



The Effect of Financial Technology, Financial Literacy, and Financial Behavior on Investment Decisions in the Capital Market in Investors during the Post-Covid-19 Pandemic

David¹, Yusbardini²

^{1,2} Faculty Economic and Business, Tarumanagara University, Jakarta, Indonesia

ABSTRACT: This study aims to examine the effect of financial technology, financial literacy, and financial behavior on an investor's investment decisions. The sample in this study is someone who has invested in the capital market at least once and lives in the city of Jakarta. The sample was taken using purposive sampling and obtained from 180 respondents. Data analysis uses SmartPLS3 through an outer, inner model, and hypothesis testing. The external and internal models show the results of all valid research instruments, and reliable and appropriate models are used to explain the dependent variable. The results show that financial technology, financial literacy, and financial behavior positively and significantly impact investment decisions.

KEYWORDS: Financial technology, Financial literacy, Financial behavior, Investment decisions, Pandemic.

INTRODUCTION

In the current era of digitalization, it provides convenience for various human activities, starting from digital payment systems, to working, and investing in the capital market. Systems and procedures for investing in the capital market are also growing, initially through meetings on the Indonesia Stock Exchange (IDX) and now people can invest in the capital market anywhere by using an application that provides a capital market/stock system. The emergence of an application that can make it easier for an investor to invest in the capital/stock market directly has an impact on many investors who are interested in participating in investing because the stock trend is growing rapidly during the pandemic and after the pandemic.

According to the Otoritas Jasa Keuangan (OJK), there has been a significant increase in the number of investors in the capital market throughout 2021. On December 29, 2021, the number of investors was 7.48 million, an increase of 92.70% compared to 2020. Based on the data available taken from PT. Kustodian Sentral Efek Indonesia in June 2022, the number of investors was 9.11 million, an increase of 21.68% compared to 2021. The capital market has continued to increase until now and will continue to increase and experience recovery from the COVID-19 situation.

Based on KSEI data for 2022, it can be seen that the increase in the number of investors was dominated by domestic investors aged 30 and under, which reached 59.72% of the total investors. And investors from the capital market come from employees (32.62%), students (278.83%), housewives (6.17%), entrepreneurs (14.05%), and others (18.31%). Rp. 168.75 trillion was recorded as raising funds until August 31, 2022, and 48 new issuers were recorded. This increase is inseparable from the factors that influence investment decisions. Factors that can influence one's investment decision consist of locus of control, the experience of regret, financial experience, financial literacy, financial behavior, and financial technology. I focus more on financial technology, financial behavior, and financial literacy in this research.

Ajay Singh & Rahul Sharma (2016), Financial literacy can help one make valid investment decisions to secure their future and the future of their dependents. According to Otoritas Jasa Keuangan (2013), financial literacy can help a person improve their knowledge, trust, and skills so that they can manage their finances better. Research conducted by Utami and Sitanggang (2021) shows that there is a positive and significant influence of financial literacy on investment decisions. The research states that someone who has good financial literacy will develop an appropriate, accurate, and efficient investment decision-making strategy, even though many of them have no investment experience.

Financial technology is also something that encourages an investor to invest in the capital market because of the development of various financial technologies that show investors making investments easier and easier to access. Belanche et al. (2019) in their research said that the development of information technology has a relationship with making decisions for someone. Good financial



technology must be accompanied by sound financial behavior. Research conducted by Yusuf M (2019) shows a positive and significant influence of financial technology on investment decisions. The research stated that the development of financial technology has made it easier for someone to make investments.

Otoritas Jasa Keuangan (OJK), Fintech (Financial Technology) companies that use technology in carrying out their financial services. The number of investors in the capital market will increase as Fintech develops. Fintech can make it easier for an investor to obtain financial information that is useful in making a carefully considered decision to invest in the capital market.

According to Rizkiana (2017), Financial behavior is a study that teaches how a person acts in making investment decisions in response to information that appears. The results of a study conducted by Aminatuzzahra (2014), stated that there is a significant influence between financial behavioral variables (attitudes) and investment decision-making. A person who has good financial behavior can determine future priorities more effectively and optimally in the future, and the use of funds in the future will be more organized. Based on the information that has been provided, in addition to having good financial literacy and the development of good financial technology, it must also coincide with good financial behavior, where all financial decisions will be influenced by the emotions and psychological state of an investor related to their financial responsibilities.

