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**The Effect of Financial Literature and Behavior on Individual Investment Decision  
Behavior  
(Study on Perumnas Project Employees)**

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**Abstract:**

The purpose of this study was to determine the effect of financial literacy and financial behavior on the behavior of individual investment decisions in Perumnas Project Employees either partially or simultaneously. The method used is a quantitative method with a descriptive approach. The results of this study are financial literacy has a significant effect on individual investment decision behavior with the regression equation  $Y = 7.129 + 0.342X_1$ . The correlation value of 0.633 means that the two variables have a strong relationship level. The value of determination or contribution of influence is 40.0%. Hypothesis test obtained  $t$  count  $>$   $t$  table or  $(3,269 > 1,987)$ . Thus  $H_0$  is rejected and  $H_1$  is accepted. This means that there is a significant influence between financial literacy on the behavior of individual investment decisions. Financial behavior has a significant effect on individual investment decision behavior with the regression equation  $Y = 9607 + 0.225X_2$ . The correlation value of 0.383 means that the two variables have a strong relationship level. The value of determination or contribution of influence is 38.3%. Hypothesis test obtained  $t$  count  $>$   $t$  table or  $(2,815 > 1,987)$ . Thus  $H_0$  is rejected and  $H_2$  is accepted. This means that there is a significant influence between financial behavior on individual investment decision behavior. Financial literacy and financial behavior have a significant effect on individual investment decision behavior with the regression equation  $Y = 5.876 + 0.209X_1 + 0.121X_2$ . The correlation value is 0.671. This means that the independent variable with the dependent variable has a strong relationship level with a coefficient of determination of 45.0%. While the remaining 55% is influenced by other factors. Hypothesis test obtained value of  $F$  count  $>$   $F$  table or  $(35,646 > 2,710)$ . Thus  $H_0$  is rejected and  $H_3$  is accepted. This means that there is a simultaneous significant influence between financial literacy and financial behavior on individual investment decision behavior (Study of Perumnas Project Employees).

**Keywords:** Financial Literacy, Financial Behavior, Individual Investment Decision Behavior.

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## INTRODUCTION

Currently, investment has begun to be in great demand and practiced among the public or students. The higher the level of individual investment will increase the economic growth of a region (Sefle, Naukoko, and Kawung, 2014: 4). However, not a few of them have no interest in investing, because some of them think that investing is difficult and requires large capital (Nisa and Zulaika, 2017: 23). The purpose of investment decisions is to get a high level of profit (return) with a certain level of risk (Prihapsari, 2015: 2). Investment activity is still a relatively new thing for the people of Indonesia because when compared to other countries, the interest of the Indonesian people to invest is still low. Meanwhile, in carrying out investment activities, basic investment knowledge is very important to avoid irrational investment practices (gambling) and a culture of bandwagon (Merawati and Putra, 2015: 105).

The important mission of the financial literacy program is to provide education in the field of finance to the Indonesian people so that they can manage finances intelligently, so that low knowledge about the financial industry can be overcome and people are not easily fooled by investment products that offer high returns in the short term without considering the risks. The need for public understanding of the products and services offered by financial service institutions, the national financial literacy strategy program proclaimed 3 (three) main pillars. First, promoting education programs and national financial literacy campaigns. Second, in the form of strengthening financial literacy infrastructure. Third, talk about the development of affordable financial products and services. The implementation of these 3 (three) pillars is expected to realize Indonesian people who have a high level of financial literacy so that people can choose and take advantage of financial service products to improve welfare (OJK), 2013.

The phenomenon that occurs among the public regarding financial behavior (Financial Management behavior) is related to people's consumption behavior which tends to change due to the times that are growing so rapidly, especially the development of information and technology, people often encounter in meeting their needs, people are often driven by certain motives to get goods or services needed. Indonesian people today are very consumptive about whatever they see without seeing that it is a need or just a desire, they tend to think short term without being followed by social responsibility, both from the upper middle class community and the lower middle class society will not be separated from this consumptive behavior. .

