

The Effect of Financial Literacy and Risk Tolerance on Investment Decisions: the Role of Moderation Easy Access to Financial Technology

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ABSTRACT

This study examines the effect of financial literacy and risk tolerance on investment decisions by considering ease of access to financial technology as a moderating variable. The population and sample were Generation Z in Yogyakarta. The quantitative method was used by collecting data using Google Form from 355 respondents. Data analysis was carried out using SEM-PLS through SmartPLS 4. The results showed that financial literacy and risk tolerance had a positive effect on investment decisions. Ease of access to financial technology does not moderate the effect of financial literacy and risk tolerance on investment decisions but has a direct effect. This finding is important for the financial sector to develop financial literacy and fintech platforms to support efficient investors' investment decisions.

INTRODUCTION

Digital transformation in the financial sector is accompanied by the advancement of increasingly modern access to financial technology. Advances in financial technology have led to changes in individual behavior that encourage increased financial literacy. This is because technology allows people to get an education and conduct digital financial transactions, one of which is investment. The use of technology and investment management are inseparable from risk. However, research that directly analyzes how financial technology moderates the relationship between financial literacy, risk tolerance, and investment decisions is still limited. Therefore, this study aims to examine the effect of financial literacy and risk tolerance on investment decisions by considering the ease of access to financial technology as a moderating variable.

Financial literacy plays a role as an individual's foundation in understanding opportunities to face the challenges of future uncertainty. Previous studies have found that financial literacy can influence behavior such as individual risk-taking tendencies (Goyal & Kumar, 2021) because the increasingly complex financial environment results in decisions being taken involving more risks (Sutter et al., 2020). In addition, risk preferences play a role in individual lives (Mudzingiri, 2021) by increasing well-being and satisfaction to support decisions and planning strategies in all ages of society. Risk tolerance can be influenced by several general factors such as personal perceptions in decision-making, behavior, satisfaction that you want to achieve in life, and demographic factors (Ferreira & Dickason-Koekemoer, 2020). In this case, financial literacy plays a role in helping better financial decision-making and behavior (Kojo Oseifuah, 2010) such as financial planning, diversifying, and understanding risk.

The National Survey of Financial Literacy and Inclusion (SNLIK) shows that Indonesia's financial literacy index is 65.43% while the financial inclusion index is 75.02% (Financial Services Authority, 2019). In addition, the number of investors in Indonesia has also increased by around 85% from 2021-2024. In 2021, the number of investors was recorded at around 18.4 million and continued to increase to more than 34 million in September 2024 (KSEI Indonesia Central Securities Depository, 2024). This indicates the growth of public interest in financial sector investment accompanied by the digital transformation of the financial sector and the increasing level of financial literacy in Indonesia. One of the current investment actors is Generation Z (generation born 1997-2012) who showed great interest in using developing financial technology. The great interest in investment is shown by the number of Gen Z who became investors reaching 56.4% of the total of more than 12 million individual investors (KSEI Indonesia Central Securities Depository, 2024).

The development of financial technology provides practical solutions for accessing and managing investments, especially for Gen Z. The Indonesian *Fintech* Association (AFTECH) Annual Member Survey (AMS) 2024 report shows that 68.7% of *fintech* users are dominated by Millennials and Gen Z (*OJK Press Release Number: SP-166 / GKPB / OJK / XI / 2024*, 2024). Therefore, easy access to digital financial technology can be a driving factor for Gen Z in investing. *Fintech* provides access to information, increases the efficiency of investment fund allocation, corrects financial mismatches, encourages innovation features, and increases productivity (Ye *et al .*, 2024). In the future, Gen Z is expected to utilize *fintech* more effectively than the previous generation, so it is important to understand the risk factors of *fintech* in using financial technology services sustainably (Nugroho & Novitasari, 2023). Therefore, this study aims to determine the effect of financial literacy and risk tolerance on investment decisions and the moderating role of ease of access to financial technology on the effect of financial literacy and risk tolerance on investment decisions.