Based on some of the studies above, it can be seen that there are differences in the results of several previous studies and that there is a significant influence between variables. With the existence of good and sophisticated financial technology, it must be accompanied by an understanding of financial literacy and good behavior so that existing financial technology can be used optimally and effectively so that the best investment decisions are reached. This research is ideal for investors or anyone who wants to begin investing in the capital market to avoid making costly mistakes when making investment decisions.

I. LITERATURE REVIEW AND THEORETICAL REVIEW

A. Literature Review

Research conducted by Wibowo (2020) shows a significant positive influence between financial technology and investment decisions. In the study, it is stated that with financial technology, investors will find it easier to monitor stock movements and be able to find out capital market information at any time. In research conducted by Fadila Nur et al. (2022), it was shown that financial technology does not affect investment decisions. In the study, it was stated that financial technology has no effect because, in the area that is the focus of the research, some of it has not been supported by financial technology services.

Research conducted by Singh Ajay and Dr. Rahul Sharma (2016) shows a positive and significant influence between financial literacy and one's investment decisions. The study states that financial literacy and awareness related to various financial instruments can help an investor make valid investment decisions to secure his financial future and that of his dependents. In contrast, research conducted by Arianti (2018) shows that financial literacy does not have a positive and significant effect on investment decisions.

Research conducted by Arianti (2018) shows that there is a significant influence between financial behavior and investment decisions. The study stated that the better the attitude or mentality of an investor, the better the behavior of investors in making investment decisions. An investor must understand the psychological, sociological, and financial aspects of a situation in order to make valid decisions.

B. Theoretical Review

1) Theory of Planned Behavior

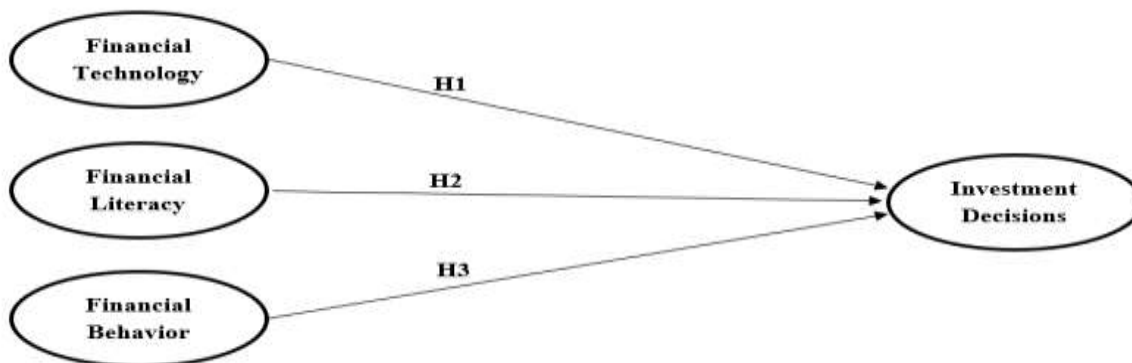
Ajzen (1985), in his article entitled "From intentions to actions: A Theory of Planned Behavior," describes how TPB is used to predict human behavior under the influence of information and motivation. This theory can be used to determine investment interest because someone who is interested in investing will take action to achieve their goals. According to Kusmawati (2011), one's investment decision can be triggered by someone learning things that are risky by investing, attending seminars on investment, and following investment offer well. The theory of planned action suggests that there are three kinds of factors that can guide human actions, namely attitudes toward behavior, subjective norms, and perceptions of behavioral control. The first factor is the attitude towards behavior, which refers to the adoption of attitudes that have good judgment or vice versa towards related behaviors. As a result, each individual will behave if they receive positive feedback on their actions.

2) Rational Choice Theory

Elster (1989), Rational Choice Theory is a theory of rational action that when faced with several choices, a person will choose a choice that will bring great benefits or benefits to them. Mas-Collel, Whinston, and Green (1995), Rational choice theory usually

represents preference with utility functions. This function is usually used to estimate every possibility that exists when dealing with existing decisions. This theory can be attributed to this study because if a person has a good understanding of financial literacy, then he will be able to choose the decision to invest with a greater chance of succeeding.

II. OPERATIONAL FRAMEWORK



III. RESEARCH METHODOLOGY

The population used in this study is investors who have at least invested in the capital market and live in the City of Jakarta, The method used in this study is purposive sampling with the distribution of questionnaires to investors who live in the City of Jakarta. There were 180 respondents who met the criteria in the study and lived in Jakarta City..

