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The Role of Financial Literacy, Financial Self Efficacy and Risk Tolerance on Investment Decision (Study Among Young Adults in Yogyakarta Province)

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ABSTRAK

Economic growth is one of the parameters used to see the level of success of economic development, which originates from per capita income, quality of life index and human development in a country. One aspect that can support economic growth is by carrying out investment activities. Investment activities continue to be promoted at all levels of society, especially those who are currently young adults. Young adults are those who, in 2024, will belong to 2 generations at once, namely some of the Z generation and the millennial generation. In their investment activities, apart from using rational factors in making decisions, investors also often behave irrationally. Irrational attitudes are characterized by psychological factors such as self-efficacy and risk tolerance. This research aims to examine the influence of financial literacy, financial self-efficacy, and risk tolerance on investment decisions of young adults aged 20-42 years in Yogyakarta Province. The research method used is multiple regression testing using SPSS Ver.25. The results of this research show that there is a partial or simultaneous influence on the variables of financial literacy, self-efficacy, and risk tolerance on investment decisions among young adults in Yogyakarta Province. Financial literacy among the people in Yogyakarta should continue to be improved so that it can support an increase in investment activities. With increasing financial literacy, investor self-efficacy will increase and influence the increase in investment. With these findings, the author provides suggestions, especially for companies operating in the field of investment product services, not only to offer investment products but also to provide education and outreach regarding existing investment assets in order to be able to increase financial literacy, self-efficacy and make it easier for investors to recognize the characteristics of assets that suit their needs risk tolerance.

Keywords: Investment Decisions, Financial Literacy, Financial Self-Efficacy, Risk Tolerance, Yogyakarta Province.

INTRODUCTION

Indonesia is a developing country that always tries to increase its economic growth every year. In a broadcast by Badan Pusat Statistik (2024), it was explained that Indonesia's economic growth in the fourth quarter of 2023 was 5.04, lower than in 2022, at 5.31%. One important indicator of increasing economic growth is investment activity. Investment activities are a commitment to an individual's resources, for example, funds that are then processed wisely with the aim of obtaining profits in the future (Tandelilin, 2017). Putri et.al, in their 2019 research, explained that matters related to financial investment activities, one of which is financial literacy, have a big influence on investors' decisions to invest. Other findings explain that the conditions that influence investors will vary according to the demographic characteristics of the individual. One of these demographic characteristics is age. Age is something that really determines an individual's perspective on the risk and return of an investment (Putri et al., 2019a).

The active role of the community, especially those who are young adults, is a driver of the economy, especially with investment activities in Indonesia. Suhendro et al (2022) in their findings, explain that adults have to work properly in all fields so that they can make investment decisions with the requirement of being able to support themselves, their families or those around them. Young adults are those aged at least 18-22 years, and the oldest are at least 35-40 years old (Papalia et al., 2008). People of this vulnerable age are currently included in the Generation Z and Millennial Generation categories. Data from Badan Pusat Statistik (2024) was explained that in 2022, as many as 25.80% of Indonesia's population will be those aged 20-42 years. Regarding investment activities, these two generations are the ones that contribute to investment in assets in the largest capital market in Indonesia, namely more than 80%, even though the amount of assets is relatively small (Hamonangan & Wisuda, 2022). However, this shows that the younger generation is increasingly open and familiar with investment activities.

The capital market is an important aspect of the driving force of investment activities in Indonesia. This is in accordance with the Financial Services Authority's statement in its report, namely the National Strategy for Indonesian Financial Literacy 2021 - 2025, which explains that in an effort to encourage social welfare and equality, the role of financial services is needed, one of which is the capital market (Otoritas Jasa Keuangan, 2020). The capital market is a market where investors carry out buying and selling activities of assets such as shares, bonds, mutual funds and others. However, the OJK explained that public interest in accessing the capital market is very low, especially compared to financial institutions that are easier for the public to find, such as banking (OJK, 2020).

In 2019, Indonesia's financial inclusion reached 76.19%, which means that for every 100 people, around 76 people have used the financial products/services provided. However, the highest use of financial services in society is in the banking sector at 73.88%, while the capital market is only at 1.55%. In the same report, it is explained that the weakness of the Indonesian state is the low level of inclusion in the capital markets sector because the capital markets industry is considered an unpopular industry (Otoritas Jasa Keuangann, 2020).

