

The Influence of Financial Literacy, Risk Perception, Herding, Loss Aversion, Anchoring, And Income on Gold Investment Decisions at PT. Pegadaian (Persero)

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Abstract

The investment interest in Indonesia is rising in line with the society's awareness on the benefit of investment, especially gold investment. Investors act rationally or irrationally in making investment decisions. The aim of this research is to study the effect of financial literacy, risk perception, herding, loss aversion, anchoring and income to the decision of gold investment at PT. Pegadaian. This is a quantity experiment with the customer of PT. Pegadaian who used the gold investment as a population and sample of this research. Using the accidental sampling technique, there are 100 respondents. Data collection using a direct and online questionnaire. The Structural equation model partial least square method with the SmartPLS 3.0 software used to analyze the data collected. The results show that financial literacy affects investment decisions. Respondents have a fairly high level of education and moderately high association of financial literacy. While the risk perception, herding, loss aversion, anchoring and income are not affecting the investment decisions.

Keywords: financial literacy; risk perception; herding; loss aversion; anchoring; income; investment decisions

1. Introduction

Indonesians are becoming increasingly interested in investing, especially when Indonesia was affected by the covid-19 virus, which made people more aware of how important it is to have an emergency fund and make investments. Indonesians' interest in investing and saving has increased significantly in the past two years, which shows this. A total of 9.3 million Indonesians had invested by July 2022 (Anggraeni, 2022). One way to protect and increase wealth is by investing. Investment can be interpreted as a commitment to make changes in the present with the hope of reaping greater benefits in the future (Bodie et al., 2016). There are many profitable and quite popular investment instrument options such as gold investment, stock investment, mutual fund investment, property investment, deposit investment and peer to peer lending investment (HSBC.co.id, 2019). However, gold investment is still the favorite investment instrument in Indonesia. Jakpat's survey results to find out the trend of investment instruments that are most attractive to the public from 2020 - 2022, prove that gold is the investment product that respondents are most interested in and from year to year it has increased (Jakpat.net, 2022).

Gold is one of the safest types of investment. This is because gold is an investment product that is not affected by inflation. The price of gold tends to be stable, besides that gold is very liquid, which can be easily disbursed whenever there are urgent and emergency needs (Lusiana et al., 2021). Gold's resistance to inflation makes investors interested in switching to gold investment. Gold is not affected by inflation or zero inflation, so its price always follows the inflation rate (Sartika, 2017). Economic uncertainty during the covid-19 pandemic made investors switch to gold investment. Investors were worried and also anxious about the possibility of low economic growth. As a result of this crisis, the demand for gold continues to surge. Investors who do not want to take risks start buying gold as part of their asset portfolio (Johan, 2020).

One of the non-bank financial institutions that offers gold investment products is PT. Pegadaian. Pegadaian comes with its product, namely gold savings. Gold savings is a gold buying and selling service that helps people invest in gold more easily, safely and reliably (Pegadaian.co.id, 2022). In August 2022, the number of gold savings customers at PT Pegadaian was recorded at 5.3 million people (Respati, 2022). PT. Pegadaian (Persero) collaborated with the Gresik Regency Government in a Webinar event to invite Gresik people to invest in gold during the pandemic. This effort was made because during the pandemic, many business actors could not survive when economic conditions were unstable (Radargresik.id, 2021). As a manifestation of CSR (Corporate Social Responsibility), PT. Pegadaian (Persero) established a waste bank named "The Gade Clean and Gold" in an effort to overcome potential environmental damage and improve community welfare. The program aims to reduce waste and educate the public to invest in gold. One of the Pegadaian assisted programs is located in Gresik Regency. With this Pegadaian program, it can improve the economy of the Indonesian people, especially in Gresik Regency itself, through gold investment from waste and can protect the environment from waste (Pegadaian.co.id, 2018).

Related to this description, it can be concluded that with the cooperation of the Gresik city government and the PT Pegadaian (Persero) program, namely "The Gade Clean and Gold", this can attract people to invest and this will be related to the investment decision-making process carried out by investors. An investor's investment decision making will have an impact on investment returns, so an accurate investment decision is needed to obtain a large margin. Making investment choices is difficult because there are many risks and uncertainties that will determine the success of investors in the future (Mahadevi & Haryono, 2021). According to the results of previous research gaps on investment decisions, several factors were found to influence investment decisions, namely financial literacy, risk perception, herding, loss aversion, anchoring, and income. Previous studies have found that several factors that influence investment decisions still provide different information results.