In this study, the variables of financial technology are (X1), financial literacy is (X2), and financial behavior is (X3). Measurement of independent variables by analyzing validity and reliability (AVE, outer loadings, Cronbach's alpha, and composite reliability) using SmartPLS3 software with (4 financial technology indicators, 6 financial literacy indicators, 5 financial behavior indicators, and 5 investment decision indicators). The data analysis method in this study is testing the inner model (r-square, q-square, f-square, and GoF) and hypotheses.

IV. STATISTICAL RESULT

Table 1. Validity Analysis (Outer Loadings)

TK = Financial Technology, LK = Financial Literacy, PK = Financial Behavior, & KI = Investment Decision

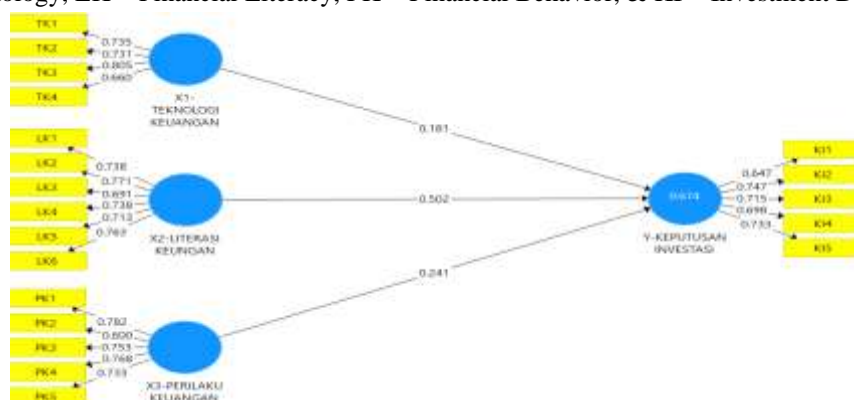


Figure 1. Outer Model

Based on the results that have been calculated using SmartPLS, the results can be known according to the table exposed above. The table above indicates the values of outer loadings in this study. The outer loading value at each point is greater than 0.50. So it can be concluded that the three variables in this study are valid.



Table 2. Validity Analysis (AVE)

Variable	AVE	Description
Financial Technology	0,540	Valid
Financial Literacy	0,542	Valid
Financial Behavior	0,533	Valid
Investment Decisions	0,503	Valid

Based on the table above, it can be concluded that each variable in this study has passed the convergent validity test because the Outer Loadings value obtained is more than 0.50, and the Average Variance Extracted (AVE) value on each indicator construct is above 0.50.

Table 3. Reliability analysis (composite reliability & Cronbach’s alpha)

Variable	Composite Reliability	Cronbach’s Alpha
Financial Technology	0,824	0,716
Financial Literacy	0,876	0,831
Financial Behavior	0,850	0,779
Investment Decisions	0,835	0,752

The results of composite reliability in this study can be seen in the table above. The table above describes the value of composite reliability in Financial Technology, Financial Literacy, Financial Behavior, and Investment Decisions whose value is more than 0.70. With another explanation, every construct contained in this study is declared reliable because it passes reliability testing. And based on the test results above, shows that all variable values from Cronbach’s Alpha are above 0.70. This suggests that reliability is well received.

Table 4. Inner Model Test (R-square)

Variable	R-Square
Investment Decisions	0,674

Based on the r-square output in this study, it shows that the dependent variable in this study, namely investment decisions, is influenced by other variables in this research model by 0.674 or 67.4%. This suggests that the investment decision variable has a model in the moderate category because its r-square value is less than 0.75. Variables that influence investment decisions include financial technology, financial literacy, and financial behavior. The remaining 32.6% was influenced by other factors outside the research model.

Table 5. Inner Model Test (Q-square)

Variable	Predictive relevance (Q-Square)
Investment Decisions	0,326



Based on the q-square output above, it shows that the level of diversity of the model shown by the independent variable against the dependent variable is 0.326 or 32.6%. This shows that the model in this study is included in the moderate category because the q-square value obtained is above 0.02.