A report entitled *"Survei Nasional Literasi dan Inklusi Keuangan (SNLIK)"* for 2021 – 2025 states that financial literacy is an important aspect that needs to be improved so that activities in the capital market increase. Financial literacy is needed so that people better understand existing investment instruments, one of which is the capital market. This was then outlined in the Financial

Services Sector Master Plan, which is a policy to expand financial access not only to one particular institution but to other financial institutions, one of which is the Capital Market.

The level of financial literacy as of 2020 is 38.08%, or only a third of Indonesia's population is well literate about all things related to finance (Otoritas Jasa Keuangann, 2020). Based on study from Priscilia et al (2020), this condition of society, which requires people to be fully literate, has the potential to make people unable to choose investment products that suit their profile. This is proven by the level of financial literacy for the capital markets sector of only 4.95%. In SNLKI 2021-2025 (2020), public knowledge data regarding capital market financial institutions is only 13.97%, the smallest compared to other institutions such as banking (99.07%), insurance (58.74%), pawnshops (56.67%), financing (43.07%). %), pension funds (24.71%), and microfinance institutions (14.52%). Therefore, increasing financial literacy in the non-banking sector, especially in the capital markets sector, must be a concern for all stakeholders (Otoritas Jasa Keuangann, 2020).

According to a survey conducted by the OJK from 2018 to 2020, the financial literacy index for the Yogyakarta Special Region (DIY) Province was one of the highest in Indonesia, namely 58.53%. Even though DIY is a province with a high financial literacy index, this is not a guarantee that people in Yogyakarta have strong confidence in managing their finances. Self-efficacy is closely related to people's confidence in making decisions (Flores, 2015). Financial self-efficacy itself is an individual's confidence in managing their finances (Pratiwi & Krisnawati, 2020). According to Danes et al (2007), financial self-efficacy is the key to success in increasing the use of financial services, both banking and non-banking.

Apart from financial literacy and self-efficacy, an individual in relation to financial decision making needs to think about risks .Faridhatun et al (2020) explained that an individual who chooses assets with high returns needs to prepare themselves for the risks that arise and vice versa. Therefore, an investor needs to understand the extent of his or her tolerance for possible risks. Risk tolerance is one of the main factors for investors when making decisions (Bailey & Kinerson, 2005). Ayu Wulandari Rr Iramani (2014) share the same view that risk tolerance has an important role in a person's investment level. In relation to risk tolerance, there are three types of risk profiles of an investor: conservative investors, moderate investors, and aggressive investors (Shohiha et al., 2022). Based on the above, researchers want to see the influence of financial literacy, financial self-efficacy and risk tolerance on investment decisions of young adults in Yogyakarta. Based on the description of the research background presented, the author intends to raise the following problems:

1. Does financial literacy have a significant influence on the investment decisions of young adults in Yogyakarta?
2. Does financial self-efficacy significantly influence the investment decisions of young adults in Yogyakarta?
3. Does risk tolerance have a significant effect on investment decisions among young adults in Yogyakarta?
4. Do financial literacy, financial self-efficacy and risk tolerance simultaneously have a significant influence on the investment decisions of young adults in Yogyakarta?

Research Framework

Financial Literacy and Investment Decisions

Financial literacy is an important thing that individuals must have even from an early age. Grohmann (2018) explains that the level of financial literacy in Indonesia for young people currently needs to be higher. Financial literacy can improve the quality of making financial decisions. However, currently, there are many investors whose investment activities are increasing but who are not knowledgeable about the investment activities they undertake. The relationship between financial literacy and investment decisions was put forward by Goenadi et al (2022), who explained that financial literacy influences an individual's investment decisions. This is in line with research conducted by Upadana and Heriwati, which found that increasing financial literacy among students will have a positive impact on investment decisions. Stolper & Walter (2017) explained that financial literacy is the variable with the greatest influence in determining investment decision behavior. This indicates that understanding finances is an important factor in investment decisions. Based on the explanation above above, the first hypothesis for this research is as follows:

H1: Financial literacy has a significant effect on investment decisions among young adults in Yogyakarta

Financial Self Efficacy and Investment Decisions

Financial self-efficacy plays an important role in increasing an individual's ability to manage personal finances so that they are expected to achieve prosperity in the future. This is also reinforced by research conducted by Tambun & Manuel (2023) , where financial self-efficacy was proven to have a positive influence on financial management in the context of investment activities. Self-efficacy has a positive influence on active students' investment interest in West Jakarta (Lioera et al., 2022). These results strengthen previous findings from Kurniawan (2021) , where self-efficacy has a positive influence on student investment behavior. From these results, when an individual is confident in their self-assessment, especially regarding financial management, they will increase their activities in investment activities. From the explanation above, the second hypothesis of this research is as follows:

