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The Effect of Financial Behavior and Literacy on Investment Decisions in the Millennial Generation of Makassar City

Nurul Karmila,[1] Cepi Pahlevi,[2] Nuraeni Kadir[3]
[1]Nurul Karmila Master in Management Science, Faculty of Economics and Business, Hasanuddin University
[2]Cepi Pahlevi Master in Management Science, Faculty of Economics and Busines, Hasanuddin University
[3]Nuraeni Kadir Master in Management Science, Faculty of Economics and Business, Hasanuddin University

Abstract:- This contemplate analyses the chain reaction of pecuniary deportment and literacy on asset settlements in the millennial generation of Makassar City using the Random Sampling Technique to obtain a population of 100 respondents. The obtained data were analyzed using the validity, graeco-roman assumption, aggregate one-dimensional retrogression, and t-test in SPSS version 22. Supported on the consequences of possibility investigation, financial behavior has a positive but not significant effect on investment decisions in the millennial generation of Makassar city. In contrast, pecuniary literacy has a cocksureness and substantial chain reaction on asset settlements in the millennial generation.

***Keywords**:- Financial Behavior, Financial Literacy, and Investment Decisions.*

I. INTRODUCTION

The fundamental Statistics superintendence (BPS) collections demonstrates that Indonesia's population will reach 269.6 million people in 2020, with a productive age of 185.34 million. This indicates that people between 15-64 years will dominate the age group. Furthermore, three generations of productive age will play a role, consisting of the descendant boomers, multiplication X, and multiplication Y.

Howe and Strauss (2000) stated that millennial generations are born in the range of 1982-2000, and in 2018, they entered the age of 17-36 years. Even though this generation has extremely high-pitched purchase effectiveness thanks to of their manner, they struggle to establish themselves financially. Meanwhile, it has more complex financial challenges as the successor to generation X or the first to be technologically literate. Millennials are growing up in a period of rapid change, making their view of money and investing different. The nature, attitude, and behavior perspective of finance today is a challenge to determine life in the future.

The sophistication of modern technology shapes this generation's character into modern individuals who are ready to learn many things and have a more consumptive lifestyle.

As a result, public financial behavior in Indonesia tends to be more hedonistic and consumptive. Hedonism assumes that the primary purpose of life is to seek pleasure and material enjoyment (Tejosusilo, 2017). Meanwhile, consumptive behavior is someone's excessiveness in spending on unplanned purchases. This tendency is caused by many people buying what they want only to pursue prestige, existence, a luxurious lifestyle, and fulfill desires rather than buying what is needed. In addition, the increasing human needs, consumerism attitudes, and high lifestyles have resulted in some people not being aware of spending extravagantly without any calculation.

Financial management behavior is important to master, especially for the millennial generation. This is because good financial management behavior can balance expenses and prevent difficulties. Sufficient financial literacy knowledge will positively impact one's behavior, as evident in the Covid-19 pandemic. Financially savvy individuals have an emergency fund to guard and survive unexpected conditions. They are prepared for all the possibilities by optimally managing finances. In contrast to other individuals who do not understand financial literacy, they are vulnerable to problems because a lack of emergency funds means the absence of savings or investing behavior.

The second problem arises from the emergence of universal interestingness and aggrandizement to asset media on the other hand not first-class pecuniary literacy. on the authority of Segara, from the consumer sides flanks the governmental pecuniary literacy and classification take the measure of consequences in 2016 showed that 67. 8% of the general public had euphemistic pre-owned pecuniary consequences and utilities. However, only 29.7% understood financial literacy. Therefore, severals general public already chalk up aggrandizement to money management on the other hand are not accoutered with correspondent compassionate. This has resulted in severals general public continuance cornered in asset sharp practice containers (Senda, 2018). The increase in financial literacy leads to better or more effective behavior and attitudes in decision-making (financial decisions making).

II. METHODS

A. Study Location and Design

This study was carried out at several locations in Makassar city, South Sulawesi. The primary data used was in questionnaires, where the respondents were provided with a list of questions as data to be tested for validity. Subsequently, the consequences of financial behavior and literacy on the investment decisions of the millennial generation in Makassar City were identified.

B. Population and Sample

The population euphemistic pre-owned is the millennian multiplication natural in the ahead of time 1980s to ahead of time 2000s, who have worked and resided in Makassar City. The simple random sampling technique was then applied in this study. Sugiyono (2013: 120) stated that this technique takes sample members from the population indiscriminately without affection to the existing strata. Half of the sampling uses an online distribution approach and questionnaire submission due to a pandemic (Covid-19). First, the questionnaire is created in a Google Form, and then the link is sent to the Millennial Generation through Email and WhatsApp. The number of samples used amounted to 100 respondents.

C. Data Collection Method

The data collection method was used to obtain information by applying a questionnaire through a list of questions answered to be analyzed. This questionnaire collects data through the millennial generation's financial behavior, financial literacy, and investment decisions. Furthermore, their responses will be measured using a Likert scale with a value of 1 to 5 for all variables.

