed Data Primary (2024)

Respondents from the class of 2020 number 141 or 58.3%, while respondents from the class of 2021 number 101 or 41.7%. This shows that most of the participants are from the 2020 class. 48 males responded, making up 19.8% of the total, while 194 females responded, making up 80.2%. It is evident that the majority of participants in this study are female.

4.1.2. Validity Test Results

According to Sugiyono (2023), the minimum requirement to be considered qualified is if $r \geq 0{,}3$.

Table 2. Validity Test Results

Variable	Indicator	Correlation Coefficient	*Sig. (2-tailed)*	Description
Financial Literacy (X_1)	$X_{1.1}$	0,833	0,000	Valid
	$X_{1.2}$	0,771	0,000	Valid
	$X_{1.3}$	0,760	0,000	Valid
	$X_{1.4}$	0,831	0,000	Valid
	$X_{1.5}$	0,840	0,000	Valid
	$X_{1.6}$	0,783	0,000	Valid
	$X_{1.7}$	0,797	0,000	Valid
	$X_{1.8}$	0,806	0,000	Valid
	$X_{1.9}$	0,795	0,000	Valid
Risk Tolerance (X_2)	$X_{2.1}$	0,880	0,000	Valid
	$X_{2.2}$	0,836	0,000	Valid
	$X_{2.3}$	0,931	0,000	Valid
Investment Return (X_3)	$X_{3.1}$	0,836	0,000	Valid
	$X_{3.2}$	0,865	0,000	Valid
	$X_{3.3}$	0,887	0,000	Valid
	$X_{3.4}$	0,841	0,000	Valid
	$X_{3.5}$	0,888	0,000	Valid
Investment Interest (X_4)	$X_{4.1}$	0,776	0,000	Valid
	$X_{4.2}$	0,757	0,000	Valid
	$X_{4.3}$	0,811	0,000	Valid
	$X_{4.4}$	0,824	0,000	Valid
	$X_{4.5}$	0,821	0,000	Valid
	$X_{4.6}$	0,768	0,000	Valid
Investment Decision (Y)	Y_1	0,831	0,000	Valid
	Y_2	0,812	0,000	Valid
	Y_3	0,835	0,000	Valid
	Y_4	0,819	0,000	Valid
	Y_5	0,860	0,000	Valid
	Y_6	0,861	0,000	Valid
	Y_7	0,777	0,000	Valid

Source: Processed Data Primary (2024)

The results of the validity test displayed in Table 2 demonstrate that all the research tools utilized to assess financial literacy, risk tolerance, investment return, and investment interest exhibit correlation coefficients with the total scores for all item statements surpassing the table value of 0.200, with significance levels below 0.05. This suggests that the items contained in the research instruments are valid and appropriate for the study.

4.1.3. Reliability Test

The Cronbach’s alpha technique can be used to carry out a reliability test. According to Sugiyono (2018), a reliability measure for an instrument is achieved when the Cronbach's alpha value exceeds 0.6.

Table 3. Reliability Test Results

No.	Variable	Cronbach's Alpha	Description
1	Financial literacy (X_1)	0,930	Reliable
2	Risk tolerance (X_2)	0,859	Reliable
3	Investment return (X_3)	0,914	Reliable
4	Investment interest (X_4)	0,882	Reliable
5	Investment decision (Y)	0,923	Reliable

Source: Processed Data Primary (2024)

Table 3 displays the outcomes of the reliability assessment, showing that every research tool has Cronbach's Alpha values exceeding 0.60. Consequently, it can be inferred that all factors fulfill the reliability criteria and are appropriate for research purposes.

4.1.4. Classical Assumption Test

a) Normality Test

The Kolmogorov-Smirnov statistic was used to perform a normality test in this research. A significance value higher than 0.05 indicates that the data follows a normal distribution. On the other hand, if the one-sample Kolmogorov-Smirnov test yields a significance value lower than 0.05, it means that the data is not normally distributed.

Table 4. Normality Test Results

	Unstandardized Residual
N	242
Asymp.Sig.(2-tailed)	0,063

Source: Processed Data Primary (2024)

According to the findings of the normality examination in Table 4, the Asymp. Sig. (2-tailed) score is 0.063, surpassing the threshold of 0.05. Hence, we can infer that the data exhibits a normal distribution, and the model satisfies the normality assumption.

b) Multicollinearity Test

In order to identify the presence of multicollinearity in a regression model, it is imperative to analyze the Tolerance value and the Variance Inflation Factor (VIF) values.