LITERATURE REVIEW

Human Capital Theory

Human capital theory states that individuals and societies derive economic value from investments in human knowledge, skills, and abilities because they contribute to productivity and economic outcomes. Levels of education can increase or improve a society's economic capabilities (Schultz, 1961), as well as control population growth and improve overall quality of life (Becker, 1993). Highlighting human capital theory related to the value of education in future outcomes, one way to invest in human capital can be done through financial literacy. This can expand an individual's ability to improve their financial well-being (Lusardi, 2008). This study examines the effect of differences in literacy levels on investment decisions by involving ease of access to financial technology as a moderating variable. Different levels of literacy indicate differences in knowledge possessed.

Behavioral Finance and Decision-Making Behavior

As knowledge develops, a paradigm called *behavioral finance* emerges where humans act on information to make informed investment decisions. This theory explores how emotional, cognitive, and social factors can cause systematic deviations from rationality in financial behavior (Kahneman *et al .*, 2019) . The assumptions that arise from this theory state that individuals tend to avoid risk and prefer certain investment outcomes over uncertain ones, and investors expect to be compensated for the risks taken (Lintner, 1998) . This study discusses the effect of risk tolerance on investment decisions consisting of individual risk tolerance, trust, *deliberative thinking* , and financial threats from each investor. *Fintech* platforms can help reduce biases such as mental accounting and improve decision-making by offering personalized insights and simulations to users. The use of this platform can also empower individuals with lower financial literacy, by providing educational tools and easier access to financial products. In this study, *fintech* is used as a factor that strengthens the relationship between

financial literacy, risk tolerance, and investment decisions, because it provides resources to make better choices.

Financial Literacy

Previous research by Molina-García *et al.* (2023) located in Germany showed that financial literacy has a direct influence that positively influences the tendency of students to take investment risks. Mohta & Shunmugasundaram (2024) conducted a study with the aim of examining the influence of financial literacy and risk tolerance on decision making. The results showed that individuals with higher levels of financial literacy have an understanding of the importance of managing finances and investments, making the investment decision-making process more complicated. So they tend to invest carefully and are reluctant to acquire risky assets due to the uncertainty involved.

H₁ = Financial literacy has a positive effect on investment decisions.

Risk Tolerance

L. Nguyen *et al.* (2019) conducted a study to explore risk tolerance and risk perception in the context of investment decision-making. The results of an online survey data to 364 financial advisor clients in Australia revealed that risk tolerance has a direct and indirect relationship with risky asset allocation decisions. Risk perception significantly intervenes in the risk tolerance/risky asset allocation relationship. Compared to risk avoiders, risk seekers tend to perceive certain investments as less risky which encourages the allocation of more funds to the investment. Risk avoiders tend to overestimate negative outcomes and thus perceive more risk, while risk seekers tend to overestimate positive outcomes and thus perceive less risk.

H₂ = Risk tolerance has a positive effect on investment decisions.

Investors with higher risk tolerance tend to explore various types of investments. Therefore, they are indicated to be able to make better investment decisions. This type of investor will also think of several scenarios to respond to changes and adjust strategies for more optimal investment decisions.

Ease of Access to Financial Technology

Ease of access, low cost, transparency, and time flexibility have a significant impact on their investment decisions. In addition, this study identified the importance of financial education in increasing users' literacy and confidence in investing. The findings of this study emphasize the importance of *fintech's* role in encouraging millennial participation in the financial market, as well as the need for appropriate regulations to protect consumers and support sustainable industry growth.

H₃: Ease of access to financial technology positively moderates the relationship between financial literacy and investment decisions.

Individuals are less likely to adopt fintech services when they have higher levels of concerns regarding security, information confidentiality, limited government control, and high levels of intuitive barriers to service. Evidence suggests that these concerns are the main factors behind *fintech adoption*, compared to demographic variables (Mahmud *et al.*, 2023).