The first factor is financial literacy. An individual's ability to manage or allocate their finances effectively is impacted by having a solid understanding of financial literacy (A. Robb & S. Woodyard, 2011). People with a high level of financial literacy usually make better decisions in determining their investment decisions (Upadana & Herawati, 2020). The second factor is risk perception. Risk perception can affect a person's decision making when investing. If investors have a higher risk perception, they will make investment decisions carefully. Conversely, investors whose level of risk perception is low will dare to make risky investment decisions (Pradikasari & Isbanah, 2018). The third factor is herding. Herding is the attitude of individuals who follow other individuals in making decisions and determining their investment choices without taking into account existing information and investors will tend to follow market consensus (Safitri & D, 2021). Herding behavior occurs when investors do not have information and references so they tend to follow the actions of other investors (Mutawally & Haryono, 2019).

The fourth factor is loss aversion. Loss aversion shows the attitude of investors who are more interested in avoiding losses than gaining profits (Handoyo et al, 2019). Investors tend to pay more attention to the losses they will experience in the future rather than thinking about making a profit. This causes investors to prefer to hold their investment if they experience losses and will immediately sell their investment when they make a profit (Putri & Juwita, 2021). The fifth factor is anchoring. Anchoring is investor behavior that tends to be based on the initial value received and investors will maintain their investments that have good performance (Budiman & Ervina, 2020). If the value of their investment starts to fall, investors will not sell their investment because they believe that the value of their investment will rise again. However, in reality this usually results in estimates that are different from those estimated (Subash, 2012). The sixth factor is income. Income is measured by a person's understanding or view of financial management in investment decisions. The more income earned, the greater the consideration for investing and responsibility in managing their finances. Therefore, the higher someone's income, the higher the desire to invest and understand the advantages of saving for the future, and vice versa (Yundari T & Artati D, 2021).

This research is based on the phenomena described previously and the gaps in previous research. Therefore, the purpose of this study is to ascertain how financial literacy, risk perception, herding, loss aversion, anchoring, and income on gold investment decisions of PT. Pegadaian customers in Gresik Regency.

2. Literature Review

2.1 Theory of Planned Behavior

Theory of planned behavior is a theory that influences human social behavior by predicting how to behave. Theory of planned behavior reveals that a person tends to act based on beliefs about the information obtained. This belief is the main determinant of a person's intention to take certain actions. In this theory, a person's intention is influenced by several factors, namely, subjective norms, perceived behavioral control and attitude towards behavior (Ajzen, 1991). There are 3 factors behind human attitudes and behavior, namely personal, information, and social. Personal factors are an individual's general attitude towards something, emotions, life values, personality traits, and intelligence. Age, education, gender, ethnicity, income and religion are included as social factors. Experience, media exposure, and expertise are included in the information factors (Ajzen, 2005).

2.2 Behavioral Finance Theory

Behavioral finance tries to explain investor behavior in the market by understanding the emotions and cognitive errors that can affect investors. Investors do not behave and act rationally. Investor behavior is caused by psychological factors, namely greed, fear, and madness of investors (Shiller, 1987). Psychological factors affect investors' decision-making behavior and the results they achieve. Psychological factors can influence a person's irrational behavior (Bodie et al, 2016).

2.3 Prospect Theory

Prospect theory makes the assumption that people do not always behave rationally. This idea explains how people make decisions when faced with uncertainty (Kahneman & Tversky, 1979). Prospect theory suggests that individuals with irrational tendencies are more reluctant to risk gains than losses. The theory argues that there are inherent and continuous behaviors motivated by psychological factors that affect the decisions of people in uncertain situations (Kahneman & Tversky, 1979).

2.4 Investment Decisions

Investment decisions are individuals choosing between two options when making investment choices to allocate part of their finances to certain investment categories in the hope of obtaining future profits (Leiwakabessy et al., 2021). Investment decisions are decisions that must be made carefully. In making investment decisions, what needs to be done is to conduct proper analysis and consider important factors in investment decisions. Return and risk are two main aspects that need to be considered in making investment decisions. To avoid mistakes in making investment decisions that will have a negative impact on investment returns and reduce and spend investment capital funds,

it is important to pay attention to these factors when making investment decisions (Hartono, 2022).

