

Research Article

The Effect of Financial Literacy, Mental Accounting, and Risk Aversion on Students' Investment Decisions

I Gusti Ayu Dianita Martha Kamalini ^{1*}, I Ketut Suryanawa ²

1 Fakultas Ekonomi dan Bisnis, Universitas Udayana, Indonesia;
email: martha.kamalini257@student.unud.ac.id

2 Fakultas Ekonomi dan Bisnis, Universitas Udayana, Indonesia;
email: iketutsuryanawa@unud.ac.id

* Corresponding Author : I Gusti Ayu Dianita Martha Kamalini

Abstract: Investment refers to the decision to allocate a certain amount of funds in the present with the expectation of obtaining returns in the future. Investment decisions are influenced by an individual's knowledge, behavior, and emotions. Investors consider not only the prospects of investment instruments but also the psychological factors that shape their decisions. This study aims to empirically examine the effect of financial literacy, mental accounting, and risk aversion on students' investment decisions. The research was conducted at the Faculty of Economics and Business, Udayana University, with a sample of 139 students selected using a census method. Data were collected using questionnaires and analyzed through multiple linear regression. The findings indicate that financial literacy and mental accounting have a positive influence on students' investment decisions, while risk aversion has no significant effect. These results highlight the importance of financial knowledge and psychological awareness in making sound investment decisions. This study serves as a reference for students to better manage their finances and make more rational and well-planned investment choices.

Keywords: Financial Literacy, Investment Decision, Mental Accounting, Risk Aversion

1. INTRODUCTION

The advancement of technology has significantly enhanced individuals' financial awareness, enabling various methods for managing finances tailored to personal needs such as daily expenses, shopping, and investment (Pradnyani & Sujana, 2023). Investment is defined as a decision to allocate a portion of current income or funds in the present with the expectation of gaining future returns (Willyanto et al., 2021). There are various types of investment instruments, ranging from real assets such as land, buildings, and gold, to financial instruments like stocks, bonds, and mutual funds (Atmaja & Widoatmodjo, 2021). Stock investment involves acquiring ownership rights in a company, in which investors receive dividends when the company earns profits and bear the risks when the company underperforms (Firdhausa & Apriani, 2021).

The presence of the Indonesia Stock Exchange (IDX) and the rise of investment platforms have made it increasingly accessible for the public to invest in capital markets. People from all walks of life, including students, can now become investors (Latief & Niu, 2020). Previously, investing was often associated with working individuals who had excess funds. Today, investment is no longer exclusive to the employed; university students with

Received: May, 16 2025

Revised: May, 31 2025

Accepted: June, 29 2025

Online Available: July, 01 2025

Curr. Ver.: July, 01 2025



Copyright: © 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>)

strong interest in stock investment are increasingly participating (Tristiyono et al., 2023). This trend is further supported by initiatives such as the "Ayo Nabung Saham" campaign launched by the IDX, which allows students to start investing in the stock market with a minimum of IDR 100,000. This initiative has significantly contributed to the growth of individual investors, as reflected in the increase of Single Investor Identification (SID) numbers from 12,168,061 in 2023 to 14,871,639 in 2024. Data from the Indonesian Central Securities Depository (KSEI) indicates that 54.83% of investors are under the age of 30, with the majority being university students. In 2024, 22.67% of investors were students, with total assets reaching IDR 18.12 trillion.

The increase in young investors can be attributed to the collaborative efforts of the IDX in promoting capital market literacy (Fikriyah & Suhartini, 2023). The IDX has held over 17,083 educational events and collaborated with various universities across Indonesia to improve student literacy through initiatives like the Investment Gallery (Afriani & Nadia, 2019). These galleries serve as educational hubs for capital market learning. In Bali, there are 19 such galleries, one of which is located at the Faculty of Economics and Business, Udayana University. This gallery is managed by the Semi-Autonomous Body of the Capital Market Study Group (BSO KSPM FEB UNUD). The latest data as of April 2025 shows a decline in the number of students opening securities accounts, indicating a contradictory trend compared to the national pattern. As the faculty hosting the Investment Gallery, the Faculty of Economics and Business is expected to be a leading institution for capital market education. This downward trend raises questions about the factors influencing students' investment decisions.

Investment decisions are generally shaped by an individual's knowledge, behavior, and emotions (Rahayu Pradnyani & Sujana, 2023). Making investment decisions requires precision, as these decisions directly impact investment outcomes (Hardianto & Lubis, 2022). In addition to evaluating investment prospects, investors are also influenced by psychological factors (Gusti et al., 2024). Investment decisions can be rational or irrational. Individuals with strong financial and investment literacy tend to make more rational choices (Yasa et al., 2020). An investment decision occurs when one chooses to set aside part of their funds in anticipation of future returns (Senda et al., 2020). Key aspects to consider when making investment decisions include expected returns, risk aversion, and market conditions (Chaudhary, 2025). Behavioral finance explains how investors respond to these considerations (Rawat, 2024). Not all investors behave rationally; many exhibit biased decision-making patterns (Seraj et al., 2022). Several factors may influence investment decisions, including financial literacy (Ayaa et al., 2022).