H2: Financial self-efficacy has a significant effect on investment decisions among young adults in Yogyakarta

Risk tolerance and Investment Decisions

Investors are always faced with elements of risk and return. The higher the expected level of return, the higher the risk faced. The risk tolerance factor is one of the factors that influence a person's investment decisions. Safriyani et al (2020), in their research, explained that risk tolerance, together with other factors, simultaneously influences investment decisions. Widyastuti & Hari (2020) explain that investors with a high level of risk tolerance will prefer investment activities with relatively high risk and return compared to investors with a low level of risk tolerance. Research from Mahardhika & Restianto (2023) explains that the risk tolerance borne by investors leads to the speed and accuracy of making investment decisions. Hikmah et al (2020) explain that risk tolerance has an important role in investor decisions. Investors who are able to manage existing information and risks will understand the market and make it easier to make investment decisions. From the explanation above, the third hypothesis of this research is as follows:

H3: Risk tolerance has a significant effect on investment decisions among young adults in Yogyakarta

Financial Literacy, Financial Self Efficacy, Risk Tolerance and Investment Decisions

In this study, researchers want to see whether financial literacy, financial self-efficacy and risk tolerance simultaneously influence investment decisions among the younger generation in Yogyakarta. Research by Ulfa et al (2023) explains that both financial literacy, financial self-efficacy and risk tolerance have a positive effect on individual investment decisions in generation Z in Indonesia. Based on the explanation above, the first hypothesis of this research is as follows:

H4: Financial literacy, financial self-efficacy and risk tolerance simultaneously have a significant influence on the investment decision making of young adults in Yogyakarta.

This research aims to see the influence of financial literacy, financial self-efficacy and risk tolerance on investment decision making. The variables financial literacy and financial self efficacy refer to research conducted by Okello Candiya Bongomin & Ntayi (2020), and the risk tolerance variable is based on research by Ayu Wulandari Rr Iramani (2014) also Priscilia & Krisnawati 2020). Based on the results of previous research analysis and the hypotheses that have been determined, the framework for this research is as follows:

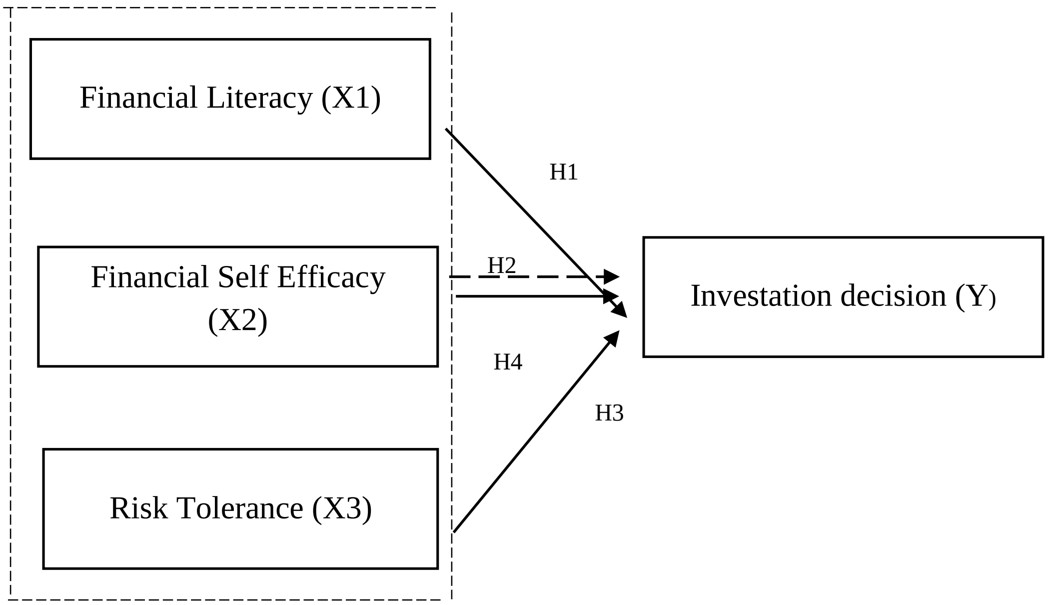

Figure 1. Research Model

LITERATURE REVIEW

Behavioral Finance

Behavioral finance or behavioral finance is a theory that believes that there are psychological factors in a person that underlie investors' decisions so that rational actions are not always carried out by investors but rather irrational actions that they experience There are two factors that explain why irrational actions occur: the first is that the existing information cannot be managed properly, so future returns are not optimal. Secondly, investors are in unfavorable trading conditions, so the returns obtained could be more optimal (Budiantoro & Arganeta, 2022). Behavioral finance causes investor behavior to become irrational in terms of investment decision activities (Sinaga & Silalahi, 2022). This is caused by many factors, such as overconfidence and regret aversion.

Financial Literacy

Financial literacy is a set of knowledge, skills, and beliefs inherent in a person, which then influences attitudes and behavior when making financial decisions in order to achieve community financial prosperity (Budiyono & Krisnawati, 2021). With financial literacy, it is hoped that people will not only understand existing financial products and services but also how to manage finances properly and correctly so that they can improve the individual's standard of living (Stolper & Walter, 2017). A low level of financial literacy will have an impact on decisions errors in daily life, one of which is failing to choose the right financial product for the individual (Ulfa et al., 2023). If an individual mismanages his finances, the risk of loss and financial crisis will also be greater and threaten the individual's welfare. From the theory above, it can be concluded that financial literacy is a form of long-term investment that must be owned by every individual in order to be able to manage their assets/finances so as to improve the individual's welfare.

Financial Self Efficacy

Self-efficacy is a person's belief that he feels capable of achieving and succeeding in every task or responsibility given in relation to self-confidence, motivation, and optimism in responding to existing challenges (Fathul Bari et al., 2020). Suppose investors apply the concept of self-efficacy in the context of personal financial management. In that case, this relates to feelings of confidence in one's financial management abilities when facing financial difficulties they experience or when there are challenges related to an individual's financial position (Farrell et al., 2016). Pratiwi & Krisnawati (2020) also conveyed a similar thing, where financial self-efficacy is a person's confidence in managing finances and using existing financial services with what the individual has so that they are able to achieve their financial goals. Financial self-efficacy is an individual's self-confidence in his ability to manage personal finances because of the individual's motivation, self-confidence and sense of optimism.

Risk Tolerance

Risk tolerance is the action of someone who dares to take a risk, which is usually often found among entrepreneurs who like a challenge and have high initiative to get the return they want (Fossen et al. (2024). Another thing stated by Fitri et al (2023) where risk tolerance is an activity to achieve a goal that involves the possibility of loss. Despite this, a person is still willing to be involved in activities to achieve that goal. Estuwijaya et al (2023) explain that risk tolerance is a person's attitude toward achieving a goal. This attitude includes cooperation, responsibility, not being afraid of existing challenges and difficulties, self-control, a preference for taking risks, etc. Therefore, risk tolerance can be interpreted as a person's actions in taking risks and how much risk the individual can bear to achieve their goals.

Investment Decision

Asandimitra & Novianggie (2019) explain that investment decisions are activities carried out by investors in choosing assets/investments that they feel will be profitable in the future, Fridana & Asandimitra (2020) explained that the factors that influence investment decisions include financial literacy, risk tolerance, trust and an investor's risk perception. Safriyani et al (2020) explain that an investment decision is a person's action in the present, which is then projected into the future in order to obtain the maximum possible profit. Therefore, an investment decision is an investor's action in his investment activities, which is influenced by both internal and external factors with the principle of minimizing risk to obtain maximum possible profits in the future.

METODOLOGY

Type of Research

Penelitian ini berdasarkan metodenya adalah penelitian kuantitaif dimana merupakan penelitian This research is based on a quantitative research method, which is research based on the philosophy of positivism. Quantitative research is used to examine certain populations or samples with quantitative statistical data with the aim of testing previously established hypotheses (Sugiyono, 2017). This research is also included in descriptive research because the researcher tries to describe research activities systematically and clearly (Hermawan, 2019). This research is included in causal research because the researcher wants to find out and describe the causes of a problem (Indrawati, 2015).