D. Data Analysis

The analysis to test the proposed hypothesis uses a regression test carried out partially or simultaneously to explain the relationship between variables. Furthermore, the data collected will be tested for classical assumptions through normality and multicollinearity tests to avoid data extremes, reduce bias in results, and ensure data are normally distributed.

III. RESULTS

A. Validation Test

Table 1. Validity Test

Variable		Sig	Description
Financial Behavior (X1)	Interrogatory 1	0.000	Valid
	Interrogatory 2	0.000	Valid
	Interrogatory 3	0.000	Valid
	Interrogatory 4	0.000	Valid
	Interrogatory 5	0.000	Valid
	Interrogatory 6	0.000	Valid
Financial Literacy (X2)	Interrogatory 1	0.000	Valid
	Interrogatory 2	0.000	Valid
	Interrogatory 3	0.000	Valid
	Interrogatory 4	0.000	Valid
	Interrogatory 5	0.000	Valid
	Interrogatory 6	0.000	Valid
Investment (Y)	Interrogatory 1	0.000	Valid
	Interrogatory 2	0.000	Valid
	Interrogatory 3	0.000	Valid
	Interrogatory 4	0.000	Valid
	Interrogatory 5	0.000	Valid
	Interrogatory 6	0.000	Valid

Source: SPSS Output, 2021

The validness evaluation in the sky shows that each interrogatory on the variables of Pecuniary Behavior, Financial Literacy, and investment has a significant result of <0.05. Therefore, each enquiries on the deuce-ace variables are alleged authentic or appropriate to be euphemistic pre-owned as evaluation implements.

B. Reliability Test Result

Table 2. Reliability Test

Variable	Cronbach Alpha	Description
Financial Behavior (X1)	0.733	Reliable
Financial Literacy (X2)	0.746	Reliable
Investment (Y)	0.716	Reliable

Source: Processed Data, 2021

The reliability test shows that each variables chalk up an Alpha coefficient of more 0.70. In consequence it buoy be terminated that each the variables are dependable and buoy be euphemistic pre-owned as evaluation implements.

C. Multicollinearity Test Results

Table 3. Multicollinearity Test
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Financial Behavior	.873	1.146
	Financial Literacy	.873	1.146

a. *Dependent Variable: Investment decision*
Source: SPSS Output, 2021

Based on the multicollinearity test in the table above, the tolerance and VIF are at > 0.10 and < 10. Therefore, the regression model equation does not contain multicollinearity problems which penny-pinching thither is no coefficient of expansion between the self-governing variables. Furthermore, it is feasible to use further analysis because the tolerance value is below 1 and the VIF value is below 10.

D. Multiple Regression Analysis Test Result

Table 4. Multiple Regression Analysis Test
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.995	2.915		6.515	.000
	Financial Behavior	.073	.109	.067	.671	.504
	Financial Literacy	.251	.070	.359	3.579	.001

a. *Dependent Variable: Investment decision*
Source: SPSS Output, 2021

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The following regression equation is obtained supported on the consequences of aggregate retrogression psychoanalysis:
KI = 18.995 + 0.073 + 0.251 + e.

➢ *Constant*

The equation of constant obtain a value of 18.955 which denotes that when the independent variables of pecuniary knowledge, pecuniary attitudes, lifestyle, and kith and kin qualification do not change or are constant, the investment decision will be 18.955.

➢ *Financial behavior regression coefficient (β2)*

The coefficient of financial behavior is obtained at 0.073, which indicates that when the financial attitude variable increases, the investment decision also increases, assuming other variables are held constant.

➢ *Financial Literacy regression coefficient (β3)*

The regression coefficient for financial literacy is obtained at 0.251, which indicates that when the financial literacy variable increases, then investment decisions also increase, assuming other variables are held constant.

E. T-Test Results

Table 5. Multicollinearity Test
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18.995	2.915		6.515	.000
Financial Behavior	.073	.109	.067	.671	.504
Financial Literacy	.251	.070	.359	3.579	.001

a. Dependent Variable: Investment decision
Source: SPSS Output, 2021

a) The chain reaction of the pecuniary mental state changeable on asset settlements. From the calculations in table 5, the significance test with t statistic is obtained by probability (p) = 0.504. On account of p > 0. 05, so Ha is rejected, and Ho is accepted. in consequence it buoy be terminated that thither is no fragmentary chain reaction of the pecuniary deportment changeable on asset settlements.
b) The chain reaction of pecuniary literacy on asset settlements. From the calculations in table 5, the significance test with t statistic is obtained by probability (p) = 0.000. Since p ≤ 0.05, Ho is rejected, and Ha is accepted. Therefore it can be concluded that there is a partial effect of the financial literacy variable on investment decisions.

F. F Test Results

Table 5. Partial Test
Coefficients[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	40.065	2	20.033	8.578	.000[b]
Residual	226.525	97	2.335		
Total	266.590	99			

a. Drug-addicted Variable: Asset Determination
b. Predictors: (Constant), pecuniary Literacy, pecuniary deportment
Source: SPSS Output, 2021

The F test or simultaneous test determines the effect of the independent variables jointly having a significant effect or not on the dependent variable. For example, from the results of the F test in table 4.14, it is obtained that the calculated F is 8.578, and the probability is 0.000. Since sig. F-count < 5% (0.000 < 0.05), then H0 is rejected, and Ha is accepted. In addition, it buoy be terminated that thither is a contemporaneous chain reaction of pecuniary behavior, pecuniary literacy on asset settlements.

