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Original Article

Navigating Financial Behavior: How Literacy, Herding, Risk Perception, and Attitude Shape Generation Z's Investment Decision

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Abstract

In Indonesia, numerous young retail investors exhibit a lack of adequate financial knowledge and comprehension of investment fundamentals, potentially resulting in suboptimal investment choices and heightened financial exposure. This research seeks to examine how financial literacy, herding, risk perception, and attitude toward investment can enhance the decision-making process for students in investments, enabling them to make more educated and self-assured selections in financial markets. The study employed non-probability purposive sampling, involving 84 Generation Z participants. Data analysis was conducted using Partial Least Square (PLS) via SmartPLS. The findings reveal that financial literacy positively and significantly influences investment decision-making. Conversely, herding does not have a substantial impact on investment choices. Risk perception demonstrates a significant negative effect on investment decision-making, whilst attitude towards investment shows a significant positive influence. The study also found that attitude towards investment does not mediate the relationship between financial literacy and investment decision-making, nor does it mediate the impact of risk perception on investment decisions. However, it does mediate the influence of herding on investment decision-making. These outcomes contribute to a more comprehensive understanding of how each antecedent variable affects the decision-making processes of Generation Z students, offering valuable insights for educators, policymakers, and financial institutions aiming to improve investment education and support for young investors.

Keywords: Attitude Towards Investment, Financial Literacy, Herding, Investment Decision-Making, Risk Perception.

1. Introduction

The year 2023 has become a turning point for Indonesian society to start a new chapter after the COVID-19 pandemic. In the aftermath of the pandemic, the economic upswing has sparked renewed confidence amongst the Indonesian populace, prompting them to consider investing in both the real sector and the financial sector. According to data on the age distribution of individual investors in 2022, 58.8% of individual investors are aged 30 or younger. According to the statistics, individuals below the age of 30 constitute the majority of the expanding population of retail investors in Indonesia. Furthermore, an examination of the educational qualifications of these investors reveals that 62.8% have completed secondary education or less, whilst 27.7% possess a university degree. The statement concludes that the younger generation in Indonesia is becoming increasingly interested in the world of investment (Kompas, 2023).

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Many factors influence investment decisions made by individual investors. Investment decisions involve not only the allocation of funds that the investor has but also the sources of those funds and their use for short-term or long-term investment purposes. Additionally, an individual's understanding of various types of investment instruments that can provide optimal returns is a crucial factor in making investment decisions. Besides seeking optimal returns, investment decisions regarding different instruments are also affected by the risks associated with those investments. Investments offering higher potential returns, in general tend to carry correspondingly greater risks. In this context, investors need to have the knowledge to balance the return and risk of investment instruments.

Financial literacy is undeniably an important factor in making decisions related to investments in financial assets (Cupák et al., 2020). Studies indicate that people living in nations with widespread financial education or those who regularly consult financial experts tend to experience better investment results and hold more varied investment portfolios. (Gaudecker, 2015). This data underscores the significance of investment education in fostering awareness and stimulating interest within the capital market. The more individuals understand investments in the capital market, the more likely they are to explore and engage with it (Aisa, 2021). Furthermore, a strong foundation in financial understanding gives individuals the potential not only to generate profits but also to reduce the likelihood of significant losses in capital market investments (Yusuf, 2019). The aforementioned insights underscore the significance of financial education for students aspiring to engage in investment activities. A comprehensive grasp of financial concepts and investment strategies equips them to navigate the intricate financial landscape successfully. In light of various research findings demonstrating the beneficial effects of financial literacy on investment-related decision-making (Khan et al., 2020; Raut, 2020; Suresh, 2024), this study seeks to delve deeper into the relationship between financial literacy and investment decisions.