H₄: Ease of access to financial technology positively moderates the relationship between individual risk tolerance and investment decisions.

The use of investment applications allows users to perform various verification steps required and investors are required to fill in data such as personal identity information. Therefore, investors with different tolerances have different indications when they will use the application to invest using the application.

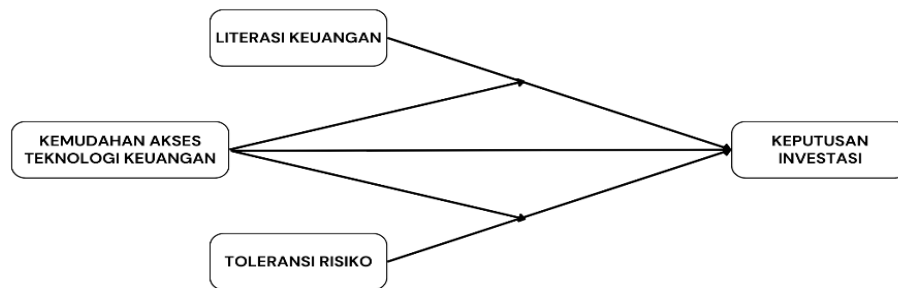


Figure 1. Research Framework

METHODOLOGY

This study uses a quantitative approach with a population of Generation Z domiciled in Yogyakarta. The sampling technique for this study used *Non-Probability Sampling* with a *purposive sampling method*. The source of research data was obtained by distributing questionnaires via *Google Forms* which were distributed to respondents. The researcher ensured that the samples used were relevant to the study and met the established criteria. Specific criteria related to the sample in this study include being domiciled in Yogyakarta, aged 12 to 27 years, and having invested. Respondents who do not meet the criteria will be eliminated and their data will be considered invalid so that they will not be used in this study. The formula used to measure the sample uses the Hair *et al.* (2014) formula so that the minimum sample size is 285 samples and the maximum sample size is 570 samples.

Financial Literacy Measurement adapts research by Molina-García *et al.* (2023) using 4 variable indicators and 18 indicator items. Meanwhile, Risk Tolerance measurement adapts research by Kapteyn & Teppa (2011) using 4 variable indicators and 21 indicator items. Measurement of investment decision variables and financial technology access ease variables apply 7 variable items and 11 variable items obtained through self-development. The data analysis procedure uses descriptive analysis to explain the results of respondent data

based on demographics. After that, the researcher conducted data analysis using PLS-SEM through two stages, namely testing the measurement model and testing the structural model.

RESEARCH RESULT

The number of respondents according to the criteria obtained from the distribution of this research questionnaire was 355 respondents. Based on the data obtained, in the basic financial knowledge and advanced financial knowledge indicators, the highest frequency of respondents who answered correctly was in PKD4 and PKD5 with the same number of 340 correct answers. It can be interpreted that the highest level of financial knowledge of the respondents lies in the ability to calculate and compare values such as selecting options on discounts or price cuts for decision making, and calculating money in real situations. The lowest frequency of correct answers was in PKTL1 with only 314 correct answers, which means that the financial literacy of the respondents in the aspects of long-term investment, long-term benefits, and the relationship between investment and risk still has limitations compared to other aspects. The indicator with the highest average in financial behavior is shown by PK2 which means that respondents have the behavior of paying bills on time. While the lowest average is in PK3 which means that respondents have behavioral awareness in managing and being responsible for their finances. A complete explanation can be seen in the table below:

Table 1. Respondents' Responses to Financial Literacy Variables

Variable Indicator	Code	Indicator Items	Frequency	
			Correct	Wrong
Basic Financial Knowledge	PKD1	Imagine you have Rp 1,000,000 in a savings account and the interest rate is 10% per year. After 5 years, how much money will you have in this account?	337	18
	PKD2	Imagine if the tax rate on your savings account from the previous question is 6% per year and the inflation rate is 10% per year. After one year, how much can you buy with the money in this account?	328	27
	PKD3	Imagine you take out a loan of Rp 1,000,000. After one year, the total loan plus interest is Rp 1,150,000. The interest rate you pay on this loan is	336	19