Research Population and Sample

This research uses online and offline questionnaires for data collection activities. The questionnaire contains a number of questions and statements that the specified respondent must answer. The questionnaire used in this research is closed in nature, where all questions are available in a structured manner, and respondents only need to choose one answer that suits the respondent's characteristics (Sudaryono, 2017). In this study, the population/entire group of people studied is a vulnerable population ranging in age from 20-42 years in 2024, namely those who will enter young adulthood. According to BPS, the population with this vulnerable age is 1,368,051 million people (Badan Pusat Statistik DIY, 2023). The sampling technique used is nonprobability sampling, where the probability of selecting population elements cannot be determined because each population element does not have the same chance of being selected as the sample (Sudaryono, 2017). The sample was drawn using quota sampling using the Slovin formula as follows:

$$\mathbf{n = N / 1 + Ne^2} \qquad \mathbf{(1)}$$

Where n is the sample size to be sought, N is the size of the research population, and e of 5% is the constant allowance for research error that is still tolerated by researchers in taking research samples. With the formula above, the calculation is n= 1,368,051/ 1+1,368,051 (0.05)2 with a result of 399.88, close to 400 respondents. Based on calculations, the research respondents used were a minimum of 400 respondents.

Types of Data, Data Sources and Measurement Scales.

Researchers use secondary and primary data; primary data is obtained from data from going directly to the field looking for research respondents, while secondary data comes from books, national and international journals, official websites, online news, previous research and other sources deemed relevant to this research. The secondary source taken by the researcher, for example, was from the DIY Province BPS, where the researcher obtained data on the total number of young adults in DIY. The scale used in this research is the likert scale. According to Sudaryono (2017) , the Likert scale is a scale for converting qualitative respondent results into quantitative data. The weights used include: Strongly Agree (SS) with a score of 5, Agree (S) with a score of 4, Neutral (N) with a score of 3, Disagree (TS) with a score of 2 and Strongly Disagree (STS).

Data analysis method

In conducting this research, the research stages carried out were observing the research object, then creating a research background, conducting a literature review, collecting and processing data, analyzing and finally interpreting the findings so that conclusions and research suggestions could be drawn. In relation to data analysis, the methods used are descriptive analysis, classification assumption testing and multiple linear regression analysis. Descriptive analysis is used to describe the level of financial literacy, financial self-efficacy, risk tolerance and investment decisions among young adults in Yogyakarta. The classical assumption tests used are the normality test, multicollinearity test and heteroscedasticity test. Multiple linear regression test analysis is used to determine the relationship between two or more independent variables of this research and the dependent variable together. This research uses SPSS ver.25 software.

RESULTS AND DISCUSSION

Respondent Profile

The respondents in this research activity were the people of Yogyakarta, and they were young adults, namely, 20 to 42 years old. Researchers distributed questionnaires to 412 respondents from each district and city in Yogyakarta. The questionnaire distributed consisted of 3 parts, namely screening questions, respondent profiles and research statements. Screening questions are carried out on respondents according to the criteria determined by the researcher. The respondents' profile section for data collection is based on respondents' characteristics such as gender, age, education, income, and others. The final part is statements for respondents to choose from regarding the variables studied by the respondents. The following is a table of characteristics of respondents in this study:

Table 1. Characteristics of Respondents

Characteristics of Research Respondents		
Respondent Characteristics		Highest Percentage
Gender	Woman	53%
Age	20-24 year	36%
Last education	S1/D4/D3/and Equal	51%
Income per Month	IDR. 2.500.000 – IDR. 3.500.000	37%
Job	Private sector employee	62%
Investment Type	Bank Savings/Deposits	64%
Investment Duration	More than 1 year – 3 years	48%

Source: Data processed by researchers, 2024

From the characteristics of the respondents above, the findings show that the largest respondent characteristic is young adults who are female, with a percentage of 53%, and the remaining 47% are male. As many as 36% of respondents were aged 20-24 years, where the most recent education of most respondents was S1/D4/D3 and equivalent. 37% of respondents had an income of IDR 2,500,000 – IDR. 3,500,000, and as many as 62% of them work as private employees. The type of investment that is most often made is investment in banking accounts, namely through savings/deposits, which are known not to have large risks. As many as 48% of respondents invested for more than one year to 3 years.