Herding refers to a behavior where investors tend to follow the general market sentiment or emulate the actions of perceived financial experts (Chen, 2013). This phenomenon typically manifests when a collective of investors opts to replicate the strategies of those they deem more informed, rather than relying on their own analysis and predictions to guide their investment choices (Chen, 2017). In essence, herding occurs when investors, either consciously or subconsciously, emulate the actions or responses of other market participants, or base their investment choices on the overall market behavior rather than relying on their own forecasts and analysis (Ahmad and Wu, 2022). For students interested in investing, understanding the concept of herding is very important. By grasping this concept, they are less likely to get caught up in financial decisions made by certain groups, such as their peers, while ignoring those who are experts in the field. Based on a series of studies showing the positive influence of herding on investment decision-making (Ahmad and Wu, 2022; Cao et al., 2021; Haritha and Rashmi, 2020), this research aims to analyze further the impact of herding on investment decision-making.

Risk is inherently tied to financial decisions, particularly when considering investment options (Noussair et al., 2014). The perception of risk significantly influences how individuals approach investments (Hamid, 2013). Investors tend to reduce their investments in stocks when they perceive a higher level of risk in the market (Awais et al., 2016). Various elements can shape one's perception of risk, including the state of the market, economic measures, and even personal psychological aspects. For students interested in pursuing investments, understanding the dynamics between risk perception and investment choices is very important. Through understanding how individuals perceive risk and its influence on their investment decisions, prospective investors can better position themselves to make wise

choices in building their investment portfolios. Stemming from numerous research findings that highlight the positive influence of risk perception towards investment decision-making (Alquraan et al., 2016; Bunyamin and Abdul Wahab, 2022), This study seeks to further examine how risk perception influences investment decision-making.

For students interested in the field of investment, it is important to have an understanding of attitude towards investment. A positive attitude can lead to proactive and confident investment strategies, while a negative attitude can create doubt and result in missed opportunities. An individual's attitude towards investment is a strong factor that shapes their investment decisions (Yutama et al., 2022). When someone has a strong and positive attitude toward investing, that attitude serves as a powerful driving force that instills value in their perception of investments and significantly influences their financial decision-making (Behera et al., 2017). Attitude toward investment is not just about being optimistic; it also involves having a perspective on the potential and risks associated with investments (Yutama et al., 2022). Based on a series of studies showing the positive influence of attitude towards investment on investment decision-making (Fitria et al., 2019; Md Husin et al., 2023; Sorongan, 2022) and research indicating that attitude towards investment mediates the effect of financial literacy on investment decision-making (Akhtar and Das, 2019; Ilyas et al., 2022; Yong et al., 2018), this research aims to analyze the impact of attitude towards investment on decision-making and the role of this attitude as a mediating variable for the antecedent variables in the decision-making process studied in this research.

This study has reviewed several extant literatures pertaining to financial literacy, herding behavior, risk perception, attitude towards investment, and investment decision-making within the Indonesian context. A study by Prasetyo et al. (2023), for instance, determined that herding does not influence investment decisions; however, financial literacy strengthens the relationship in a negative direction. Another investigation found that social influence affects investment decision-making only when moderated by financial literacy (Martaningrat and Kurniawan, 2024). Research by Oktaviani and Mawaddah (2024) revealed that investment decision was influenced by risk perception and herding behavior. Saputro and Wikartika (2023) also established that financial literacy impacts investment decision-making, while herding does not. The study also found that only a handful of recent studies that explore the relationship between attitude towards investment and investment decision-making (Ardiani and Panjaitan, 2023; Khurram, 2023). Based on these premises, this study concludes that among recent investigations, none have examined which factor among financial literacy, herding behavior, and risk perception most significantly affects individual investment decision-making, especially among Indonesia's Generation Z. Furthermore, none have incorporated attitude toward investment either as an antecedent to investment decision-making or as a mediating variable between investment decision-making and its antecedents. Herding is also an emerging topic of research related to investment decision-making among young generations, particularly in the digital era. Therefore, further research is necessary to elucidate these relationships.