Variable Indicator	Code	Indicator Items	Frequency	
			Correct	Wrong
	PKD4	Imagine you see the same television in two different stores for Rp 1,000,000. Store A offers a discount of Rp 150,000 while store B offers a 10% discount. Which store provides the best alternative?	340	15
	PKD5	Imagine 5 friends receive a donation of Rp 100,000 and must divide the money evenly among them. How much will each receive?	340	15
Advanced Financial Knowledge	PKTL 1	When considering a long time frame (10 years), which of the following assets typically offers the highest returns?	314	41
	PKTL 2	Typically, which assets show the highest changes over time?	338	17
	PKTL 3	When an investor diversifies, his/her investment is spread across various assets. The risk of loss is also...	327	28
Variable Indicator	Code	Indicator Items	Standard Deviation	Average
Financial Behavior	PK1	Before buying something, I consider carefully whether I can afford it.	0.823	4.262
	PK2	I pay my bills on time.	0.846	4.299
	PK3	I always pay attention to my financial matters.	0.860	4.251
	PK4	I set long-term financial goals and work towards achieving them.	0.816	4.285
Total Average				4.274

The risk tolerance variable is measured by adopting indicators from research by Kapteyn & Teppa (2011) . The indicators used are *financial risk tolerance*, *deliberative thinking*, *trust*, and *financial threat*. However, in the data analysis process, this study eliminated the *financial threat indicator* because it has a very low loading value so it is better if it is eliminated. In addition, the

elimination of the *financial threat indicator* can significantly increase the AVE and Cronbach alpha values so that this indicator does not need to be maintained (Hair, Black, et al., 2014) . After going through the data collection process, the average results of the descriptive analysis of risk tolerance were obtained with a value of 4.047. The indicator item with the highest average is shown by DT1 with a value of 4.293, which means that the level of risk tolerance of respondents lies in how important it is to plan something clearly to face risks in the future. The indicator item with the lowest average is in T7 with a value of 3.868 which shows that the risk tolerance of respondents when they involve other people in their investment decisions is quite positive. A complete explanation can be seen in the following table:

Table 2. Respondents' Responses to Risk Tolerance Variables

Variable Indicator	Code	Indicator Items	Standard Deviation	Average
Financial Risk Tolerance	FRT1	If I am confident that an investment will be profitable, I am willing to borrow money to make this investment.	1,072	4.048
	FRT2	I feel I need to take more risks if I want to improve my financial position.	1,080	3.983
	FRT3	I am willing to take the risk of losing money if there is a chance that I will make a profit.	1.101	3.952
	FRT4	I am willing to take risks, such as starting a business, unlike others who prefer a steady job with a guaranteed salary.	1,012	4.113
	FRT5	I am ready to take greater risks to gain greater profits in the future.	0.949	4.059
	FRT6	I feel more comfortable taking risks when my investment portfolio is performing well.	0.933	4.141
Deliberative Thinking	DT1	Developing a clear plan is very important to me.	0.925	4.293
	DT2	I like analyzing problems.	0.925	4.177
Trust	T1	Most people are basically honest.	1.175	3.893

Variable Indicator	Code	Indicator Items	Standard Deviation	Average
	T2	Most people are trustworthy.	1.203	3.901
	T3	Most people are basically good and friendly.	0.936	4,090
	T4	Most people trust other people.	1,053	4.065
	T5	Most people will respond in kind if they are trusted.	0.976	4.138
	T6	I am a person who believes in others	1,095	3.994
	T7	I am confident that I can trust people to get involved in financial investments.	1.129	3,868
	T8	I am confident that I can trust financial institutions, mutual fund managers, and financial advisors with my investment decisions.	1.105	4,039
Total Average				4.047

