RESEARCH ARTICLE

DOES INVESTMENT DECISION SUPPORT INFLUENCE FINANCIAL LITERACY, FINANCIAL BEHAVIOUR,AND INCOME OF THE COMMUNITY IN SOUTH JAKARTA

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Manuscript Info

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Abstract

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The decision to invest is whether or not to invest a portion of one's income in the hope of earning profits or investment returns in the future.This study aims to determine the influence of financial literacy, financial behavior, and income on people in South Jakarta. The object of this study is a community in South Jakarta aged 20 – 30 years, with 100 people. The sampling technique used the random sampling method with several samples,about 80 samples, and used multiple regression analysis for research method. The results showed that financial literacy significantly affects investment decisions, financial behavior significantly affects investment decisions, and income does not affect investment decisions.

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Introduction:-
Financial Literacy is essentialfor an individual today to avoid financial problems. Robb and Woodyard (2011) state that a person's attitude towards finance, including how to manage and use resources, will be positively influenced by their level of financial literacy.

Income is a measurement tool often used to assess the welfare of individuals or communities because it represents their economic level (Lumintang, 2013). The main factors influencing a person's income are whether they work in the production or service industry, how many hours they work, and the amount of money received per hour.

The importance of a culture of saving and investing today. Generally, people in their 20s —30s are more consumptive. This is because there is an assumption that only those with large salaries can do personal financial investment planning, so many people do not understand the importance of financial management in their daily lives. On the other hand, some people with large incomes still do not prepare their finances with investments.

Investment is a sacrifice made today to gain more benefits in the future. Funds invested can be sourced from personal savings, grants, or loans. Someone is willing and able to invest because they already have financial education and profitable experience.

The results of the National Survey on Financial Literacy and Inclusion (SNLIK) in 2022 stated that 14,634 correspondents from 34 provinces (49.68%) understood financial literacy, while in DKI Jakarta Province, only 52.99% of DKI Jakarta people understood financial literacy. Meanwhile, in the age category of 20-30 years, around 16.42% of the total survey results understand financial literacy. This phenomenon shows the low financial literacy and financial attitudes that occur among the younger generation.

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In behavioral finance theory, financial behavior is critical in making investment decisions. Understanding personal finance, loans and savings, insurance, and investments affects one's financial behavior in making investment choices.

The results of Suciyawati and Sinarwati's research (2022) state that financial literacy significantly influences investment decisions. This differs from Utami and Dara's research (2022), which states that financial literacy does not affect investment decisions. This means one's financial literacy adequacy has yet to directly influence the decision to invest.

Related to the previous explanation, the aims of this research are as follows:
a.   To find out the influence of financial literacy on Investment Decisions of the community in South Jakarta, 20 – 30-year age segments
b.   To find out the influence of financial behavior on Investment Decisions of the community in South Jakarta, 20 – 30-year age segments
c.   To find out the influence of income on Investment Decisions of a community in South Jakarta, 20 – 30 years of age segments

Literatur Review:-
Investment Decisions
An investment decision is to place funds owned by expecting future profits. Ady and Hidayat (2019) state that the stages of making investment decisions are influenced by, among other things, investment objectives, selected assets, portfolio strategies, and portfolio performance evaluation.

Financial Literacy
Literacy is a social relationship activity that includes knowledge, culture, language, and how individuals communicate (Aprea & Lopus, 2016). Indonesia Financial Services Authority (OJK) (2017) states that financial literacy is the capacity to handle money wisely and make wiser judgments to achieve prosperity. Financial Literacy includes knowledge and awareness of financial management, including understanding investment and investment habits/attitudes (Ismanto, 2019).

Financial Behaviour
Arianti and Azzahra (2020) state that financial behavior is how an individual manages finances, including planning, budgeting, checking, managing, controlling, disbursing, and storing. Laily (2016) states that a person's behavioral background is influenced by gender, age, experience, and knowledge of financial products. The more capable you are of managing finances, the better your financial behavior is in making investment decisions.

Income
Mariani &Subandrio (2021) indikatorpendapatanantara lain Gaji, Bunga, Sewa dan Imbal Hasil Investasi. A person's ability to meet their needs is influenced by their income.The continuity and well-being of a person's life are impacted in both direct and indirect ways by income. Christoper (2017) states that income arises from productive activities. The amount of income varies greatly depending on the type of work and achievement of one's work. Mariani &Subandrio's (2021) income indicators include salary, interest, rent, and investment returns.

Research Model

Picture 1:- Framework of The Study.
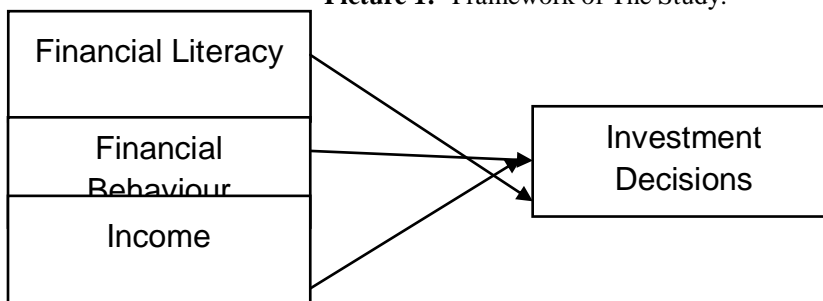
Research Method:-
Population And Sample
This study's populationwas people in South Jakarta in the 20-30 age segment. As many as 100 respondents were reached using the random sampling technique, which randomly selects sample members from the population without considering equality in the population. Thus, 80 respondents were reached.