2. Literature Review

2.1. Investment Decision-Making

Aydin (2010) defines decision-making as the process of choosing the most suitable option among alternative solutions to a problem. Merriam-Webster Dictionary (2024) defines decision-making as the act or process of deciding. Fink (2008) defines investment decision-making as the process by which resources are allocated. In essence, students engage in a

mental process when making investment decisions. This process involves assessing and choosing the most suitable option from a range of potential alternatives to distribute resources. The underlying expectation is that the selected investment will generate advantages in the future. This process involves assessing the potential risks and returns associated with different investment alternatives aligning their decisions with their financial goals and expectations for future benefits.

2.2. Financial Literacy

Servon and Kaestner (2008) define financial literacy as the ability of investors or individuals to understand and utilize financial concepts. An alternative definition of financial literacy encompasses a blend of consciousness, understanding, abilities, mindsets, and actions essential for making well-informed financial choices and ultimately attaining personal fiscal well-being (Atkinson and Messy, 2013). According to OECD (2014), financial literacy encompasses the comprehension of financial concepts and associated risks, coupled with the abilities, drive, and self-assurance to utilize this understanding in making sound financial decisions across various situations. This proficiency aims to enhance the financial well-being of both individuals and communities, whilst facilitating active engagement in economic activities. Financial literacy empowers students to employ their monetary knowledge and insights across various scenarios, from personal finance management to economic decision-making. By developing this competency, students are better positioned to make financially advantageous choices that not only benefit their individual circumstances but also contribute to the economic prosperity of the broader community.

Research conducted by Khan et al. (2020) demonstrates that financial literacy has a significant positive relationship with investment in financial markets. Another study also found that financial literacy significantly influences investment decision-making (Raut, 2020). Suresh (2024) concluded that financial literacy positively impacts investment decisions. Based on this series of studies, it can be concluded that the higher an individual's financial literacy, the greater their confidence in making investment-related decisions. However, research by Senda et al. (2020) found different results, indicating that financial literacy does not affect investment decisions. Given the inconsistencies regarding the relationship between these two variables, further research is needed to explore the influence of financial literacy on investment decision-making. Therefore, this study proposes the following hypothesis:

H_1: financial literacy positively affects investment decision-making.

2.3. Herding

Herding is conceptualised as the behaviour of decision-makers that emerges from interpersonal interactions and is predicated on decision-making based on the observations of other participants within a specific community, emulating their behaviour (Balcerzak and Zurek, 2011). Banerjee (1992) defines herding as the behavior where individuals follow what others do, regardless of what they may personally feel or think, in the context of financial decision-making. Christie and Huang (1995) define herding as the propensity of individuals to follow global market performance, emulate the actions of others, and disregard their own perspectives. Students may exhibit a tendency to make financial decisions based on the actions and behaviors observed in their peers or the broader financial community. This behavior is characterized by interpersonal interactions, where students can be influenced by the investment choices of others, leading them to mimic those decisions rather than relying on their thoughts or feelings. By comprehending the phenomenon of herding behavior,

individuals can make well-informed decisions based on their research and perspectives, thereby contributing to a more judicious and responsible investment approach.

Previous research has demonstrated that herding positively influences investment decision-making (Cao et al., 2021). Other studies indicate that herding behavior positively affects individual decision-making (Ahmad and Wu, 2022). Research conducted by Haritha and Rashmi (2020) supports this series of studies by showing that herding positively influences investor sentiment. However, research by Rahman and Gan (2020) found that herding does not affect investment decision-making. Considering the persistent ambiguities surrounding the interplay between these two variables, this investigation seeks to delve deeper into the impact of herding behavior on investment decision-making. Therefore, this study proposes the following hypothesis:

H_2: herding positively affects investment decision-making.