The average result of descriptive analysis obtained from respondents' answers shows a value of 4.25. The indicator item with the highest average is shown by KI3 with a value of 4.33, which can be interpreted as the highest investment decision lies in the decision of respondents who will choose investment instruments according to their long-term financial goals. The indicator item with the lowest average is shown by KI7 with a value of 4.11, which can be interpreted that in their investment decisions, respondents have quite positive confidence in the investment decisions they make. A more complete explanation can be seen in the table below:

Table 3. Respondents' Responses to Investment Decision Variables

Code	Indicator Items	Standard Deviation	Average
KI1	I decided to invest after considering the potential risks and benefits.	0.782	4.276
KI2	I do an in-depth analysis before choosing a particular type of investment.	0.821	4.290
KI3	I consider information from various sources before making investment decisions.	0.881	4.223

Code	Indicator Items	Standard Deviation	Average
KI4	I tend to choose investments that fit my long-term financial goals.	0.820	4.330
KI5	I prefer to invest in instruments that I already understand.	0.838	4.254
KI6	I consider the advice of a financial expert or investment advisor before making a decision.	0.826	4.270
KI7	I feel confident with the investment decisions I make.	0.896	4.110
Total Average			4.250

The average result of the descriptive analysis obtained from the respondents' answers showed a value of 4.242. The indicator item with the highest average was shown by KATK8 with a value of 4.293, which can be interpreted as the highest ease of access to financial technology lies in notification of notifications and updates related to asset ownership on digital investment applications obtained by respondents as users of the application. The indicator item with the lowest average was KATK7 with a value of 4.189, which can be interpreted that respondents felt that digital investment applications provided information that was quite informative and easy to access. A more complete explanation can be seen in the table below:

Table 4. Respondents' Responses to the Ease of Access to Financial Technology Variable

Code	Indicator Items	Standard Deviation	Average
KATK1	I feel it will be easy to find an investment app that suits my needs.	0.867	4.251
KATK2	I feel that investment applications can be accessed anytime and anywhere.	0.842	4.203
KATK3	I found the investment application registration and verification process easy to understand.	0.833	4.237
KATK4	I find the digital investment app display easy to understand	0.827	4.262
KATK5	I feel the features in the digital investment application are easy to understand and very helpful.	0.840	4.228
KATK6	Digital investment applications provide guidance on their use	0.840	4.299

Code	Indicator Items	Standard Deviation	Average
KATK7	Investment applications provide sufficient and easily accessible information.	0.850	4.189
KATK8	Investment apps provide notifications or updates regarding the assets I own.	0.790	4.293
KATK9	I feel comfortable transacting using the investment application	0.835	4.223
KATK10	I feel safe using investment apps	0.827	4.228
KATK11	I feel that using the app makes it easier for me to invest comfortably.	0.814	4.254
Total Average			4.242

Table 5. Results of the Measurement Model Test with SmartPLS

	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
X1.1.1	0.722			
X1.1.2	0.763			
X1.1.3	0.804	0.813	0.869	0.571
X1.1.4	0.754			
X1.1.5	0.733			
X1.2.1	0.847			
X1.2.2	0.656	0.621	0.788	0.557
X1.2.3	0.722			
X1.4.1	0.794			
X1.4.2	0.751	0.801	0.87	0.626
X1.4.3	0.788			
X1.4.4	0.831			
X2.1.1	0.743			
X2.1.2	0.829			
X2.1.3	0.800	0.883	0.911	0.631
X2.1.4	0.796			
X2.1.5	0.793			
X2.1.6	0.802			
X2.2.1	0.864	0.717	0.875	0.778
X2.2.2	0.900			
X2.3.1	0.874			
X2.3.2	0.862	0.929	0.942	0.669
X2.3.3	0.737			
X2.3.4	0.790			