Table 6. Inner Model Test (F-square)

Variable	F-Square	Description
Financial Technology → Investment decisions	0,061	Small
Financial Literacy → Investment decisions	0,342	Medium
Financial Behavior → Investment decisions	0,073	Small

Based on the f-square in the table above, shows that the variables of financial technology and financial behavior have f-square values of 0.061 and 0.073 so it can be concluded that these variables have a small good effect because the value is greater than 0.02 and less than 0.15. And the financial literacy variable has an f-square value of 0.342 so it can be concluded that the financial literacy variable has a moderately good effect because the value is greater than 0.15 but less than 0.35.

Table 7. Inner Model Test (GoF)

	results
GoF	0,490

Based on the results of the GOF analysis in the table above, showing a value of 0.490, it can be concluded that the feasibility level of the research model is 49% has a large feasibility level because it has a value greater than 0.36.

Inner Model Test

The result of *bootstrapping* is :

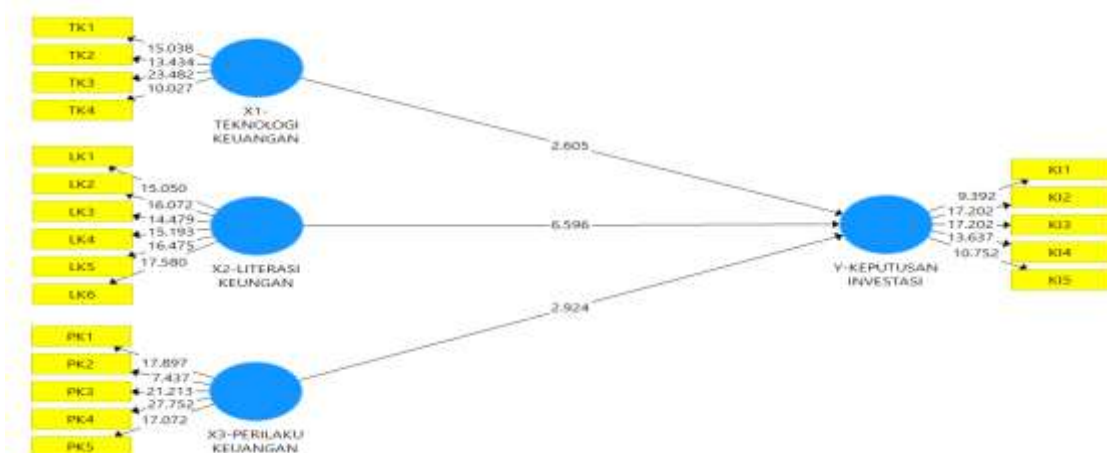


Figure 2. Bootstrapping Test Results

Based on the results of the *bootstrapping* test which can be seen in Figure 2, the complete significance test results can be seen in table 8 below:



Table 8. Hypothesis Test

Variable	Ordinal Sample	T-Statistics	P-Values	Description
Financial Technology → Investment decisions	0,181	2,724	0,007	Accepted Has a Positive and Significant Influence
Financial Literacy → Investment decisions	0,502	6,591	0,000	Accepted Has a Positive and Significant Influence
Financial Behavior → Investment decisions	0,241	2,936	0,003	Accepted Has a Positive and Significant Influence

Based on the results of the bootstrapping test described in the table above, the Financial Technology variable has proven to have a positive and significant effect on Investment Decisions in the Capital Market for Investors in the Post-Covid-19 Pandemic. These results can be seen based on the t-statistical value of Financial Technology for Investment Decisions with a value of 2.724 and a p-value result of 0.007, which is smaller than 0.05. Then the conclusion can be drawn that the first hypothesis in this study is acceptable. And it can be said that financial technology is very influential on an investor's investment decisions.

Based on the results of the bootstrapping test described in the Table above, the Financial Literacy variable has proven to have a positive and significant effect on Investment Decisions in the Capital Market for Investors in the Post-Covid-19 Pandemic. These results can be seen based on the t-statistical value of Financial Literacy for Investment Decisions with a value of 6.591 and a p-value result of 0.000, which is smaller than 0.05. Then the conclusion can be drawn that the first hypothesis in this study is acceptable. And it can be said that financial literacy is very influential on an investor's investment decisions.

Based on the results of the bootstrapping test described in the Table above, the variables of Financial Behavior have proven to have a positive and significant effect on the Investment Decisions of Capital Market Investors in the Period After the Covid-19 Pandemic. These results can be seen based on the t-statistical value of Financial Behavior for Investment Decisions with a value of 2.936 and a p-value result of 0.003, which is smaller than 0.05. Then the conclusion can be drawn that the first hypothesis in this study is acceptable. And it can be said that financial behavior is very influential on an investor's investment decisions.