2.5 Financial Literacy

Financial literacy is the capacity and knowledge of individuals to use financial products and manage their own money to make short-term and long-term financial decisions (Safryani et al, 2020). According to Fadila et al (2022), a person's capacity to make investment decisions will rise with their level of financial literacy. Individuals can make rational and irrational decisions depending on the information they obtain. Higher financial literacy confers greater control and wider access to financial information, which helps individuals make better investment decisions (Upadana & Herawati, 2020). This explains that the main factor in making investment decisions is knowledge of how each individual manages their personal finances. Having a high level of financial literacy can assist people in making wiser investing choices (Dewi & Purbawangsa, 2018). Research from Safryani et al (2020), Fadila et al (2022), Upadana & Herawati (2020), and Yolanda & Tasman (2020) confirmed that financial literacy positively affects investment decisions.

H1: Financial Literacy has influence on gold investment decisions for customers of PT Pegadaian (Persero).

2.6 Risk Perception

Risk perception is the way an investor views risky situations that may be faced when making investment decisions, even though the risks obtained are uncertain and can differ from what is predicted or from the reality that occurs (Aini & Lutfi, 2019). According to (Sindhu & Kumar, 2014) risk perception has the concept that the way investors perceive the risk of a financial asset is influenced by the focus of goals and past experiences. An investor's assessment of the risks involved in making investment decisions is known as risk perception. Investors who have a high-risk perception are usually more cautious in choosing investments. Conversely, investors with a low level of risk perception are usually more courageous in choosing risky investment decisions (Pradikasari & Isbanah, 2018). Research from Novianggie & Asandimitra (2019), Fridana & Asandimitra (2020) and Yolanda & Tasman (2020) confirmed that risk perception positively influences investment decisions.

H2: Risk Perception has influence on gold investment decisions for customers of PT Pegadaian (Persero).

2.7 Herding

Herding is the attitude of individuals who follow other individuals in making decisions and determining their investment choices without taking into account existing information and investors will tend to follow market consensus (Safitri & D, 2021). In investing, an investor with high herding behavior will be more vulnerable to investment decisions made by other investors (Khairunizam & Isbanah, 2019). The unavailability of clear information can make investors herding, thus encouraging

investor behavior to follow other investors in making investment decisions (Putri, 2021). The influence of others is also the main reason for herding behavior. Herding provides riskier results because investors tend to follow the actions of other investors rather than believe in their own abilities (Aristiwati & Hidayatullah, 2021). Research from Khairunizam & Isbanah (2019) and Mutawally & Haryono (2019) confirmed that herding positively influences investment decisions.

H3: Herding has influence on gold investment decisions for customers of PT Pegadaian (Persero).

2.8 Loss Aversion

Loss aversion is a condition in which individuals tend to prefer avoiding losses rather than gaining profits. Some investors tend to avoid or minimize high losses and will ignore existing profit opportunities (Pompian, 2006). Each investor has a different way of dealing with and handling uncertain conditions and losses obtained, the psychological impact caused by losses will be greater than the profits obtained by investors, where the losses obtained by investors will feel more painful than investor profits (Handoyo et al., 2019). This makes investors more cautious about the decline in capital and more afraid of the potential losses that will be obtained from their investment (Pradhana, 2018). Research conducted by Putri & Juwita (2021) and Budiman & Ervina (2020) states that loss aversion positively influences investment decisions.

H4: Loss Aversion has influence on gold investment decisions for customers of PT Pegadaian (Persero).

2.9 Anchoring

Anchoring is the action of investors who are fixated on one information that will become an anchor of thought in decision making and adjust the information to the information they have (Pompian, 2006). Anchoring behavior arises when investors are fixated on the current price and make guidelines for making further investments. Investors will not sell their investment products if the price is still below the purchase price based on historical trends. Investors tend to sell their investment if the price exceeds the purchase price (Puspawati & Yohanda, 2022). Anchoring is known as the relativity trap, which is the tendency of individuals who always compare and contrast things that are limited or called the anchoring effect. Anchoring effect is a tendency to focus only on a value that will eventually be compared with other values (Handoyo et al, 2019). Research by Handoyo et al, (2019) and Puspawati & Yohanda (2022) states that anchoring positively influences investment decisions.

H5: Anchoring has influence on gold investment decisions for customers of PT Pegadaian (Persero).

2.10 Income

Income is all the income a person receives from sales, company salaries, investments, or another source of income such as money, employment, and

psychological satisfaction (Safryani et al., 2020). According to Mahdzan & Peter (2013), the higher the income generated by the individual, the individual will try to increase financial knowledge in order to utilize their finances better and more responsibly. The greater the income earned, the greater the consideration for investing and responsibility in managing their finances. Therefore, the higher the income, the higher the desire to invest and understand the benefits of saving for the future. Vice versa, the lower the income owned causes individuals to have difficulty investing so that the desire to invest will decrease (Yundari & Artati, 2021). Research by Yundari & Artati (2021) and Dewi & Purbawangsa (2018) confirmed that income positively influences investment decisions.