2.4. Risk Perception

Research related to consumer behavior typically defines risk perception as a set of uncertainties and consequences (Campbell and Goodstein, 2001; Hasan et al., 2017). Williamson and Weyman (2005) define risk perception as the result of various factors that form the basis for differences in decision-making regarding potential losses. In a financial context, Unser (2000) conceptualizes risk as the failure to achieve a certain level of return. Students can evaluate the uncertainties and potential consequences associated with their investment choices. This evaluation can significantly influence their decision-making process. Students may perceive risk differently based on their understanding of financial concepts and their ability to assess potential consequences. When students are interested in investing, they need to weigh potential gains against risks when making investment decisions.

Research conducted by Bunyamin and Abdul Wahab (2022) found that risk perception negatively affects investment decisions. Other studies have also shown that risk perception has a negative impact on investment decision-making Alquraan et al. (2016). However, findings from research by Pushpa et al. (2023) indicate that risk perception has a significant positive impact on investment decisions. This finding is supported by other research that shows risk perception significantly positively influences investment decision-making (Almansour et al., 2023). Given these inconsistencies, this study aims further to explore the influence of risk perception on investment decision-making. Therefore, this study proposes the following hypothesis:

H_3: Risk perception negatively affects investment decision-making

2.5. Attitude Toward Investment

Gardner et al. (1985) define attitude as an evaluative reaction to something concluded based on an individual's beliefs or opinions about that thing. Le Roux (1993) defines attitude as a positive or negative emotional relationship with or tendency towards an object, institution, or person. Based on this explanation, attitude toward investment can be understood as an evaluative reaction of individuals or an emotional relationship with the concept of investment. This evaluative reaction is derived from an individual's beliefs, opinions, and tendencies towards investment objects, which may include financial instruments, investment strategies, or broader concepts of participating in financial markets. This attitude can be influenced by factors such as individual beliefs about risk and return, perceptions of financial markets, and emotional responses related to financial decision-making. In the context of investment, attitude can affect students' willingness to explore, learn, and actively participate in financial markets. A positive attitude can lead to a tendency to

exhibit proactive financial behaviors, such as considering investment options, making informed decisions, and building an investment portfolio.

Research conducted by Md Husin et al. (2023) demonstrates that attitude has a significant influence on investment decisions. Sorongan (2022) also found that financial attitudes significantly impact investment decisions. The findings of Fitria et al. (2019) reinforce these results by proving that there is a significant effect of financial attitude on investment decisions. In contrast to these previous findings, research by Salisa (2021) found that attitude does not influence investment intention. To further explore the influence of attitude on investment decision-making, the following hypothesis is proposed:

H_4: attitude towards investment positively affects investment decision-making.

Research conducted by Ilyas et al. (2022) states that financial attitude can partially mediate the influence of financial literacy on investment intention. This statement is supported by a series of studies that found similar results (Akhtar and Das, 2019; Yong et al., 2018). However, there has been limited research providing evidence of the mediating role of attitude in the relationship between antecedent variables and investment decision-making, such as herding and risk perception. Therefore, this study aims to investigate whether attitude also mediates the influence of herding and risk perception on investment decision-making, similar to the role of financial literacy. Based on this statement, the following hypothesis is proposed:

H_5: attitude towards investment mediates the influence of financial literacy, herding, and risk perception on investment decision-making.

Based on the series of discussions above, the conceptual framework can be structured as follows:

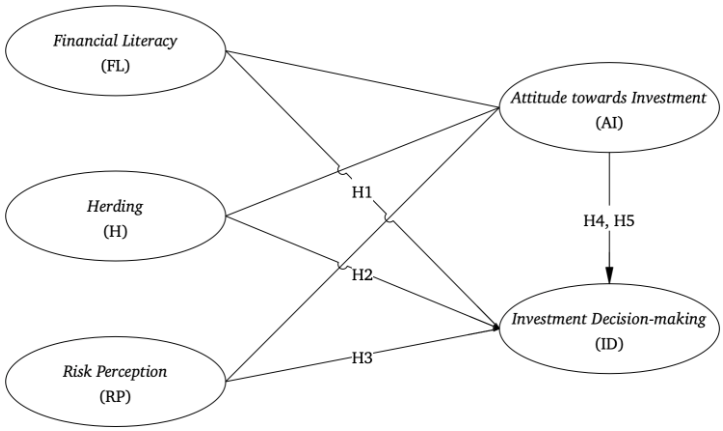

Figure 1. Conceptual Framework

3. Methods

The population and sample used in this study are focused on Generation Z students. The age range that falls under the Generation Z category includes individuals aged 18 to 26 years. In this research, the sampling method employed is non-probability purposive sampling, where questionnaires are distributed to Generation Z students because they are individuals with significant potential for investment (Kompas, 2023). As posited by (Hair et al., 2014), the recommended sample size for studies with a maximum of four arrows pointing to one variable is 65 respondents, given a statistical power of 80% at a significance level of 5% with an R^2 of at least 0.25. Therefore, this study will utilize at least 65 respondents for testing. The indicators used in this study are adapted from previous research related to financial literacy (OECD, 2014), herding (Waweru et al., 2008), risk perception (Javadi et al., 2012), attitude (OECD, 2014) and investment decisions (Scott and Bruce, 1995).

4. Results and Discussion

4.1. Respondents' Profile

Here is the descriptive profile of Generation Z students who participated in the research:

Table 1. Respondents' Profile

	Profile	Amount	Percentage
Age (years)	18-19	35	41,7
	20-21	30	35,7
	22-23	18	21,4
	24-25	1	1,2
	Total	84	100,0
Gender	Male	24	28,6
	Female	60	71,4
	Total	84	100,0
Average Allowance per month	< Rp. 500.000	43	51,2
	Rp. 500.000 - Rp. 1.000.000	28	33,3
	Rp. 1.000.001 - Rp. 1.500.000	9	10,7
	Rp. 1.500.000 - Rp. 2.000.000	2	2,4
	Rp. 2000.000 - Rp. 2.500.000	2	2,4
	Total	84	100,0

Source: Data Processing (2024)

Out of 84 Generation Z students who participated in the research, the majority, 35 students (41.7%), are aged 18-19 years. There are 30 respondents (35.7%) aged 20-21 years, 18 respondents (21.4%) aged 22-23 years, and only one respondent (1.2%) aged 24-25 years. In terms of gender, most of the Generation Z respondents are female, with 60 students (71.4%), while there are 24 male respondents (28.6%). Regarding the monthly allowance, it is known that most of the Generation Z respondents have a monthly allowance of less than Rp. 500,000, which includes 43 students (51.2%). There are 28 respondents (33.3%) with a monthly allowance ranging from Rp. 500,000 to Rp. 1,000,000, 9 respondents (10.7%) with a monthly allowance of Rp. 1,000,001 to Rp. 1,500,000, while only two respondents (2.4%) have a monthly allowance ranging from Rp. 1,500,000 to Rp. 2,000,000. Additionally, there are two respondents (2.4%) with a monthly allowance of Rp. 2,000,000 to Rp. 2,500,000.

4.2. Outer and Inner Model Evaluation

The assessment of the external model encompasses convergent validity, discriminant validity, and composite reliability, whilst the internal model evaluation will elucidate the R^2 and Q^2 predictive relevance values.

The convergent validity test results revealed that five indicators had loading factor values below 0.50, signifying their failure to meet convergent validity criteria or their invalidity. These five indicators were FL2, RP1, AI1, AI5, and ID4. Subsequently, these non-compliant indicators were eliminated, and the test was repeated. Following this reduction, all remaining indicators satisfied convergent validity requirements, exhibiting loading factor values of 0.50 or greater and an AVE value exceeding 0.50 for all variables.

The discriminant validity test demonstrated that the √AVE for each variable surpassed the correlation values between those variables and other variables within the model. This outcome indicates that the research variables possess satisfactory discriminant validity. Furthermore, the composite reliability values for all research variables were 0.70 or higher,

leading to the conclusion that the research variables fulfill internal consistency or reliability standards.