	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
X2.3.5	0.739			
X2.3.6	0.844			
X2.3.7	0.845			
X2.3.8	0.843			
Y.1.1	0.805			
Y.1.2	0.765			
Y.1.3	0.826			
Y.1.4	0.771	0.892	0.915	0.607
Y.1.5	0.793			
Y.1.6	0.766			
Y.1.7	0.726			
Z.1.1	0.794			
Z.1.10	0.763			
Z.1.11	0.816			
Z.1.2	0.765			
Z.1.3	0.813			
Z.1.4	0.797	0.937	0.946	0.616
Z.1.5	0.809			
Z.1.6	0.765			
Z.1.7	0.776			
Z.1.8	0.726			
Z.1.9	0.801			

It can be seen from table 5 above, all variable items have a Cronbach's Alpha value > 0.60, a CR value > 0.70, and an AVE value > 0.50. Therefore, it can be stated that all variables meet the requirements for use and are not problematic in the composite reliability test. *Loading factor values* above 0.7 can be categorized as valid as indicators that measure constructs. However, indicators with *loading factors* between 0.40 - 0.70 can be considered according to the extent to which the removal of the indicator can affect validity. Indicators with weaker *loading factors* can be retained based on their contribution to the validity of the variable (Hair, Black, et al., 2014).

Table 6. Structural Test Results of the Model with SmartPLS

	Path Coefficients	F-square	T statistics (O/STDEV)	P-Values
DT → RISK TOLERANCE	0.147	247,631	25,188	0,000
FRT → RISK TOLERANCE	0.390	808,442	47.77	0,000
INVESTMENT DECISION CATCH →	0.382	0.092	3,264	0.001

	<i>Path Coefficients</i>	<i>F-square</i>	<i>T statistics (O/STDEV)</i>	<i>P-Values</i>
INVESTMENT DECISION LK→	0.176	0.053	2,771	0.006
FINANCIAL LITERACY PK→	0.999	15837.29	1049,848	0,000
PKD →FINANCIAL LITERACY	0.004	0.014	0.775	0.438
FINANCIAL LITERACY PKTL→	0.001	0.002	0.451	0.652
TR →INVESTMENT DECISION	0.203	0.086	4,027	0,000
TRUST →RISK TOLERANCE	0.540	1816,569	46.21	0,000
MODERATING EFFECT 1 (KATK X LK →KI)	0.015	0.001	0.190	0.850
MODERATING EFFECT 2 (KATK X TR →KI)	-0.019	0.022	1,591	0.112

Table 6 shows the *p-values* of the constructs, which are <0.05, which means that the construct has a significant effect. Meanwhile, 4 constructs with values >0.05 mean that they do not have a significant effect, including PKD FINANCIAL →LITERACY, PKTL →FINANCIAL LITERACY, Moderating Effect 1 (KATK x LK →KI), and Moderating Effect 2 (KATK x TR →KI).

It can be seen from Table 6 above that there are a total of 11 paths. 7 paths have *path coefficient values* > 0.10 which means the construct has a positive relationship direction with weak, medium, and strong influences, while 4 paths have *path coefficient values* <0.10 which means the construct has a very weak influence or almost no influence, namely PKD →FINANCIAL LITERACY, PKTL →FINANCIAL LITERACY, Moderating Effect 1 (KATK x LK →KI), and Moderating Effect 2 (KATK x TR →KI). From the results obtained, the moderation variable does not affect the influence of financial literacy on investment decisions and the influence of risk tolerance on investment decisions. Two variable indicators, namely basic financial knowledge and advanced financial knowledge, have a very low influence on the financial literacy variable.