H6: Income has influence on gold investment decisions for customers of PT Pegadaian (Persero).

3. Material and Method

This study aims to investigate the effect of financial literacy, risk perception, herding, loss aversion, anchoring, and income on investment decisions. This research is a conclusive causality research. This type of research is quantitative, and the main data source used in the data collection process is primary data. Primary data is collected through questionnaires distributed offline and online using google form through social media WhatsApp, Facebook, and Instagram. PT. Pegadaian (Persero) customers who use gold savings products are the research population. The sample was selected using accidental sampling technique, where each individual encountered by the researcher and meeting the predetermined criteria could be sampled. The criteria in this study are gold savings customers of PT. Pegadaian in Gresik Regency. Determination of the number of samples is determined based on the Lemeshow formula, resulting in a sample of 100 respondents. The measurement scale in this research is Guttman scale and Likert scale 1-5. The variables of risk perception, herding, loss aversion, anchoring, income, and investment decisions are measured using a Likert scale. While the Guttman scale is used to get firm answers and is used to measure the extent of respondents' knowledge related to financial literacy variables by giving several questions to respondents, by awarding 1 point for a "correct" response and point 0 for a "wrong" response (Sugiyono, 2015).

3.1 Design Study

There are 2 variables in this research such as exogenous and endogenous variable with an explanation of each variable as follows:

a. Exogenous variable

According to Ghazali (2014) Exogenous variables are those that are unaffected by other variables. The following exogenous variable were employed in this study:

1) Financial Literacy

Financial literacy is the capacity and understanding of an individual to use financial products to manage their own finances and make both short- and long-term decisions (Safryani et al, 2020). This study uses indicators put

forward by Chen & Volpe (1998): Basic financial concept, saving and borrowing, insurance, and investment.

2) Risk Perception

Risk perception refers to the investor's assessment of the risk situation he will face when he makes an investment decision, even though the risks posed are uncertain and may differ from estimates or reality (Nur Aini & Lutfi, 2019). This research uses indicators put forward by Wulandari & Iramani (2014): Using income for hazardous investments, investing without thought, and investing without guarantee.

3) Herding

Herding is the propensity for people to follow the judgments of the majority because they believe those decisions will yield greater financial rewards (Bakar & Yi, 2016). This research uses indicators put forward by Waweru et al, (2008): decision to buy gold based on other investors, decision to sell gold based on other investors, length of time to hold gold based on other investors, and gold trading volume based on other investors.

4) Loss Aversion

Loss aversion is a situation where you want to avoid losses rather than gain. Some investors tend to avoid or minimize high losses and will ignore existing profit opportunities (Pompian, 2006). This research uses indicators put forward by Pompian (2006): Tend to avoid losses and persist with existing investments rather than new investments with high returns and risks.

5) Anchoring

Anchoring is a phenomenon that a person uses when using initial value estimates to determine the purchase price of an investment in order to make estimates in subsequent investments that will affect the final result (Le Phuoc Luong, 2011). This research uses indicators put forward by Baker et al (2019): Comparing current prices with past prices before making a purchase, not purchasing gold that is more expensive than the previous year, when making a sale, always remember the purchase price, and holding gold when experiencing losses when the market is falling until the price returns to what it was when the initial purchase was made.

6) Income

Income refers to the income a person receives from sales, company salaries, investments, or another source of income such as money, employment, and psychological satisfaction (Safryani et al, 2020). This research uses indicators put forward by (Safryani et al, (2020): Salary/wages and bonus/commission.