Descriptive Analysis

Descriptive analysis is an analysis used to process data obtained from the results of research questionnaires and then arrange them systematically so that they are easier for readers to understand. Calculations in descriptive analysis begin by dividing the cumulative item value by the frequency value multiplied by 100%. The classification of assessment criteria is taken from the percentage range ranging from very bad to very good. A descriptive analysis by 412 respondents regarding this research variable is as follows:

Table 2. Descriptive Analysis Results

No	Research variable	Category	Percentage
1	Financial Literacy	Very good	85.70%
2	Financial Self Efficacy	Good	81.09%
3	Risk Tolerance	Enough	83.78%
4	Investation decision	Very good	86.25%

Source: Data processed by researchers, 2024

The results of the descriptive analysis on the financial literacy variable are in the very good range, indicating that the financial literacy level among young adults in Yogyakarta is excellent. People already have the knowledge, skills, and confidence to carry out financial activities. Then, the financial self-efficacy variable is in the excellent (very good) category, meaning that in carrying out financial activities, the people of Yogyakarta City have confidence or self-confidence in their abilities. The risk tolerance variable is in the sufficient (enough) category, which means that investors are included in the risk-neutral type. Risk-neutral investors ask for increased returns but are careful when making decisions because they do not like taking significant risks. The final variable is investment decisions, which are categorized as very good. This indicates that the public has a good understanding of carrying out investment activities so that they provide benefits in the future.

Validity and Reliability Test

Validity testing is carried out to show whether the research questionnaire can be used to measure what is to be measured. A questionnaire can be valid if the statements made when answered successfully express what is intended to be measured. In this research, the validity test was carried out by taking a sample of 32 respondents and tested with a significance level of 5%. From the SPPS Ver. 25 calculation, the results obtained were that all questionnaires had a person correlation value with results above 0.05 and a significance value of less than 0.05, meaning that all question items in the four variables were valid.

Reliability tests were carried out to see the consistency of the measuring instruments used in the research. Using the SPSS Ver.25 program, the Cronbach alpha results for the financial literacy variable were 0.932, financial self-efficacy was 0.883, risk tolerance was 0.783, and investment decisions were 0.918, more than 0.6. From these results, it can be said that all items in this research question are reliable

Classic assumption test

The classical assumption tests used in this research consist of normality tests, multicollinearity tests and heteroscedasticity tests. The normality test in this study used the p-plot graph test and statistical tests with Kolomogrov Smirnov.

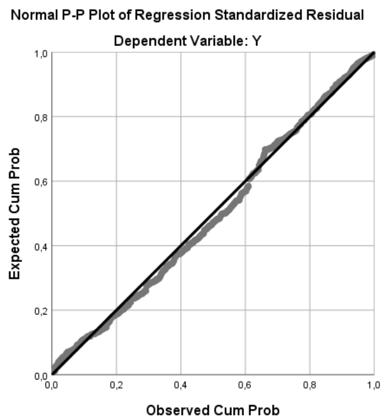

Figure 2. P-Plot Normality Test

The output results of the normality test with the p-plot show that the points follow and approach the diagonal line so that it can be said that the data is normally distributed. In the Kolomogrov Smirnov test, the test results are known in table 3 below:

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		412
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,334056167
Most Extreme Differences	Absolute	,042
	Positive	,042
	Negative	-,037
Test Statistic		,042
Asymp. Sig. (2-tailed)		,093[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data processed by researchers, 2024

From the data above, the data can be said to be normally distributed because the asym sig (2-tailed) value is > 0.05, namely 0.093. This value is greater than 0.05, so it can be concluded that the research data is normally distributed, the data used can be interpreted into population parameters.

The multicollinearity test is used to see whether there is a perfect linear relationship in some/all of the independent variables in the regression model in the research (Sujarweni, 2015:226). Symptoms of multicollinearity can be seen with a VIF value < 10 and a tolerance value > 0.1. In this study, the results of the multicollinearity test on the financial literacy variable were 0.673 > 0.1, and the VIF value was 1.256 < 10, so there were no symptoms of multicollinearity. The financial self-efficacy variable shows a result of 0.671 > 0.1 and a VIF value of 1.328 < 10, so there are no symptoms of multicollinearity. The last variable From these results, this research model passed the multicollinearity test

The heteroscedasticity test is used to see whether the regression model in this study has similarities/dissimilarities in variables from one residual to another. Testing in this study used the Glatjser method by looking at a significance level of 0.05. From the tests, the financial literacy variable has a significance level of 0.121 > 0.05, financial self-efficacy is 0.074 > 0.05, and the risk tolerance variable is 0.361 > 0.05. From these results, it can be interpreted that there are no symptoms of heteroscedasticity/passing the heteroscedasticity test.