Data Analysis Method
This study applies a quantitative description research method that shows numerical data as a result of research (Sugiyono, 2019). The unit of analysis used by research on people in South Jakarta with an age segment of 20-30 years by collecting data through a questionnaire with measurement techniques using a Likert scale. The data obtained from the questionnaire is grouped according to gender, age segment, latest education, occupation, and income level.

The analysis in this study uses Multiple Regression, with the prior need to carry out feasibility studies such as Validity, Reliability, classical assumptions, Model Feasibility, and Hypothesis Testing.

Assumption Test
Validity& Reliability Test
A validity test is needed to determine if the research questionnaire can be trusted and is highly relevant to the question items. The validity measurement method uses Pearson correlation by comparing r value with the r table value. If the r value more than the r table, it can be stated that it meets the validity requirements. Reliability is trust; reliability and stability arecritical in a study (Juliandi, 2015), and reliability is tested by comparing the Cronbach Alpha value with the Critical Value.

Classic Assumption Test
The classic assumption test is carried out before analyzing the research model's feasibility and the relationship between variables. This study's classic assumption tests include normality, multicollinearity, and heteroscedasticity tests. (Ghozali, 2018).

Model Feasibility Test
Ghozali (2018) states that the Model Feasibility Test is needed to check the suitability or fit between the observed pattern and the model prediction by comparing the two. The research model is feasible if the calculated F value exceeds 5%.

Hypothesis Test
Hypothesis testing can take place if you have done the model feasibility test. Hypothesis testing is needed to determine the effect of significance. The research hypothesis can be accepted if the T count value is smaller than 5%. (Ghozali, 2018)

Analysis And Discussions:-
Descriptive Analysis Results
The following table presents the profile of the research sample categorized by gender, age, education level, type of work, and income level; the results are as follows:

Table 1:- Descriptive Analysis Results.

Criteria	Dominant	%
Gender	Man	56,3
Age	21 – 25 years	43,8
Last Education	High/Vocational School	48,8
Occupation	Private Employee	51,2
Income Level	3 – 7 Million IDR	48,8

Source: Data Processed, 2024

Validityand Reliability Test Results
The validity test results for the Investment Decision, Financial Literacy, Financial Behavior, and Income variables show that the r (Pearson correlation) value is higher than the r table (0.22), so it can be concluded that all statements from these variables are valid and do not need to be excluded from the study. The reliability test results showed the four variables have a Cronbach Alpha value higher than the Critical Value (0.6), so it stated that all variables are reliable.

Classical Assumption Test Results
Table2:- Classical Assumption Test Results.

Classical Assumption Test	Criteria	Cut Off	Result	Analysis
Normality	Asym Sig (2-tailed)	< 0,05	0,185	Normally Distributed Data
Multicollinearity	Tolerance	< 0,1	>0,8	The regression Model does not occur Multicollinearity
	VIF	< 10	1 -1,5	
Heteroskedasticity	Abs_Res Value	> 0,05	> 0,05	The regression Model does not occur in Heteroskedasticity

Source: Data Processed, 2024

Model Feasibility Test Results
The regression model is tested for model feasibility using the F test by comparing the sig value with the significance level (5%). The result shows that the sig value is 0.000 (<0.05), so it can be stated that the regression model is feasible to use.

Table3:- Model Feasibility Test Results.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	250.315	3	83.438	20.822	.000[b]
	Residual	384.685	96	4.007		
	Total	635.000	99			

a. Dependent Variable: Y
b. Predictors: (Constant), X3, X1, X2

Source: Data Processed, 2024

Coefficient Of Determination Test Results
Table 4:- Determination Coefficient Test Results.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.628[a]	.394	.375	2.00178

a. Predictors: (Constant), X3, X1, X2
b. Dependent Variable: Y

Source: Data Processed, 2024

Based on Table 3 above, the coefficient of determination of 0.394 indicates that the effect of Financial Literacy, Financial Behavior, and Income on Investment Decisions in people in the South Jakarta segment 20-30 years old is only 39.4%.

Hypothesis Test Results
Table 5:- Multiple Linear Regression Test Results.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.551	2.303		1.976	.051
	X1	.375	.068	.458	5.513	.000
	X2	.233	.069	.291	3.385	.001
	X3	.153	.098	.130	1.564	.121
a. Dependent Variable: Y						

Source: Data Processed, 2024
Based ontable 5, the regression equation is obtained, namely :
ID = 0,458FL + 0,291FB + 0,130I + 2,00

Hypothesis Test Result:
a.   Financial Literacy (FL) has a significant effecton Investment Decisions (ID), because sig value of 0.00 (<0.05), and has a positive relationship with Investment Decisions (ID). Increasing financial literacy significantly impacts people's investment decision-making in the 20 - 30 age segment in South Jakarta. A good understanding of financial literacy can increase confidence in making investments.
b.   Financial Behavior (FB) has a significant effect on Investment Decision (ID), because sig value of 0.001 (<0.05), and has a positive relationship with Investment Decision (ID). People in South Jakarta in the 20-30 age segment can manage personal finances more effectively and efficiently to make investment decisions easily.
c.   Income (I) has no significant effect on the Investment Decision (ID) because the sig value is 0.121 (> 0.05). This concludes that people in the 20 - 30 age segment in South Jakarta with an income of IDR 3 million—IDR 7 million do not think about investing.

Closing
Conclusion:-
The results of this study indicate, that financial literacy and financial behavior significantly influenceinvestment decisions. At the same time, income does not significantly influence investment decisions.

Suggestions:-
People in the 20 - 30 age segment in South Jakarta already understand and are aware of the importance of financial literacy and habits of behavior to set aside funds to invest in the future. Even though their income is not excessive or only enough to meet daily needs, these people also need to readjust their financial arrangements to be able to invest and have emergency funds in unexpected times.

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