Financial behavior of Indonesian society which tends to be consumptive, does not only occur in big cities but has penetrated into small towns and even rural areas in Indonesia, people have irresponsible financial behavior as a result of consumptive behavior such as lack of saving, investment, emergency planning and budgeting of funds. for the future.

**Table 1**  
**National Survey on Financial Literacy and Inclusion (SNLIK)**

<b>Year</b>	<b>Financial Literacy Index</b>	<b>Financial Inclusion Index</b>
<b>2013</b>	21,84%	59,74%
<b>2016</b>	29,66%	67,82%
<b>2019</b>	38,03%	76,19%

Sumber: Survey Nasional Literasi dan Inklusi Keuangan (SNLIK)

The third National Financial Literacy and Inclusion Survey (SNLIK) conducted by the Financial Services Authority (OJK) in 2019 showed a financial literacy index of 38.03% and a financial inclusion index of 76.19%. This figure is an increase compared to the results of the SNLIK in 2016, namely the financial literacy index of 29.66% and the financial inclusion index of 67.82%. In 2016 it also showed a financial literacy index of 29.66% and a financial inclusion index of 67.82%, these numbers increased compared to the results of the SNLIK in 2013. Thus, there has been an increase in financial understanding (well literate) from 29.66% to 38.03 %,

as well as increasing access to financial products and services (financial inclusion) from 67.82% to 76.19% percent (OJK, 2020).

The highest financial literacy index occurred in DKI Jakarta reaching 59.16%, followed by Yogyakarta Special Region 58.53%, East Java 48.95%, Central Java 47.38% and Riau Islands 45.67%. The lowest financial literacy index occurred in East Nusa Tenggara (NTT) with 27.82%, West Papua 28.87%, Papua 29.13%, Lampung 30.97%, and Gorontalo at 31.23% (Rappler, 2019). These data indicate that the level of financial literacy in Indonesia is still low. The low level of financial literacy can result in hampering the Indonesian economy. The community's tradition of saving is still traditional, namely in a certain container or place in their house. The worst result due to the low literacy rate, many people are trapped in fraudulent investments. Member of the Board of Commissioners for Finance and Consumer Protection of the Financial Services Authority (OJK) Kusumaningtuti stated that due to low literacy, they are easily tempted by investment offers which, if you think about the benefits or benefits provided, do not make sense. Fraudulent investments are rampant because there are still people who are interested or deceived by these unreasonable offers (Sindonews, 2016).

Good financial knowledge or Financial Literacy will also motivate an individual to invest in many assets so that it is certain that the individual will do planning in his investment. This is because Financial Literacy is fully informed of all important financial knowledge in terms of financing, long-term investment, short-term investment, and distribution and distribution of profits for investors. So it can be estimated that the level of financial knowledge of an individual will have an impact on the individual's behavior in investment planning (Susdiani, 2017: 62). Financial literacy is an integral part of a person's life because financial literacy is a useful tool for making informed financial decisions (Putra et al, 2016: 272).

Based on the above phenomenon, the authors are interested in conducting a research entitled "The Influence of Financial Literacy and Financial Behavior on Individual Investment Decision Behavior".

## **LITERATURE REVIEW**

### **1. Investment**

Investment is a delay in current consumption to be included in productive assets for a certain period of time (Hartono, 2017: 5). The parties who make investments are called investors. Investors can be classified into two, namely individual investors (individual/retail investors) and institutional investors (institutional investors). Individual investors consist of individuals who carry out investment activities, while institutional investors consist of insurance companies, depository institutions, pension fund institutions, and investment companies. Investors also learn how to manage investor's wealth which is monetary in nature. This monetary welfare can be assessed from the sum of the current income and the present value of future income (Welly, Kardinal and Juwita, 2015: 6).

### **2. Financial Literacy**

Financial literacy is defined as understanding and basic knowledge of economics and financial concepts, as well as the ability to use this knowledge to manage financial resources (Thapa and Nepal, 2015: 51). Financial literacy has an additional application dimension which states that an individual must have the ability and confidence to use his financial knowledge in making financial decisions (Kozina and Ponikvar, 2015: 242).

