Determinants of Risk Investment Decisions: Evidence from Generation Z Investors in Indonesia

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Abstract:

This study aims to analyze the determinants of risky investment decisions and their influence on the investment performance of Generation Z investors in Indonesia. Using a quantitative approach using the Structural Equation Modeling-Partial Least Square (SEM-PLS) method, data was collected from 262 Generation Z investor respondents who are active in the Indonesian capital market through an online survey. The results of testing fourteen hypotheses show that financial literacy and digital literacy affect investment performance indirectly through full mediation of investment decisions, while risk attitude has a direct effect on investment performance. Perceived trust has been shown to significantly influence investment decisions, while psychological bias does not show a significant influence on either path. The model is able to explain 70.0% variance in investment performance with a Goodness of Fit value of 0.566. These findings confirm the importance of integrating cognitive capabilities, institutional trust, and attitudes towards risk in Indonesia's young investor development strategies.

Keywords:

Behavioral finance, investment decision, investment performance, perceived trust, Risk attitude.