b. Endogenous Variables

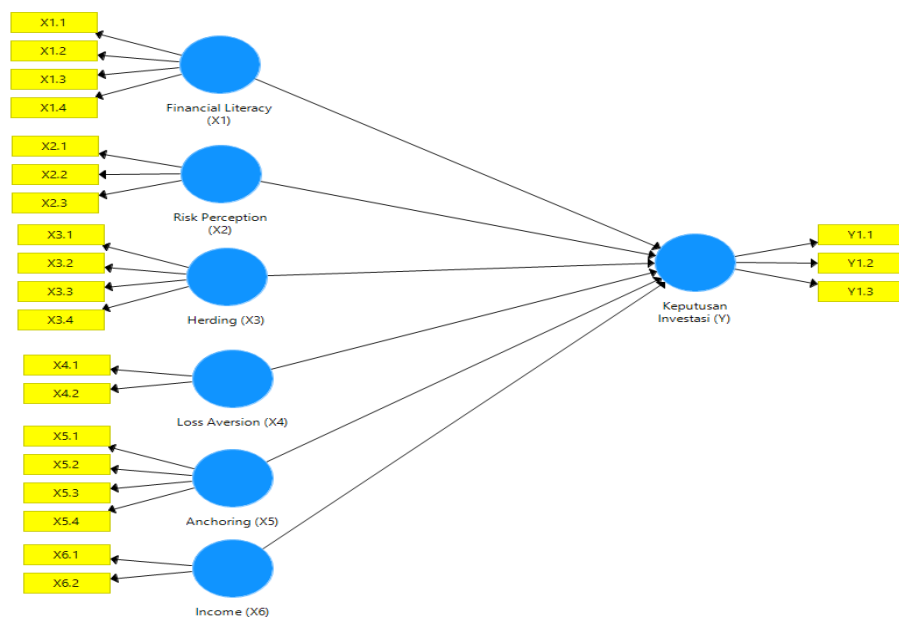
According to Ghozali (2014) endogenous variables are variables whose changes can be influenced directly or indirectly by other variables (exogenous). The endogenous variables used in this research is:

1) Investment Decisions

Investment decisions are choices made by individuals from two available alternatives in investing a number of their funds in certain types of investments with the aim of obtaining future profits (Leiwakabessy et al, 2021). Indicators of variable investment decisions include return, risk, time factors (Tandelilin in Marsis, 2013).

3.2 Data Analys

The data analysis technique in this study uses the Structural Equation Model Partial Least Square (SEM-PLS) using SmartPLS software version 3.0. Testing consists of validity tests, reliability tests, outer model and inner model assessments.



Source: Smart PLS.3.0

Figure 3.1 Path Diagram Design

4. Results

The total number of respondents in this research amounted to 100 respondents. This study uses several respondent factors, such as age, gender, education level, investment period, and the amount of gold owned. There are 74 female respondents and 26 male respondents according to the characteristics of respondents based on gender. A total of 6 respondents had completed their last education in primary school, 12 had completed junior high school, 54 had completed senior high school or vocational high school, 7 had completed a diploma, 20 had completed a bachelor's degree, and 1 had completed a master's degree. There were 24 respondents aged between 19 and 30 years old, 38 respondents aged between 31 and 40 years old, 25 respondents aged between 41 and 50 years old, and 13 respondents aged above 50 years old. Respondents who have invested between <1 year - 3 years are 74 people and respondents who have invested over 3 years are 26 people. Then the amount of gold owned by respondents between 0.05 grams - 1 gram was 41 people, the amount of gold between > 1 - 5 grams was 33 people, the

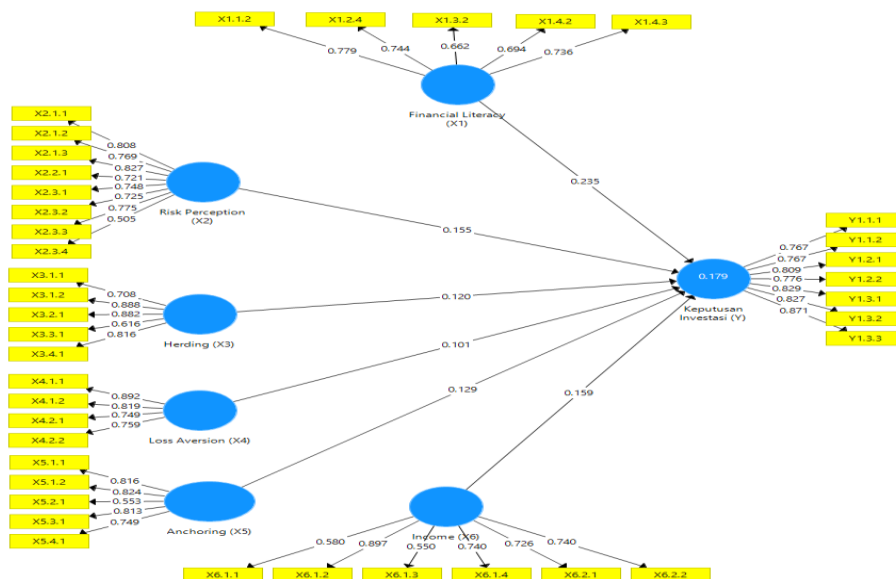
amount of gold between 5 - 10 grams was 23 people and the amount of gold > 10 grams was 3 people.