### **3. Financial Behavior**

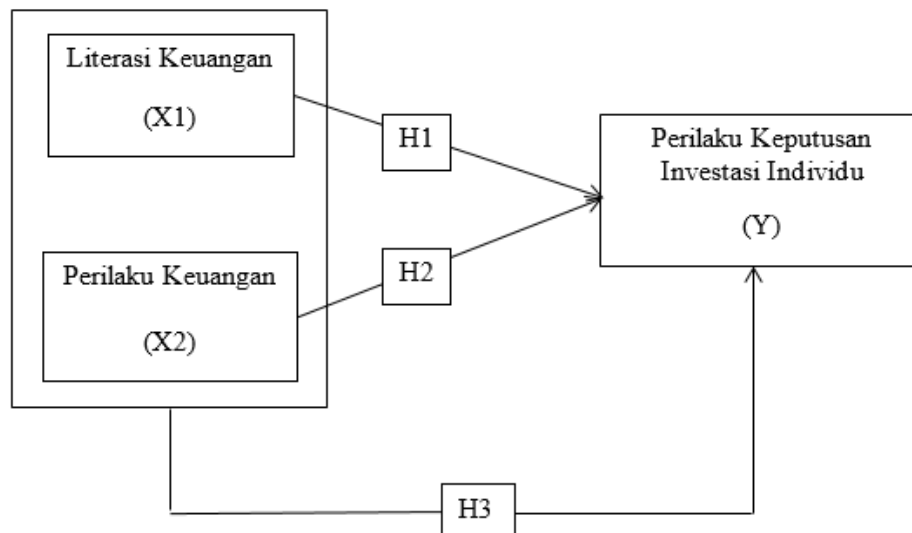
Behavioral finance is a science that studies how humans respond to and react to existing information and then use it to make decisions that can optimize the rate of return on investment decisions by taking into account the risks inherent in it (the elements of human attitudes and actions are the determining factors in investing). To understand the issues related to the financial behavior of each individual, one must manage his personal finances in one way or

another (Aminatuzzahra, 2014: 71). Financial behavior is the behavior shown towards money (how the money is used, saved, or invested) and money plays a role in a person's life (Mendari, 2015: 244).

#### 4. Research Model

According to Sugiyono (2018), "The research model is a synthesis that reflects the relationship between the variables studied and is a guide for solving research problems and formulating hypotheses in the form of a flow chart equipped with qualitative explanations". In this study, the research model is made as follows:

Figure 1. Research Model Paradigm



#### 5. Research Hypothesis

**Understanding Research Hypotheses** According to Sugiyono (2016: 159), the hypothesis is a temporary answer to the formulation of research problems. that the formulation of the research problem has been stated in the form of questions. It is said to be temporary because the answers given are only based on theoretical foundations or understandings. The hypothesis is formulated on the basis of a frame of mind which is a temporary answer to the formulated problem. The hypothesis in this study is:

- H<sub>01</sub> ≠ There is no significant effect between financial literacy on individual investment decision behavior.
- H<sub>a1</sub> = There is a significant influence between financial literacy on the behavior of individual investment decisions.
- H<sub>02</sub> ≠ There is no significant influence between financial behavior on individual investment decision behavior.
- H<sub>a2</sub> = There is a significant influence between financial behavior on individual investment decision behavior.
- H<sub>a3</sub> ≠ There is no significant influence between financial behavior and financial behavior on individual investment decision behavior.
- H<sub>03</sub> = There is a significant influence between financial behavior and financial behavior on individual investment decision behavior

### RESEARCH METHOD

This study discusses the Effect of Financial Literacy and Behavior on Individual Investment Decision Behavior (Study on Perumnas project employees). This type of research if it is reviewed based on the research objective is explanatory, namely this research is conducted to find an explanation of why an event or symptom occurs. The final result of this

study is a description of the causal relationship. This research is a description of the causal relationship (Priyono, 2016: 38).