Further testing is done by looking at the value of the coefficient of determination (R^2) which measures the predictive accuracy of the model. R^2 has a value ranging from 0 to 1. The higher the value R^2 , the better the prediction of the dependent variable (Hair, Sarstedt, et al., 2014). Testing is continued with the bootstrapping method using a two-tailed test to test the hypotheses in this study. The hypothesis is accepted if *the t-test* is greater than 1.96 ($\alpha = 5\%$) and *the p-values* are less than 0.05 (Hair et al., 2013). Table 6 shows the results of *the t-test* and *p-values*. There are 4 indicator relationships that show a *t-test* value <1.96 and a *p-value* > 0.05. The path is in *moderating effect 1* (K ATK x LK →KI) with a *t-test* value 0.190 and *p-value* 0.850, as well as *moderating effect 2* (KATK x TR →KI) with *t-test*

value 1.591 and a *p-value* of 0.112. Meanwhile, the indicator item that did not have a significant effect was PKD → FINANCIAL LITERACY with a *t-test value* of 0.775 and *p-value* 0.438, and PKTL → FINANCIAL LITERACY with *t-test value* 0.451 and *p-value* 0.652. So from 11 paths, there are 2 hypotheses that are not accepted and 2 variable indicators that do not have a significant effect.

The next test is seen in the *Effect size value* (f^2) which shows the magnitude of the influence of the dependent variable on the independent variable. If the effect size of the construct is removed for a particular dependent construct, it is determined so that each represents a small effect (0.02), medium (0.15), and large (0.35) (Hair *et al.* , 2013) . Based on the results shown in table 6, in this study, several variables have f^2 high values which mean they show a large influence, while others have f^2 low values which mean they show a small or even insignificant influence in the research model. Table 6 shows that the variables that have the greatest influence include PK → Financial Literacy with a value of f^2 15837.29, TRUST → Risk Tolerance with a value of f^2 1816.569, and FRT → Risk Tolerance with a value of f^2 808.442. Meanwhile, several variables have a small influence on the dependent variable, including KATK → Investment Decision with a value of f^2 0.092 and TR → Investment Decision with a value of f^2 0.086. In addition, the variables PKD → Financial Literacy and PKTL → Financial Literacy have very small values, namely 0.014 and 0.002, which indicate that their influence is very weak and insignificant. The moderating effect of KATK x LK → Investment Decision has a value of f^2 0.001, which means it does not have a significant influence. The second moderating effect is KATK x TR → Investment Decision has f^2 = 0.022 which indicates a small influence.

DISCUSSION

Based on the structural model testing that has been carried out above, the following is a presentation of the results of the analysis that has been carried out, referring to the research questions and hypotheses that have been formulated in the previous chapter.

Table 7. Hypothesis Test Results

Hypothesis		P - Values	T-test	Information	
No	Track			P-Values	T-test
H_1	LK → KI	0.006	2,771	Significant	Accepted
H_2	TR → KI	0,000	4,027	Significant	Accepted
H_3	KATK x LK → KI	0.850	0.190	Not Significant	Rejected
H_4	KATK x TR → KI	0.112	1,591	Not Significant	Rejected
-	KATC → KI	0.001	3,264	Significant	Accepted

From the results of the structural model test analysis in table 7, the *t-test value* shows that the influence of financial literacy on investment decisions (H_1) is accepted, so it can be interpreted that financial literacy has a positive influence on investment decisions. The test results are also supported by the *p-values* which show that financial literacy has a significant influence on investment decisions. The positive influence of financial literacy on investment decisions means that the better a person's level of financial literacy, the better their investment decisions will be. A good understanding of financial aspects and money markets will make a person better able to manage the available information to consider more efficient investment decisions.

This study supports previous research by Aren & Zengin (2016) which showed that the level of financial literacy affects a person's investment decisions. Research by Mohta & Shunmugasundaram (2024) also produced similar findings showing that the level of literacy has a significant effect on a person's financial management and investment decisions. Meanwhile, research by Junianto & Kohardinata, (2021) showed the opposite result, namely that financial literacy does not have a significant effect on a person's investment decisions.