Results of PLS-SEM Analysis

a. Convergent Validity and Discriminant Validity Test Results

The convergent validity test is validated using the loading factor value of each construct indicator. A loading factor value of ≥ 0.7 is required. Ghozali (2014) states that a loading factor value of ≥ 0.5 to ≥ 0.6 is considered sufficient. Thus, if the loading factor value ≤ 0.5 must be removed from the model. In the first test, question items X1.1.1, X1.1.3, X1.1.4, X1.2.1, X1.2.2, X1.2.3, X1.3.1, X1.3.3, X1.4.1, and X1.4.4 on the financial literacy variable did not meet the requirements of the minimum value of convergent validity because it was less than 0.7, so retesting was carried out without indicators that did not pass the previous test.

Figure 4.1. Measurement Model Test



Source: Output SmartPLS 3.0 (2023)

The square root of the AVE (Average Variance Extracted) value against the correlation value between the model constructs can be used to calculate discriminant validity. The fact that the square root value of the construct AVE is higher than the value of the relationship between the model constructs indicates the discriminant validity of the model. If an indicator shows a criterion ≥ 0.5 , it can be said that the indicator is valid and has good discriminant validity (Ghozali, 2014). The SmartPLS output shows that the AVE square root value for the financial literacy construct is 0.724, the risk perception construct is 0.741, the herding construct is 0.789, the loss aversion construct is 0.807, the anchoring construct is 0.758, the income construct is 0.715, and the investment decision construct is 0.807, The test discoveries appear that the demonstrate has great discriminant validity since it is demonstrated that the esteem of each develop has

an AVE square root esteem more noteworthy than the relationship esteem between develops, with an AVE esteem ≥ 0.5 .

b. Composite Reliability and Cronbach’s Alpha Test Results

If the test results for each variable using the Cronbach Alpha and Composite Reliability criteria have a value above 0.70, then the model is considered reliable (Ghozali, 2014). Measurement values above 0.7 are expected for constructs in the composite reliability and cronbach's alpha tests. In the results of testing composite reliability and cronbach's alpha, each exogenous and endogenous variable produces a value of ≥ 0.7 , so in general all variables can be announced to have passed the test and have shown the expected level of reliability. The table below displays the results of the composite reliability and cronbach's alpha tests.

Table 4.1 R-Square Results

Variable	Composite Reliability	Cronbach’s Alpha
Financial Literacy	0,846	0,783
Risk Perception	0,905	0,887
Herding	0,890	0,866
Loss Aversion	0,881	0,821
Anchoring	0,869	0,815
Income	0,859	0,851
Investment Decisions	0,929	0,911

Source: Output SmartPLS 3.0 (2023)

c. R-Square

According to table 4.2, the R-square value of the investment decision variable is 0.179, it shows that the model is in the weak category because the value is below 0.19. While the adjusted R-square value in table 4.1 explains the investment decision construct variable that can be described by financial literacy, risk perception, herding, loss aversion, anchoring, and income variables by 12.6%. The remaining 87.4% is influenced by other factors exterior the factors in this inquire about.

Table 4.2 R-Square Results

Variable	R-Square	R-Square Adjusted
Investment Decisions	0,179	0,126

Source: Output SmartPLS 3.0 (2023)

d. Causality Test Result

Hypothesis testing in this study can be seen from the calculation of the model using the PLS bootstrapping method with the statistical test used is the t-statistic or t-test, where the t-statistic value is compared to the t-table value. Significance in this study uses a 95% confidence level, with a level of precision or limit of

imprecision (α) = 5% = 0.05 so that the t-table value for alpha 5% is 1.96. The hypothesis is accepted if the t-statistic value is greater than the t-table of 1.96 (Ghozali & Latan, 2015).

The test discoveries appear that financial literacy a noteworthy and positive effect on investment decisions. Prove by a p-value that's less than 0.05 and t-statistic value esteem more prominent than the t-table. Thus, H1 is accepted. Whereas the risk perception, herding, loss aversion, anchoring and income variables show that there is no influence on investment decisions, since the p-value is more noteworthy than 0.05 and the t-statistic esteem is littler than the t-table, so H2, H3, H4, H5, and H6 are rejected. The table underneath shows the comes about of the causality test.