If classified by type and analysis, this research is a type of quantitative research. Sulyanto (2018: 20) explains that quantitative research is research based on quantitative data where quantitative data is data in the form of numbers or numbers.

## RESEARCH RESULTS AND DISCUSSION

### 1. Normality Test Results

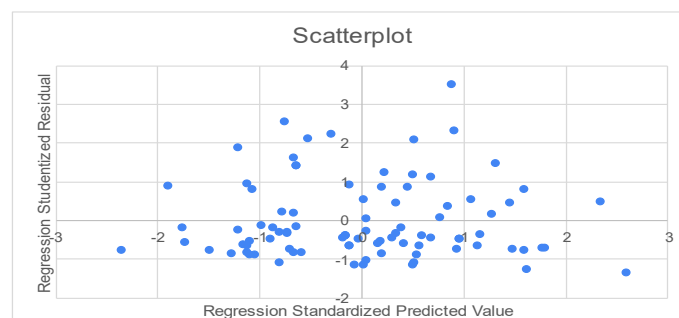
**Table 2**  
**Kolmogorov – Smirnov - normality test**

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
<b>N</b>			90
<b>Normal Parameters<sup>a,b</sup></b>	Mean		0.0000000
	Std. Deviation		1.94775074
<b>Most Extreme Differences</b>	Absolute		0.095
	Positive		0.078
	Negative		-0.095
<b>Test Statistic</b>			0.095
<b>Asymp. Sig. (2-tailed)</b>			.065 <sup>c</sup>
<b>a. Test distribution is Normal.</b>			
<b>b. Calculated from data.</b>			
<b>c. Lilliefors Significance Correction.</b>			

Based on the test results in Table 2 above, a significance value of = 0.65 is obtained where the value is greater than the value of = 0.05 or ( $0.065 > 0.05$ ). Thus, the assumption of the distribution of the equations in this test is normal.

### 2. Heteroscedasticity Test Results

Figure 2. Heteroscedasticity Test



Based on the results of the figure above, the points on the scatterplot graph do not have a clear distribution pattern or do not form certain patterns and the points spread above and below the number 0 on the Y axis. heteroscedasticity disorder in the regression model so that this regression model is feasible to use.

### 3. Uji Multikoleniaritas

Table 3. Multicollinearity Test Results

<i><b>COLLINEARITY STATISTIC</b></i>								
<b>Coefficients<sup>a</sup></b>								
<b>Model</b>	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error				Tolerance	VIF	
<b>1</b> (Constant)	5.876	2.242		2.621	0.010			
FINANCIAL LITERATURE	0.209	0.064	0.386	3.269	0.002	0.452	2.212	
FINANCIAL BEHAVIOR	0.121	0.043	0.333	2.815	0.006	0.452	2.212	
<b>a. Dependent Variable: INDIVIDUAL INVESTMENT DECISION BEHAVIOR</b>								

Based on the results of the multicollinearity test in Table 3 above, the tolerance value of each independent variable is obtained, namely financial literacy of 0.452 and financial behavior of 0.452, where both values are less than 1, and the value of Variance Inflation Factor (VIF) financial literacy is 2.212 and financial behavior of 2.212 where the value is less than 10. Thus, this regression does not have multicollinearity.

### 4. Regresi Linear Berganda

Table 4. Results of Multiple Regression Analysis

<b>Coefficients<sup>a</sup></b>							
<b>Model</b>	Unstandardized Coefficients		Standardized Coefficients	t	Sig.		
	B	Std. Error					
<b>1</b> (Constant)	5.876	2.242		2.621	0.010		
FINANCIAL LITERATURE	0.209	0.064	0.386	3.269	0.002		
FINANCIAL BEHAVIOR	0.121	0.043	0.333	2.815	0.006		
<b>a. Dependent Variable: INDIVIDUAL INVESTMENT DECISION BEHAVIOR</b>							

Based on the results of the analysis of the regression calculations in Table 4 above, it can be obtained the regression equation  $Y = 5.876 + 0.209X_1 + 0.121X_2$ . Based on the above equation, it can be concluded as follows.