Table 2. Evaluation of Outer Model and Inner Model

Variable: Indicator	Loading*)	Loading**)	AVE**)	√AVE	Composite Reliability**)	R^2	Q^2 Pred. Rel.
FL : FL1	0,689	0,697	0,553	0,744	0,830		
FL2***)	0,432						
FL3	0,627	0,619					
FL4	0,799	0,799					
FL5	0,819	0,840					
H : H1	0,696	0,691	0,585	0,765	0,848		
H2	0,716	0,716					
H3	0,831	0,836					
H4	0,807	0,805					
RP : RP1***)	-0,046		0,690	0,831	0,897		
RP2	0,641	0,609					
RP3	0,890	0,900					
RP4	0,892	0,900					
RP5	0,875	0,877					
AI : AI1***)	0,355		0,573	0,757	0,798	0,280	0,125
AI2	0,502	0,635					
AI3	0,780	0,731					
AI4	0,867	0,885					
AI5***)	0,442						
ID : ID1	0,742	0,756	0,538	0,733	0,822	0,416	0,156
ID2	0,812	0,825					
ID3	0,680	0,657					
ID4***)	0,317						
ID5	0,694	0,685					

(FL: financial literacy; H: herding; RP: Risk Perception; AI: Attitude toward Investment; ID: investment decision making)

*: original value

**: after elimination of loading < 0,50

***: loading < 0,50

Source: Data Processing (2024)

Table 3. Fornell-Larcker Criterion

	FL	H	RP	AI	√AVE
H	0,477				0,765
RP	0,052	0,285			0,831
AI	0,391	0,484	0,014		0,757
ID	0,470	0,314	-0,221	0,521	0,733
√AVE	0,744	0,765	0,831	0,757	

(FL: financial literacy; H: herding; RP: Risk Perception; AI: Attitude toward Investment; ID: investment decision making)

Source: Data Processing (2024)

The R^2 value for the variable attitude towards investment is 0.280, meaning that 28% of the variance in attitude towards investment can be explained by financial literacy, herding, and risk perception, while other variables outside the research model explain the remaining 72%. The coefficient of determination (R^2) for investment decision-making is 0.416, suggesting that financial literacy, herding, risk perception, and attitude towards investment collectively account for 41.6% of the variability in investment decision-making. The remaining

58.4% is attributable to factors outside the scope of this research model. Furthermore, the Q^2 predictive relevance values for attitude toward investment and investment decision-making are 0.125 and 0.156, respectively. As both these values exceed zero, it can be inferred that the model possesses predictive relevance.

4.3. Hypotheses Testing

Hypothesis testing was conducted based on the results from the path diagram in Figure 3 and Table 6. A research hypothesis is accepted if the path coefficient aligns with the hypothesis and the t-statistic is greater than 1.64 (the critical value at alpha 5%, one-tailed) or if the p-value is less than 0.05 (alpha 5%).