V. DISCUSSION

1. The Influence of Financial Technology on Investment Decisions

Based on the results of research that has been carried out, it is known that financial technology has a significant and positive influence shown through p-values of 0.009, t-statistics of 2.605, and a positive original sample of 0.181. From the results of the study, it can be concluded that the results of the H1 test (there is an influence of financial technology on investment decisions) are accepted. These results are in line with research conducted by Yusuf M (2019) and Wibowo (2020) which states that there is a positive and significant influence of financial technology on investment decisions. On the contrary, the results of this study are not in line with the research conducted by Fadila Nur et al (2022) which states that there is no significant influence of financial technology on investment decisions.

Based on the results of research that has been carried out in accordance with the Rational Choice Theory, it was found that advances in financial technology can influence an investor's investment decision supported by other variables. The results were obtained that financial technology has a positive and significant effect because, with the existence of new and good financial technology, a person can get security, and ease in making transactions in the capital market and can make transactions anywhere and anytime. So it can be concluded that someone can make investment decisions even better with the existence of new and good financial technology.

2. The Effect of Financial Literacy on Investment Decisions

Based on the results of research that has been carried out, it is known that financial literacy has a significant and positive influence shown through p-values of 0.000, t-statistics of 6.596, and a positive original sample of 0.502. From the results of the



study, it can be concluded that the results of the H2 test (there is an influence of financial literacy on investment decisions) are accepted. These results are in line with research conducted by Utami and Sitanggang (2021), Upadana and Herawati (2020), Bebasari and Istikomah (2020), and Singh Ajay & Dr. Rahul Sharma (2016) which stated that there is a positive and significant influence of financial literacy on investment decisions. On the contrary, the results of this study are not in line with the research conducted by Arianti (2018) which states that there is no significant influence of financial literacy on investment decisions.

Based on the results of research that has been carried out according to the theory of Theory of Planned Behavior, it was found that a person who has good financial literacy can influence an investor's investment decisions supported by other variables. The results obtained that financial literacy has a positive and significant effect because, with good financial literacy, a person can use financial products or services well, be able to allocate his budget, and calculate the profits and losses of each financial transaction. So it can be concluded that a person can make investment decisions even better with good financial literacy by applying their financial knowledge.

3. The Effect of Financial Conduct on Investment Decisions

Based on the results of research that has been carried out, it is known that financial behavior has a significant and positive influence shown through p-values of 0.004, t-statistics 2.924, and a positive original sample of 0.241. From the results of the study, it can be concluded that the results of the H3 test (there is an influence of financial behavior on investment decisions) are accepted. These results are in line with research conducted by Arianti (2018), Upadana and Herawati (2020), Bebasari and Istikomah (2020), and Sorongan (2022) which states that there is a positive and significant influence of financial literacy on investment decisions.

Based on the results of research that has been carried out according to the theory of Theory of Planned Behavior and Rational Choice Theory, it was found that a person who has good financial behavior can influence an investor's investment decisions supported by other variables. The results are obtained that financial behavior has a positive and significant effect because, with good financial behavior, a person can manage, be responsible, plan and control his income and finances. So that it can be concluded that someone can make investment decisions even better with good financial behavior by being responsible for the financial decisions taken.

VI. CONCLUSIONS

Based on the conclusions of the results of existing research, the three independent variables, namely financial technology, financial literacy, and financial behavior are considered to have been effective in influencing investment decisions because these variables have a positive and significant influence. To improve financial literacy and financial behavior in investors, parties related to finance such as Otoritas Jasa Keuangan and banks can provide education on matters related to the financial context, such as financial basics, capital markets, investments, savings, and others. Meanwhile, universities and schools, in improving financial literacy and financial behavior, can provide subjects related to the financial context, besides that, they can also hold seminars and provide counseling on the importance of financial literacy and good financial behavior in investing. And for an investor's understanding of financial technology, parties related to technology in finance, where companies engaged in this field can provide socialization and counseling on how to use financial technology properly, wisely, and effectively, so that the benefits of the presence of financial technology are felt.

Further research is suggested to examine other factors besides financial technology, financial literacy, and financial behavior in influencing investment decisions, such as income factors, locus of control, self-efficacy, and other factors. So that you can get a new perspective on the importance of investment decisions.

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