Furthermore, the results of the structural model test analysis in table 15, the *t-test value* shows that the influence of risk tolerance on investment decisions (H_2) is accepted, so it can be interpreted that risk tolerance has a positive influence on investment decisions. This is supported by the *p-values* which show that risk tolerance has a significant influence on investment decisions. The positive influence of risk tolerance on investment decisions means that the higher an investor can tolerate risk, the better their investment decisions. This is because this type of investor will be more active in exploring various types of investments and can think of several scenarios to respond to changes and adjust strategies for more efficient investment decisions.

Furthermore, the results of the structural model test analysis in table 15 show the *t-test results* on the hypothesis that ease of access to financial technology positively moderates the influence between financial literacy and investment decisions (H_3) and the hypothesis that ease of access to financial technology positively moderates the influence between individual risk tolerance and investment decisions (H_4) are rejected, because they are below the threshold of 1.96. In addition, it is supported by *p-values* >0.05 , namely 0.190 and 1.591, which means that ease of access to financial technology does not have a significant influence to moderate the influence between financial literacy and the influence between risk tolerance on investment decisions.

In addition, there are other findings in this study. Based on the results of the structural model test analysis in table 15, although the variable ease of access to financial technology does not moderate the influence of financial literacy and risk tolerance on investment decisions, the variable ease of access to financial technology directly has a significant influence on investment decisions. Increasingly sophisticated financial technology allows for easier integration for novice investors such as Gen Z. Digital investment applications have notification features and provide information and recommendations for their users. Therefore, this convenience can be a consideration for someone when deciding

to invest by utilizing the ease of access to financial technology. The more people understand the performance and are proficient in utilizing existing financial technology developments, the more it will support more efficient investment decision-making. This finding is in line with previous research by Amalia & Murniawaty (2020) which stated that financial technology variables influence individual decisions to invest. Research by Putri & Triputrajaya (2024) also showed consistent results, namely ease of access, low costs, transparency, and time flexibility have a significant effect on investment decisions. The findings of this study emphasize the importance of the role of *fintech* in encouraging participation in the financial market, as well as the need for appropriate regulations to protect consumers & support sustainable industrial growth.

CONCLUSIONS AND RECOMMENDATIONS

Based on the findings after data calculation and analysis, the conclusion of this study is that financial literacy has a positive influence on investment decisions. Individuals who have a better level of financial literacy will have a better understanding of the money market or capital market so they are expected to be better able to manage information to consider more rational and optimal investment decisions. Likewise, risk tolerance has a positive influence on investment decisions. Investors with a higher level of risk tolerance will be able to make better investment decisions. These investors are indicated to be able to make better investment decisions by considering the availability of accepting risks and the experience they have. Investors with high-risk tolerance will also think about various scenarios that may occur in the future in order to respond to changes and adjust efficient investment decision strategies. The moderation variable of ease of access to financial technology has no influence in moderating the relationship between financial literacy variables and investment decision variables. However, in this study, ease of access to financial technology directly has a significant influence on investment decisions. The moderation variable of ease of access to financial technology has no influence in moderating the relationship between risk tolerance variables and investment decision variables. People with high-risk tolerance tend not to mind choosing risky investments without considering additional facilities such as technological convenience, while people with low-risk tolerance tend to make decisions by avoiding risks without considering the role of available technological convenience. However, the ease of access to financial technology has a direct effect on investment decisions.

ADVANCED RESEARCH

This research still has limitations, therefore suggestions for further research can be to add a wider scope to increase the generalization of the results and include demographic factors as variables that influence investment decisions, a research model with a more detailed scope, specifically comparing several financial technology platforms to explore user experiences in various financial technology applications to identify specific platform features that encourage financial literacy and investment behavior and consider integrating research with

technological development trends such as the use of *Artificial Intelligence* (AI) related to the phenomenon of financial literacy and investment.

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