The autocorrelation test is a test used to see the influence of the independent variable on the dependent variable, so it is required that there be no correlation between existing observations and previous observation data. The autocorrelation test in this study used the Durbin-Watson method. Based on existing tests, the Durbin-Watson result was 1.865, which is in the value range of -2 to +2, so the independent variables in this study are free from autocorrelation.

Multiple Linear Regression Analysis

This research model is tested using multiple regression tests. Testing was used to see the influence of financial literacy variables, financial self-efficacy, and risk tolerance variables on investment decisions of young adults in Yogyakarta, both partially and simultaneously. The results of this research's multiple regression are as follows:

Table 4. Multiple Regression Test Results

Variable	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(constant)	3.246	0.367	
Financial Literacy (X1)	0.214	0.087	0.208
Financial Self Efficacy (X2)	0.278	0.076	0.287
Risk Tolerance (X3)	0.288	0.084	0.310

Source: data obtained, 2024

From the table above, the following multiple regression equation is obtained:

Y = 3.246 + 0.208 X1 + 0.287 X2 + 0.310 X3

From this model, it can be seen that there is a constant value of positive 3,246, which shows that the investment decision value (Y) will be 3,246 if the three X variables have a value of 0. The financial literacy value (X1) has a regression coefficient of 0.208 and is positive. These results show that the influence of financial literacy on investment decisions is positive and significant, so every 1% increase in the value of the financial literacy variable will have an impact on increasing investment decision-making by 0.208, assuming other variables have constant/same values. Furthermore, regarding the value of the financial self-efficacy variable (X2), the results show that this variable has a regression coefficient of 0.287 and is positive. This indicates that every 1% increase in the financial self-efficacy variable will cause an increase in investment decision-making of 0.287, assuming the other variables are constant/fixed. Finally, the risk tolerance variable (X3) value is 0.310 and is positive. These results show that the direction of influence of the risk tolerance variable on investment decisions is significantly positive. This means that every 1% increase in the risk tolerance variable will increase investment decision-making by 0.310, assuming other variables are constant.

Coefficient of Determination Test

The next test is the coefficient of determination test (R2), carried out to determine and predict the magnitude of the influence exerted by the independent variables in this research on the dependent variable simultaneously/together. The following are the results of the coefficient of determination test for this research:

Table 5. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.698	0.487	0.484	0.23417

a. Predictors: (Constant), Risk_Tolerance, Financial_Self_Efficacy, Financial_Literacy

b. Dependent Variable: Investment_Decision

Source: Research Results, processed (2024)

The coefficient of determination test results show that the R Square figure is 0.487 or 48.7%. These results show that the independent variable in this study can explain the dependent variable by 48.7%, meaning that investment decisions made by young adults can be explained by the variables financial literacy, financial self-efficacy, and risk tolerance as much as 48.7% and the remaining 51.3% is explained by other variables not included in the research model. These results also demonstrate that the relationship between variables is quite significant.

T Test

The T-test of this research was carried out to determine the effect of each independent variable on the dependent variable of this research. The following are the results of the t-test for the variables financial literacy, financial self-efficacy and risk tolerance on the investment decisions of young adults in Yogyakarta:

Table 5. T Test Results

Model	t	Significance value
Financial Literacy (X1)	0.203	0.000
Financial Self Efficacy (X2)	0.168	0.000
Risk Tolerance (X3)	0.310	0.000

Source: Research Results, processed (2024)

Based on the results of the T-test above, the significance value is 0.000 < 0.05, thus indicating that partially, the financial literacy variable has a significant influence on the investment decisions of young adults in Yogyakarta. Then, the results of the T-test regarding financial self-efficacy on investment decisions show a significance value of 0.000 < 0.05, so it can be concluded that financial self-efficacy has a partially significant effect on the investment decisions of young adults in Yogyakarta. Finally, the risk tolerance variable shows a significance value of 0.000 < 0.05, so the risk tolerance variable partially influences investment decisions.

F-Test

The F test is carried out to see the influence of the independent variable on the dependent variable simultaneously. From the test results, the following results were obtained:

Table 5. F Test Results

F	Significance value
60,967	0.000^{b}

Source: Research Results, processed (2024)

From the results of the F test, the significance level obtained is 0.000b and is smaller than alpha (0.05), so it can be said that all the independent variables, namely financial literacy (X1), financial self-efficacy (X2) and risk tolerance (X3) have a significant effect simultaneous to investment decisions (Y).