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF	Description
Financial literacy (X_1)	0,520	1,925	Free from multicollinearity
Risk tolerance (X_2)	0,542	1,845	Free from multicollinearity
Investment return (X_3)	0,683	1,465	Free from multicollinearity
Investment interest (X_4)	0,695	1,439	Free from multicollinearity

Source: Processed Data Primary (2024)

According to Table 5, the tolerance and VIF values of all variables indicate that each variable has a tolerance greater than 0.1 (10%) and VIF values less than 10, suggesting that the regression model is not affected by multicollinearity.

c) Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Variable	Significancy	Description
Financial literacy (X_1)	0,609	Free from heteroscedasticity
Risk tolerance (X_2)	0,485	Free from heteroscedasticity
Investment return (X_3)	0,223	Free from heteroscedasticity
Investment interest (X_4)	0,096	Free from heteroscedasticity

Source: Processed Data Primary (2024)

A regression model is considered effective if it does not exhibit heteroscedasticity. As shown in Table 6, the p-values for each variable are greater than 0.05, suggesting that there is no heteroscedasticity present in any of the variables.

4.1.5. Multiple Linear Regression Analysis

Table. 7 Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,001	1,083		1,848	0,831
	Financial literacy	0,298	0,041	0,396	7,353	0,000
	Risk tolerance	0,396	0,101	0,206	3,918	0,000
	Investment return	0,267	0,059	0,212	4,514	0,000
	Investment interest	0,220	0,056	0,182	3,916	0,000
	R	0,802				
	R Square	0,644				
	Adjusted R Square	0,638				
	F Statistic	106,999				
	F Test Significancy	0,000				

Source: Processed Data Primary (2024)

Based on Table 7, the multiple linear regression equation can be written as follows:

Investment decision of students = 2,001 + 0,298financial literacy + 0,396 risk tolerance + 0,267investment return + 0,220investment interest

The findings derived from the multiple linear regression equation reveal the size and impact of each independent variable on the dependent variable. If the regression coefficients are positive, it suggests a favorable effect. Let's analyze the equation's rationale:

a) The constant term of 2.001 indicates that if the variables financial literacy (X1), risk tolerance (X2), investment return (X3), and investment interest (X4) are all zero, then the investment decision of students (Y) would be 2.001 units.

b) The regression coefficient of financial literacy (X1) is 0.298, which shows a positive effect of financial literacy on investment decisions. This means that if financial literacy increases by 1 unit, assuming all other variables remain constant, the investment decision will increase by 0.298 units.

c) The coefficient of risk tolerance (X2) in the regression analysis is 0.396, demonstrating a favorable impact of risk tolerance on investment choices. Essentially, a one-unit rise in risk tolerance results in a 0.396 unit increase in investment decisions, keeping all other factors constant.
d) The regression coefficient for investment return (X3) is 0.267, revealing a beneficial influence of investment returns on investment decisions. In essence, a one-unit growth in investment return leads to a 0.267 unit surge in investment decisions, assuming all other variables remain steady.
e) A regression coefficient of 0.220 is assigned to investment interest (X4), indicating a positive correlation with investment decisions. Put simply, a one-unit rise in investment interest leads to a 0.220 unit increase in investment choices, with all other variables held constant.

4.1.6. Results of the Coefficient of Determination (R^2)

According to the data in Table 7, the Adjusted R Square value is 0.638, indicating that 63.8% of the fluctuations in student investment choices (Y) are affected by financial literacy (X1), risk tolerance (X2), investment return (X3), and investment interest (X4). The remaining 36.2% is impacted by variables not included in the model.

4.1.7. Model Feasibility Results (F-Test)

The outcomes of the F-test, examined using SPSS software, indicate a significance level of 0.000, which is below the threshold of 0.05. This indicates that financial literacy, risk tolerance, investment return, and investment interest play a notable role in student investment decisions. Therefore, the research model is considered appropriate for further hypothesis testing.

4.1.8. t-Test Results

When the t-value significance level of the independent variable is less than or equal to 0.05, Ha is considered valid and H_0 is invalidated. Conversely, if the t-value significance level is greater than 0.05, H_1 is invalidated and H_0 is upheld.

a) The analysis of the effect of financial literacy on student investment decisions shows a significance value of 0.000 with a positive regression coefficient of 0.298. A significance value of 0.000 < 0.050 indicates that H_0 is rejected and H_1 is accepted. This means that financial literacy has a positive and significant effect on student investment decisions.
b) The analysis of the effect of risk tolerance on student investment decisions shows a significance value of 0.000 with a positive regression coefficient of 0.396. A significance value of 0.000 < 0.050 indicates that H_0 is rejected and H_2 is accepted. This means that risk tolerance has a positive and significant effect on student investment decisions.
c) An investigation into the impact of investment return on student investment choices reveals a statistical significance of 0.000, along with a positive regression coefficient of 0.267. The statistical significance, being less than 0.050, implies that the null hypothesis

(H_0) is rejected in favor of H_3, suggesting that investment return positively influences student investment decisions.

d) An examination of the impact of investment interest on student investment decisions displays a statistical significance level of 0.000, with a positive regression coefficient of 0.220. When the statistical significance is below 0.050, it means that the null hypothesis (H_0) is rejected in favor of H_4, suggesting that interest in investment has a favorable and substantial effect on students' investment choices.