IV. DISCUSSION

A. The Effect of Behavioral Finance on Investment Decisions

This study analyzes the effect of financial behavior on asset settlements. Therefore, thither is no fragmentary chain reaction of pecuniary deportment variables on asset settlements in the millennial generation based on statistical test results. Moreover, the indicators in financial behavior such as lifestyle, family background, and financial attitude do not importantly influence asset settlements (Safryani et al., 2020).

The T-test obtained a significance expenditure of 0.0504 > 0.05 for pecuniary deportment on asset decisions. Therefore, financial behavior is a science that explores how humans respond to and react to available information to make decisions and optimize returns by concerning the risks inherent (Litner, 1998:7).

Based on Conventional Financial Theory, maximizing wealth is a rational thing for the whole world. The conventional or modern financial theory describes financing types supported on analytical and syllogistical theories, much as the majuscule assets property Pricing representation (CAPM) and the businesslike marketplace possibility (EHM). This theory assumes that most people behave rationally and predictably. However, there are times when a person's emotions and psychology affect them in making decisions causing individuals to behave irrationally.

Experts in money management and economics began to treasure trove deviations and behaviors that existing theories cannot explain at that time. Therefore, the behavioral finance theory emerged, which discusses unexpected behavior. However, it is not included in conventional financial theory due to psychological factors affecting a person making decisions. These consequences are not in occupation with the contemplate conducted by Fitriarianti (2018), Javed (2017), and Areiqat (2019), which state that pecuniary deportment has a substantial cocksureness chain reaction on asset decisions.

B. The Effect of Financial Literacy on Investment Decisions

This contemplate analyses the chain reaction of pecuniary literacy on asset decisions. supported on statistical evaluation end result pecuniary literacy importantly lay hold of asset settlements in the millennian generation. The millennial generation understands financial literacy, and they are more confident and courageous in making investment decisions. Therefore, financial literacy should include knowledge and awareness of millennials' learning and understanding of investment in financial management. This further results in self-confidence to make investments.

The T-test obtained a significance expenditure of 0.001<0.05 for pecuniary literacy on asset decisions, and it buoy be terminated that H0 is forsook. This is consistent with the opinion of Mertha et al. (2018), where pecuniary literacy has a cocksureness and substantial chain reaction on asset determination behavior. The higher the commensurate of pecuniary literacy, the more appropriate the deportment of characteristic asset decisions. It is the cognitive semantics of mensuration a person's compassionate in digesting pecuniary enlightenment. Therefore, it can make it easier for someone to make an investment decision. Moreover, decisions based on good financial literacy depend on someone dealing with financial problems (Huston, 2010).

Lusardi (2008) suggested that little pecuniary consciousness lay hold of provisioning in the looked toward patch unconsciousness of introductory pecuniary concepts buoy be related little asset provisioning. Therefore, the higher a person's financial literacy, the wiser they will determine investment decisions. This supports Wardani's results (2016) that financial literacy positively affects investment decisions in Balinese families. Subsequently, it is in occupation with the contemplate conducted by Welly et al. (2016), where financial literacy includes aspects much as oecumenical consciousness of individual money management savings, loans, insurance, and asset has a substantial chain reaction on asset settlements. Similarly, the study conducted by Sivaramakrishnan et al. (2017), Sari (2017), Al-Tamimi (2009), Ikbal and Tandika (2019), as well as Khairiyati and Krisnawati (2019) proved that the commensurate of pecuniary literacy has a substantial chain reaction on asset settlements.

V. CONCLUSIONS AND SUGGESTIONS

The following conclusions can be drawn supported on the consequences of the psychoanalysis and give-and-take described in the preceding episode: (1) Financial behavior has a cocksureness and not substantial chain reaction on millennian multiplication asset settlements. Therefore, the indicators in financial behavior such as Financial Planning, Financial Budgeting, Financial Management, and Financial Custody do not majorly affect investment decisions. (2) Pecuniary Literacy has a cocksureness and substantial chain reaction on millennian Generation's asset Decisions. in consequence the higher the commensurate of pecuniary literacy, the more appropriate the deportment of characteristic asset decisions. pecuniary literacy is the cognitive semantics of mensuration a person's commensurate of compassionate in digesting pecuniary information. what is more pecuniary literacy put together it easier to constitute an asset determination.

The suggestions given based on the conclusions are (1) For the government and investment companies to conduct socialization and formulate appropriate programs. This is because the Indonesian people, especially the millennial generation, are increasingly interested in learning and investing. (2) For further study, adding other variables that affect investment decisions is recommended. This is because many variables have not been examined, such as income and risk perception. Therefore, the augmentation of over-the-counter variables is anticipated to constitute a bounteous error-free determination.

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