- The constant value of 5.876 means that if the variables of financial literacy ( $X_1$ ) and financial behavior ( $X_2$ ) do not exist, then there has been a value of individual investment decision behavior ( $Y$ ) of 5,876 points..
- The value of financial literacy ( $X_1$ ) 0.209 means that if the constant remains, and there is no change in the financial behavior variable ( $X_2$ ), then every 1 unit change in the financial literacy variable ( $X_1$ ) will result in a change in individual investment decision behavior ( $Y$ ) of 0.209 points.

- c. The value of financial behavior ( $X_2$ ) 0.121 means that if the constant is fixed, and there is no change in the financial literacy variable ( $X_1$ ), then every 1 unit change in the financial behavior variable ( $X_2$ ) will result in a change in investment decision behavior (Y) of 0.121 points.

#### 5. Uji t (Parsial)

**Table 5. Results of t-test analysis (Partial test)**

<b>Coefficients<sup>a</sup></b>						
<b>Model</b>		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
<b>1</b>	(Constant)	5.876	2.242		2.621	0.010
	FINANCIAL LITERATURE	0.209	0.064	0.386	3.269	0.002
	FINANCIAL BEHAVIOR	0.121	0.043	0.333	2.815	0.006
<b>a. Dependent Variable: INDIVIDUAL INVESTMENT DECISION BEHAVIOR</b>						

- a. Based on the test results in Table 4.25 above, the value of t count > t table or (3,269 > 1,987). This is also reinforced by the p value < Sig. 0.05 or (0.000 < 0.05). Thus, H<sub>0</sub> is rejected, and H<sub>a</sub> is accepted. This shows that there is a partially significant influence between financial literacy on individual investment decision behavior.
- b. Based on the test results in Table 4.25 above, the value of t count > t table or (2.815 > 1.987). This is also reinforced by the p value < Sig. 0.05 or (0.000 < 0.05). Thus, H<sub>0</sub> is rejected, and H<sub>a</sub> is accepted. This shows that there is a partially significant influence between financial literacy on individual investment decision behavior.

#### 6. Uji f (simultan)

Simultaneous test is used to determine the effect of independent variables together on the dependent variable.

**Tabel 6. Hasil Uji F (Simultan)**

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
<b>1</b>	Regression	276.680	2	138.340	35.646	.000 <sup>b</sup>
	Residual	337.642	87	3.881		
	Total	614.322	89			
<b>a. Dependent Variable: INDIVIDUAL INVESTMENT DECISION BEHAVIOR (Y)</b>						
<b>b. Predictors: (Constant), BEHAVIORAL FINANCIAL (<math>X_2</math>), FINANCIAL LITERATURE (<math>X_1</math>)</b>						

Based on the test results in Table 4.26 above, the calculated F value > F table or (35.646 > 2.710). This is also reinforced by p value < Sig.0.05 or (0.000 < 0.05). Thus, H<sub>0</sub> is rejected and H<sub>3</sub> is accepted. This shows that there is a simultaneous significant influence between financial literacy and financial behavior on investment decision behavior in Perumnas project employees.

## 7. Koefisien Determinasi

The measurement of the coefficient of determination is carried out to determine the percentage of the influence of the independent variable, namely financial literacy and financial behavior on changes in the dependent variable of individual investment decision behavior.

Table 7. Results of the Coefficient of Determination Analysis

<b>Model Summary<sup>b</sup></b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
<b>1</b>	.671 <sup>a</sup>	0.450	0.438	1.970
<b>a. Predictors: (Constant), BEHAVIORAL FINANCIAL (X2), FINANCIAL LITERATURE (X1)</b>				
<b>b. Dependent Variable: INDIVIDUAL INVESTMENT DECISION BEHAVIOR (Y)</b>				

Based on the test results in Table 4.24 above, the coefficient of determination value is 0.450, it can be concluded that financial literacy and financial behavior variables affect individual investment decision behavior variables by 45.0%. While the rest of  $(100-45.0\%) = 55\%$  is influenced by other factors that were not researched by the author.