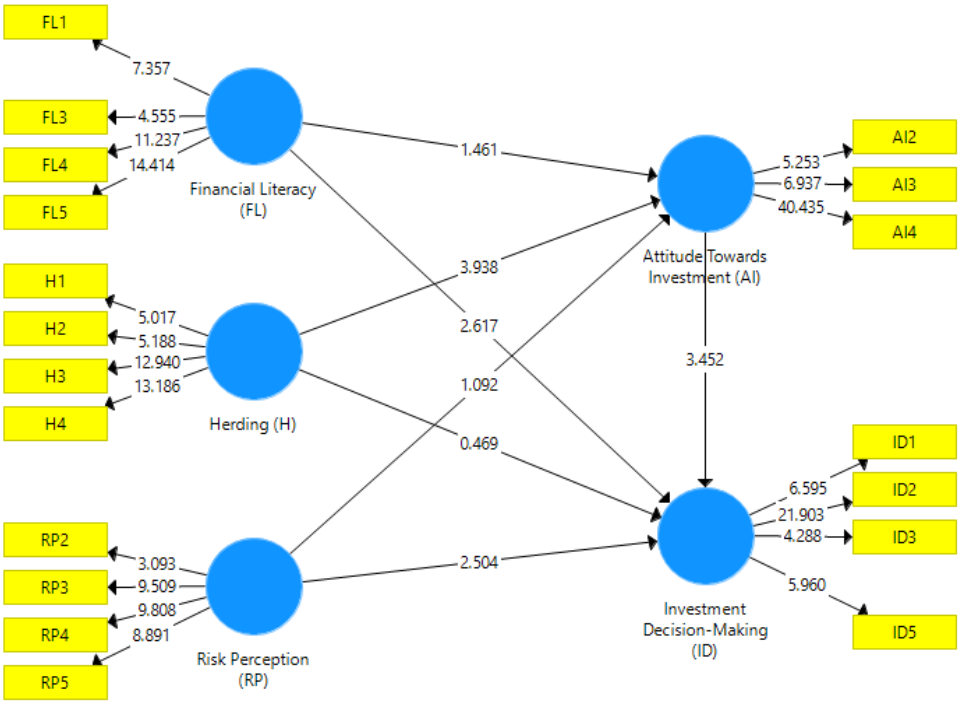

Figure 2. Path Diagram

Table 4. Path Coefficient

	Path Coefficient	T-Statistic	P-Value	Conclusion
FL -> ID	0,309	2,617	0,005*)	H1 Accepted
H -> ID	0,059	0,469	0,320	H2 Rejected
RP -> ID	-0,259	2,504	0,006*)	H3 Accepted
AI -> ID	0,375	3,452	0,000*)	H4 Accepted
FL -> AI	0,195	1,461	0,072	Not Hypothesized
H -> AI	0,425	3,938	0,000*)	Not Hypothesized
RP -> AI	-0,118	1,092	0,138	Not Hypothesized
FL -> AI -> ID	0,073	1,236	0,108	H5a rejected
H -> AI -> ID	0,159	2,775	0,003*)	H5b accepted
RP -> AI -> ID	-0,044	1,010	0,157	H5c rejected

(FL: financial literacy; H: herding; RP: Risk Perception; AI: Attitude toward Investment; ID: investment decision making)

* : Significant Result

Source: Data Processing (2024)

4.4. Discussion

The statistical analysis presented in the preceding section indicates that financial literacy exerts a positive and noteworthy influence on investment decision-making. This outcome is consistent with numerous prior investigations that have highlighted the beneficial effects of financial literacy on an individual's capacity to make informed investment choices. (Khan et al., 2020; Raut, 2020; Suresh, 2024). It can be concluded that students' decisions to invest are influenced, in part, by their financial literacy. When individuals possess adequate financial knowledge, it can strengthen their decision-making regarding investments. Without sufficient financial knowledge, individuals may tend to hesitate to invest due to concerns about potential risks.

Research has indicated that investment decision-making is not significantly influenced by herding behavior. Although there are previous studies that support this finding (Rahman and Gan, 2020), it does not align with a series of studies that have demonstrated a positive influence of herding on investment decision-making (Ahmad and Wu, 2022; Cao et al., 2021; Haritha and Rashmi, 2020). Based on these studies, there is a tendency for an individual's investment decisions to be influenced by the investment choices of people they know. However, it is suspected that the contradictory results in this study occur because of the wide access to investment information that individuals can easily find online today. With this accessibility, students from Generation Z are no longer restricted to basing their investment choices solely on popular trends or the decisions of their acquaintances. This statement is also supported by research on the relationship between social media and the stock market, where the presence of social media can provide accurate information about market conditions, giving individuals sufficient information (Bukovina, 2016). When information is scarce, people are less likely to make investment choices based on prevailing trends or the actions of others.