4.2. Discussion

4.2.1. The Impact of Financial Literacy on Student Investment Decisions

The results of the study indicate that the initial hypothesis (H1) positively influences the decisions made by students regarding investments, suggesting that the hypothesis in this research is confirmed or endorsed. This implies that having a greater knowledge of financial matters results in an augmentation of students' investment decisions. Financial literacy pertains to a person's comprehension of financial principles with the goal of attaining stability in their future finances. With financial literacy, one can understand the importance of effectively allocating and managing funds for their financial needs. Financial literacy influences investment decisions and is associated with behavioral finance theory. This theory focuses on the psychological effects of investors on financial decision-making, as investors sometimes make decisions in market conditions filled with uncertainty (Sukandani et al., 2019). Behavioral finance theory emerged as a challenge to the earlier market efficiency theory, which assumed that investors made investment decisions based on rational reasons and available information, which often did not accurately represent the actual market situation (Diva & Suardana, 2023). These findings provide evidence in favor of the studies carried out by Hikmah et al. (2020), Saputro & Lestari (2019), Amanda et al. (2023), and Mandagie et al. (2020), the assertion is that having good knowledge of personal finance leads to making better choices when it comes to investing.

4.2.2. The Impact of Risk Tolerance on Student Investment Decisions

The test results show that the second hypothesis (H_2) has a positive effect on student investment decisions, indicating that H_2 in this study is supported or accepted. This means that better risk tolerance leads to an increase in student investment decisions. Risk tolerance influences investment decisions in line with behavioral finance theory. This theory focuses on the psychological effects of investors on financial decision-making, where risk tolerance can affect investment decisions, including the process of determining the appropriate level of risk and how investors process information and make decisions. According to Mardikaningsih & Darmawan (2023), higher risk generally leads to higher potential returns. Individuals with good financial risk tolerance are more likely to take higher risks, thus having a higher chance of earning greater returns. These results support the research conducted by Fridana & Asandimitra (2020), Masruroh & Sari (2021), and A. S. Mahardhika & Restianto (2023), risk tolerance has a positive impact on decisions related to investments.

4.2.3. The Impact of Investment Return on Student Investment Decisions

The results of the test indicate that student investment decisions are positively impacted by the third hypothesis (H_3), suggesting that H_3 is validated in this study. This means that higher investment returns lead to an increase in student investment decisions. Return refers to the gains obtained by investors from their investment activities. The higher the return achieved, the more profit investors make. Investment return influences investment decisions in line with behavioral finance theory. According to this theory, an individual's actions are influenced by their psychology. Furthermore, actions are not always based solely on rational behavior but also on irrational behavior. According to Pratama (2022), there is a positive effect of return on investment decisions. These findings provide validation for the study carried out by Mahardhika & Asandimitra (2023), the concept suggests that the outcome of an investment influences how investments are chosen.

4.2.4. The Impact of Investment Interest on Student Investment Decisions

The test results show that the fourth hypothesis (H_4) has a positive effect on student investment decisions, indicating that H_4 in this study is supported or accepted. This means that higher investment interest leads to an increase in student investment decisions. The concept of attitudes towards behavior in the Theory of Planned Behavior focuses on an individual's beliefs regarding the consequences of a behavior, influencing their positive or negative views towards an object and ultimately impacting their behavioral inclinations. According to Aisya (2022), students make investment decisions due to their interest or willingness to invest, which involves seeking out and learning about investment opportunities and planning for their financial future. These results support the research conducted by Andini (2019) and De Souza et al. (2018), which states that investment interest can have a favorable impact on investment choices.

5. CONCLUSION

Student investment decisions are positively influenced by factors such as financial literacy, risk tolerance, investment return, and investment interest. In particular, students with higher financial literacy tend to make better investment choices. Additionally, better risk tolerance among students also leads to better investment decisions. Higher investment returns also contribute to improved investment decisions by students. Finally, greater investment interest encourages students to make better investment decisions. Based on these results, students interested in investing should enhance their financial literacy by regularly studying finance or investment knowledge, always conduct thorough risk analysis in investing, pay attention to potential returns, and increase their investment interest.

The study aims to offer a deeper understanding of the elements that impact students' choices in investments. Through hypothesis testing, it was discovered that financial literacy, risk tolerance, investment return, and investment interest all have a positive impact on the caliber of student investment decisions. These findings are in agreement with existing research and the behavioral finance theory, which suggests that individuals' behaviors are influenced by their psychology. Additionally, a person’s actions are not solely based on rational attitudes but also on irrational ones. In this study, financial literacy, risk tolerance, investment return, and investment interest will determine students' investment actions. This research provides implications for students as considerations and knowledge regarding investment decisions and the influencing factors. Students can evaluate their financial literacy, risk tolerance, investment return, and investment interest, as these can impact their investment decisions.

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