## CONCLUSION

Based on the results of the author's research data analysis, the regression equation  $Y = 7.129 + 0.342X_1$  is obtained. The correlation coefficient value is 0.633. This means that the two variables have a strong relationship level. The value of determination or contribution of influence is 0.400 or 40.0%. While the remaining 60% is influenced by other factors. Hypothesis test obtained value of  $t_{\text{count}} > t_{\text{table}}$  or  $(3,269 > 1,987)$ . Thus  $H_0$  is rejected,  $H_1$  is accepted. This means that there is a partially significant influence between financial literacy on the behavior of individual investment decisions in Perumnas project employees.

Based on the data from the author's test, the regression equation  $Y = 9607 + 0.225X_2$  is obtained. The correlation coefficient value is 0.619. This means that the two variables have a strong relationship level. The value of determination or contribution of influence is 0.383 or 38.3%. While the remaining 61.7% is influenced by other factors. Hypothesis test obtained value of  $t_{\text{count}} > t_{\text{table}}$  or  $(2,815 > 1,987)$ . Thus  $H_0$  is rejected  $H_2$  is accepted. This means that there is a partially significant influence between financial behavior on individual investment decision behavior in Perumnas project employees.

Based on the results of the research on the research topic that the author did, it showed that financial literacy ( $X_1$ ) and financial behavior ( $X_2$ ) had a positive effect on individual investment decision behavior with the regression equation  $Y = 5.876 + 0.209X_1 + 0.121X_2$ . The value of the correlation coefficient or the level of influence between the independent variable and the dependent variable was obtained at 0.671 which means it has a strong relationship. The value of the coefficient of determination or contribution of influence simultaneously is 0.450 or 45.0% while the remaining 55% is influenced by other factors. Hypothesis test obtained value of  $F_{\text{arithmetical}} > F_{\text{table}}$  or  $(35,646 > 2,710)$ . Thus  $H_0$  is rejected and  $H_3$  is accepted. This means that there is a simultaneous significant influence between financial literacy and financial behavior on individual investment decision behavior.

Based on the results and discussion of the research, it can be concluded:

1. Financial literacy has a significant effect on individual investment decision behavior with the regression equation  $Y = 7.129 + 0.342X_2$ . The correlation coefficient value is 0.633. This means that the two variables have a strong relationship level. The value of determination or contribution of influence is 40.0%. While the remaining 60% is influenced by other factors. Hypothesis test obtained value of  $t_{\text{count}} > t_{\text{table}}$  or  $(3,269 > 1,987)$ . Thus



Ho is rejected H2 is accepted. This means that there is a partially significant influence between financial behavior on individual investment decision behavior in Perumnas project employees.

2. Behavioral financial regression equation  $Y = 9607 + 0.225X_2$ . The correlation coefficient value is 0.619. This means that the two variables have a strong relationship level. The value of determination or contribution of influence is 38.3%. While the remaining 61.7% is influenced by other factors. Hypothesis test obtained value of  $t_{count} > t_{table}$  or  $(2,815 > 1,987)$ . Thus Ho is rejected H2 is accepted. This means that there is a partially significant influence between financial behavior on individual investment decision behavior in Perumnas project employees.
3. 3. Financial literacy and financial behavior have a significant effect on individual investment decision behavior with the regression equation  $Y = 5.876 + 0.209X_1 + 0.121X_2$ . The correlation coefficient value is 0.671. This means that the independent variable and the dependent variable have a strong relationship with a coefficient of determination of 45% while the remaining 55% is influenced by other factors. Hypothesis test obtained value of  $F_{arithmetic} > F_{table}$  or  $(35,646 > 2,710)$ . Thus Ho is rejected and H3 is accepted. This means that there is a simultaneous significant influence between financial literacy and financial behavior on individual investment decision behavior.

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