Tabel 4.3 Causality Test Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
Financial Literacy (X1) -> Investment Decisions (Y)	0,235	0,243	0,104	2,257	0,024	Accepted
Risk Perception (X2) -> Investment Decisions (Y)	0,155	0,164	0,120	1,284	0,200	Rejected
Herding (X3) -> Investment Decisions (Y)	0,120	0,099	0,153	0,782	0,435	Rejected
Loss Aversion (X4) -> Investment Decisions (Y)	0,101	0,125	0,100	1,015	0,311	Rejected
Anchoring (X5) -> Investment Decisions (Y)	0,129	0,127	0,132	0,982	0,327	Rejected
Income (X6) -> Investment Decisions (Y)	0,159	0,134	0,160	0,993	0,321	Rejected

Source: Output SmartPLS 3.0 (2023)

5. Discussion

- The Influence of Financial Literacy on Investment Decisions.** Based on the test results, H1 is accepted because the test results indicate that financial literacy significantly and positively affects investment decisions. The research findings of Dewi & Purbawangsa (2018), Safryani et al (2020), Fridana & Asandimitra (2020) which states that financial literacy influences investment decisions and supports this research result. The existence of this positive correlation indicates that a person's investment choices increase along with increasing financial literacy. According to descriptive data of respondents' answers, the level of financial literacy of respondents is included in the category of moderate high association. The results of this study are in line with the theory of planned behavior (Ajzen, 1991), which states that financial literacy is personal knowledge that influences attitudes and decision making, if one has adequate financial literacy, their investment decisions will go well. Individuals who are highly financially literate usually have a good understanding of investment, returns, and risks, this helps individuals make the

right decisions about their investments based on existing knowledge and information.

A person's investment decisions will be better if he or she is more financially literate. Age and education level are two factors that may have an impact on the results showing the influence of financial literacy on investment decisions. The majority of respondents have the latest high school / vocational high school education level as much as 54% and those who graduated from college as much as 28%. A person's level of education can affect the way they think and behave. Someone who has a higher educational background and a fairly high understanding of finance will be more careful in managing their finances and can help individuals make wise decisions in placing assets according to their knowledge. In addition, the majority of respondents in this study already have their own income and the average age of respondents is above 30 years, where with this age range they have thought about future financial planning and how to manage personal finances for needs, wants and investments. Therefore, higher financial literacy can certainly influence individual investment decision making. By having high financial literacy, mature thinking, and wider life experience can be a factor in making wiser investment decisions.

- **The Influence of Risk Perception on Investment Decisions.** H2 is rejected since the test findings show that risk perception has no bearing on investing decisions. This research result is supported by Pradikasari & Isbanah (2018) and Mutawally & Haryono (2019) previous research that risk perception does not have an influence on investment decisions. This study demonstrates that while investors are able to evaluate risk objectively, risk perception is not a significant factor in their decision-making when investing in gold savings. The findings of this study contradict to prospect theory, which discusses decision making under conditions of uncertainty (Kahneman & Tversky, 1979). According to the research, it was found that risk perception is no longer under conditions of uncertainty. This is due to the investors' great understanding of gold investment and the risks they will incur, so they are not influenced by excessive risk perception.
- **The Influence of Herding on Investment Decisions.** H3 is rejected because it is known from the test results that herding has no influence on investment decisions. This finding is in line with the research of Puspawati & Yohanda (2022) and Bakar & Yi, (2016) which also states that herding doesn't influence investment decisions. The research findings indicate that investors tend to avoid following the investment decision behavior of other investors and base their analysis on their own expertise, understanding, and information. The research findings refute behavioral finance theory, which states that psychological variables can influence illogical investor decision making (Bodie et al, 2016). The tendency of investors to follow decisions made by other investors when making their own investment decisions is known as herding. Investment decisions are not influenced by herding due to the absence of psychological factors. This is because investors adjust their fund allocation and financial goals, so that investors do not follow other investors'

decisions and are able to make their own investment decisions.