Discussion and Managerial Implications

The data used in this research comes from primary data obtained from distributing questionnaires to young adults. The sample for this research was 412 respondents from 180 respondents domiciled in Yogyakarta Municipality, 58 respondents came from Kulonprogo Regency, 42 came from Bantul Regency, 73 respondents came from Sleman Regency and the remaining 37 respondents came from Gunungkidul Regency. Based on age, the respondents this time were dominated by women, 218 respondents (53%), and the remaining 194 were men. The respondents were 20-24 years old, 149 respondents, which influenced the distribution of final education, which dominated this research, namely those with a Bachelor's degree/D4/D3 equivalent.

The results of research testing on respondents this time show that the influence of financial literacy on investment decisions among young adults in Yogyakarta has a significance value of 0.000 with t of 0.203, so H1 is accepted financial literacy has a significant positive effect on investment decisions. This is supported by research conducted from Uttari & Yudantara (2023) where the financial literacy possessed by millennials greatly influences the investment decisions they will make. Al-Aziz & Rinofah (2021) believes that the problem often found in the younger generation is that they invest in financial assets but still need to be accompanied by the knowledge and skills in these financial assets. The results of this research strengthen previous findings that the better financial literacy is, the better investment decisions investors make.(Fitri Arianti, 2020).

In this research, the regression test results for the coefficient of financial self-efficacy on investment decisions were 0.168 with a significance of 0.000 < 0.05. From these results, H2 is accepted, meaning that financial self-efficacy influences investment decisions among young adults in Yogyakarta. These results clarify the statement from Lamusu et al (2024) that said then someone has financial efficacy, the individual should have a high interest in investing because they already know the investment decisions they will make. The results of this research are also supported by research from Putri & Hamidi (2019) which states that financial efficacy has a significant influence on an investor's investment activities.

The regression results on risk tolerance on investment decisions also show significant results where the coefficient value is 0.310 with a significance of 0.000 < 0.05. From these results, H3 is accepted that risk tolerance has a significant and positive influence on the investment decisions of young adults in Yogyakarta. This means that when investors know the risks contained in a particular asset, young adults tend to be more careful about the investment decisions they want to make and be more flexible in adjusting their risk tolerance. These results are by research conducted by Ayu Wulandari Rr Iramani (2014) which states that risk tolerance positively and significantly influences investment decisions among students.

Finally, the results of this research hypothesis test explain that financial literacy, financial self-efficacy, and risk tolerance simultaneously influence investment decision-making. Thus, H4 is accepted; if the three independent variables increase together, it will cause an increase in good investment activities and produce maximum returns for investors.

The results of this research are helpful for managerial activities for companies operating in the investment sector. For example, PT Bibit Growing Together with its seed application product, investment decisions will increase if investors are exposed to financial news to improve their financial literacy. Therefore, it is suitable for companies, besides offering investment products, to also provide education and outreach regarding existing investment assets so that investors' financial literacy levels increase and can influence investor decisions so that investment activities increase. Education related to investment assets is not only associated with the characteristics (e.g., understanding and working mechanism of the asset) but also related to the risks accompanying the asset.

CONCLUSION

Based on the results of this research, the overall hypothesis of this research is accepted. All independent variables have a significant and positive effect on the dependent variable. Alternative hypothesis one (H1) is accepted: financial literacy significantly impacts investment decisions among young adults in Yogyakarta. The second alternative hypothesis (H2) is accepted. Financial self-efficacy significantly influences young adults' decisions regarding investment in Yogyakarta. Alternative hypothesis three (H3) is accepted: risk tolerance significantly affects investment decision-making among young adults in Yogyakarta. Alternative hypothesis four (H4), financial literacy, financial self-efficacy, and risk tolerance significantly influence young adults' investment decisions in Yogyakarta.

In terms of improving investment decisions, traditional educational and socialization activities, such as seminars and others, can be replaced with more modern ones by utilizing social media (Tiktok, Twitter, and Instagram). Educational content is also made as interesting as possible so that people are interested in learning more about the importance of having financial knowledge and skills. Young adults in Yogyakarta are expected to actively continue learning the sciences of investing and utilize their financial literacy to be wiser in making investment decisions.

Research Limitations

The limitation of this research is that research respondents must live in Yogyakarta Province. In the questionnaire distributed, respondents can be used if they have carried out investment activities in the short term (< 1 year), medium term (1-5 years), long term (> five years) and do not provide opportunities for those who have not carried out investment activities but have interest in investing in the future. In the future, this can be considered for further research activities.

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