The statistical findings indicate that risk perception exerts a significant negative influence on decision-making. This finding is consistent with previous research that indicates a negative influence of risk perception on investment decision-making (Alquraan et al., 2016; Bunyamin and Abdul Wahab, 2022). Based on these results, it can be concluded that despite the inherent risks associated with various forms of investment, students still view risk as a negative factor that can influence their investment decisions. This negative result may also be related to the allowance they have. The majority of students who participated in this study have a monthly allowance ranging from less than Rp. 500,000 to Rp. 1,000,000. This amount is relatively small, leading them to perceive that the risks involved in investing could significantly impact their financial situation.

Attitude toward investment has been found to positively and significantly influence investment decision-making. This finding aligns with previous research regarding how attitude toward investment positively influence investment decision-making (Fitria et al., 2019; Md Husin et al., 2023; Sorongan, 2022). It can be concluded that students' attitudes towards investment will influence their investment decisions. Furthermore, based on the statistical results, among all the variables studied regarding their influence on investment decision-making, attitude towards investment is the most significant variable. It can be concluded that the most important factor in investment decision-making for Generation Z students is their perception of the investment itself. The more positive the students' attitude towards investment activities, the greater the likelihood that they will decide to invest.

Although it was not hypothesized in this study, among the variables of financial literacy, herding, and risk perception, herding is the only variable that has a significant positive effect on attitude towards investment. It can be concluded that trends and the investment behaviors of others do not directly influence investment decision-making but do affect attitude toward

investment, which ultimately influences investment decision-making. The statistical analysis corroborates this conclusion, indicating that amongst the variables examined, only herding exerts an influence on investment decision-making through the mediating factor of attitude towards investment. Based on this finding, it can be concluded that, unlike other conditions where the influence of financial literacy on investment decision-making is mediated by attitude towards investment, for Generation Z students, herding influences investment decision-making through attitude towards investment.

Although this finding does not align with a series of previous studies (Akhtar and Das, 2019; Ilyas et al., 2022; Yong et al., 2018), it can be concluded that herding plays a significant role in shaping the attitude toward investment among Generation Z students, which then determines their investment decision-making. When they observe sentiments generated by investment trends or the investments made by others, it influences their attitudes and determines whether they will follow the investment choices that have been made. Undoubtedly, the presence of information from investment influencers across various social media platforms is one of the factors considered by individuals. Awareness and a positive attitude towards investment activities in various forms of investment tools, such as the stock market, *reksadana* (mutual fund), and others, can grow due to exposure from these influencers.

5. Conclusion

The research findings indicate that financial literacy, investment attitudes, and risk perception significantly impact the investment decision-making process of Generation Z students. Whilst financial literacy and investment attitudes positively influence investment decisions, risk perception has a negative effect. Although herding does not directly affect investment decision-making, it shapes attitudes toward investment, which subsequently influences investment choices. The study suggests that investment trends and others' investment decisions can mold students' investment attitudes, ultimately affecting their investment decisions. The proliferation of technology and easy access to information, particularly via social media, appears to diminish the direct impact of herding but amplify the role of influencers in forming investment attitudes.

Several limitations are present in this study. Firstly, whilst allowance is suspected to play a role in investment decision-making, the research did not examine differences in investment decisions based on allowance amounts. Secondly, other potential influencing factors, such as psychological and social variables, were not investigated. Thirdly, the survey method employed may have led to respondent bias. Lastly, rapid shifts in economic and market conditions could affect the long-term validity of the study's results.

Given these constraints, future research should conduct differential tests to verify whether variations in allowance indeed influence Generation Z students' investment decision-making. Additional variables, including psychological and social factors, should be considered in forthcoming studies. To gain a more comprehensive understanding of investment dynamics, researchers should employ diverse methodologies, such as longitudinal studies or experiments. Moreover, it is crucial to continuously monitor changes in economic and market conditions and their impact on students' attitudes and investment decisions. Further investigation into the role of social media influencers in shaping investment attitudes is also highly recommended.

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