- **The Influence of Loss Aversion on Investment Decisions.** H4 is rejected because it is known from the test results that loss aversion has no influence on investment decisions. The results of this study are supported by the research of Khairunizam & Isbanah (2019) and Handoyo et al, (2019), which also states that loss aversion does not affect investment decisions. because investors do not overestimate the risks obtained when making investment decisions, respondents still dare to invest with a larger amount of funds. Loss aversion is an investor behavior that tends to be afraid of experiencing losses. The reason why loss aversion has no bearing on investment decisions is because investing in gold savings does not require large capital. Where 41% of respondents have a gold savings balance between 0.05 to 1 gram. So that respondents do not feel afraid if they experience a loss because the nominal investment spent is not too large. The risks and returns to be obtained are also not too high, therefore respondents do not overestimate the investment risk in making investment decisions. This is not in line with prospect theory which states that a person tends to be more hesitant to take the risk of profit than the risk of loss in making investment decisions (Kahneman & Tversky, 1979). In this research, investors tend to choose to be brave to take profits rather than endure losses.
- **The Influence of Anchoring on Investment Decisions.** H5 is rejected because it is known from the test results that anchoring has no influence on investment decisions. This finding is in line with the research of Budiman & Ervina (2020), which also states that anchoring does not affect investment decisions. Anchoring is the behavior of investors in determining investment decisions on the basis of an initial assessment of the previous purchase price. The results of this study indicate, investors are not affected by the initial assessment as an estimate when selling or buying their investment. Before making a purchase, investors will compare the current price with past prices to see the movement of gold prices from year to year as an indication of potential profits. The research findings refute behavioral finance theory, which states that psychological variables can influence illogical investor decision making (Bodie et al, 2016). Investment decisions are not affected by anchoring due to the absence of psychological factors. This is because investors do not make decisions based on initial value estimates to determine the next purchase price, but investors look at historical trends to see potential profits before making investment decisions.
- **The Influence of Income on Investment Decisions.** H6 is rejected because it is known from the test results that income has no influence on investment decisions. This finding is in line with the research of Safitri & D (2021) and Putri & Andayani (2022), which also states that income does not affect investment decisions. Based on the results of this study, the income level and expenditure level of respondents are at a moderate level, so that the respondents have very little opportunity to invest, it is likely that there is no income that can be used as savings or investment. When a person's income is lower, they will be more careful about where their

money will be invested. Investment in gold savings does not require a large nominal, by purchasing 0.01 grams of gold a person can invest in gold easily. In the theory of planned behavior (Ajzen, 1991) income variables are included in subjective norms or social factors. This can be explained that a person's income becomes a benchmark for how a person takes action or behavior in decision making, including how they manage personal finances. An individual's desire to invest will increase along with their income level (Yundari T & Artati D, 2021).

6. Conclusion, Implication, and Recommendation

6.1 Conclusion

Based on the discussion and description of the research results, several conclusions can be presented, namely:

1. The exogenous variable of financial literacy influences investment decisions. This explains why there may be a positive correlation between an individual's level of financial literacy and the quality of their investing decisions.
2. The exogenous variable of risk perception does not affect investment decisions. This explains that risk perception is not the main consideration for investors in making investment decisions, because investors already have a good understanding of gold investment and its risks.
3. The exogenous variable herding does not affect investment decisions. This means that the investment decisions they make are not affected by herding bias. Investors tend to avoid following other investors' decisions.
4. The exogenous variable loss aversion does not affect investment decisions. This means that loss aversion bias cannot influence investment decisions, investors tend to dare to take profits rather than bear losses.
5. The exogenous variable anchoring does not affect investment decisions. This clarifies that anchoring bias has no effect on investment decisions. When buying or selling investments, investors tend not to be affected by the initial valuation received in determining future value.
6. The exogenous variable of income does not influence investment decisions. This result indicates that the lower the individual's income, the more cautious the individual will be in making investment decisions.

6.2 Implication

According to the findings of this study, the practical implications that can be applied by PT. Pegadaian in increasing the investment decisions of gold savings customers are by providing training and education to the public regarding financial literacy which includes the benefits of investing, how to assess the potential benefits and risks to increase customer understanding of gold investment. Conduct socialization and mentoring for new customers to ensure they understand gold investment products and assist new customers in planning and managing investments based on their level of financial literacy. So that with these efforts PT. Pegadaian can help improve the financial literacy of their customers and encourage them to make

more rational investment decisions, and increase customer confidence in PT. Pegadaian.

6.3 Recommendation

There are several limitations and suggestions that researchers can provide, namely as follows:

1. Data collection in this study only used questionnaires. therefore, future researchers are expected to add data collection methods such as interviews, observations, and other methods to strengthen the research results.
2. The adjusted R Square results of only 0.126 indicate that the exogenous variables in this study are able to explain the endogenous variables by 12.6%, while the remaining 87.4% is explained by other variables besides the exogenous variables outside this study. therefore, it is hoped that further research can add other independent variables or mediating variables. Variables that can be used such as overconfidence, representativeness, availability bias, regret aversion, optimism and others.

7. References

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