Financial literacy is critical in helping individuals make sound investment decisions. It enables investors to understand financial concepts and the risks involved, helping them avoid financial missteps. Financial literacy refers to the ability to manage income effectively to ensure long-term financial well-being (Rahayu Pradnyani & Sujana, 2023). Individuals with higher financial literacy tend to use their funds more wisely. A deep understanding of the capital market helps investors make informed investment decisions (Armansyah, 2021). This is supported by findings from Yasa et al. (2020), Ferennita et al. (2022), and Rahayu Pradnyani & Sujana (2023), who found that financial literacy influences investment decisions. However,

Putri & Isbanah (2020) reported otherwise, suggesting that financial literacy does not significantly affect investment choices.

In addition to financial knowledge, psychological factors also play a role in investment decisions. Investor behavior and psychology influence the investment decision-making process (Setya Nusa, 2021). One such psychological factor is mental accounting—a set of cognitive processes through which individuals organize and evaluate financial activities using mental accounts. Investors often treat money differently depending on its source, intended use, or the context in which it is spent (Nurul & Hamidah, 2021). Mental accounting shapes how individuals assess the costs and benefits of their investment options. It requires critical thinking in managing funds and choosing investments, which in turn influences investment decisions (Armansyah, 2021). This notion is supported by Tristiyono et al. (2023), Anggini et al. (2020), Santi et al. (2019), and Setya Nusa (2021), who found that mental accounting has a positive impact on investment decisions. Conversely, Mahadevi & Asandimitra (2021) concluded that mental accounting does not significantly influence investment decisions.

While rational investors rely on financial reports and key market indicators, others may adopt irrational behavior, such as following the crowd, believing this reduces investment risk—even though it often leads to stock price volatility and mispricing (Adil et al., 2022). Risk tolerance varies among investors; some are risk-averse, while others are more risk-tolerant (Santoso & Liu, 2023). Those with higher risk tolerance are more inclined to choose riskier instruments such as stocks. Risk aversion refers to the preference to avoid uncertainty (Fauzi, 2021), which can negatively impact trading activity and portfolio size. Studies by Rosdiana (2020) and Yuwono & Altiyane (2023) show that risk aversion positively affects investment decisions, as risk-averse individuals will only invest when the expected return outweighs the associated risk. However, research by Santoso & Liu (2023) and Putri & Isbanah (2020) found no significant relationship between risk aversion and investment decisions.

Previous research on investment decision-making in the capital market by Rahayu Pradnyani & Sujana (2023) focused solely on members of the Capital Market Study Group (KSPM) at the Faculty of Economics and Business, Udayana University. This study expands on that research by targeting a broader population—students across the entire faculty who own securities accounts—making the sample more specific and representative of students actively engaged in investment. Additionally, this research adopts the decision-making theory from a behavioral finance perspective to offer a more comprehensive and contextual explanation of students' investment behavior.

The study also incorporates psychological variables such as mental accounting and risk aversion, which are rarely explored in Bali, particularly among student populations. The motivation behind this research is to understand how behavioral finance factors influence young investors' decision-making, and to contribute to the enhancement of financial literacy and awareness among students. Given the rising interest in the capital market among university students, this study is expected to serve as a foundation for developing more targeted and relevant financial education programs tailored to beginner investors from academic institutions.

Based on the background described above, this study is titled: “The Effect of Financial Literacy, Mental Accounting, and Risk Aversion on Students' Investment Decisions.”

2. METHOD

This study employs a quantitative approach with an associative research design to examine the influence of financial literacy, mental accounting, and risk aversion on students' investment decisions. The research was conducted at the Faculty of Economics and Business, Udayana University, with a population comprising active undergraduate students from the 2021–2024 cohorts who own securities accounts. A saturated sampling technique was applied, involving the entire population, resulting in a total of 139 respondents. Data were collected using a closed-ended questionnaire with a 4-point Likert scale to avoid neutral responses. The data analysis was performed using multiple linear regression through the SPSS software, and also included validity and reliability testing, as well as classical assumption tests such as normality, multicollinearity, and heteroscedasticity (Sugiyono, 2019; Ghozali, 2018).

The variables used in this study include the dependent variable—investment decision, and three independent variables: financial literacy, mental accounting, and risk aversion. Financial literacy was measured using indicators from the Financial Services Authority (OJK, 2017), including general financial knowledge, savings, insurance, and investment. Mental accounting reflects how individuals manage finances through mentally separate accounts, measured using instruments adapted from Santi et al. (2019). Risk aversion, indicating an individual's tendency to avoid risk in investment, was measured using indicators developed by Fauzi (2021). The investment decision variable was measured based on indicators from Tandelilin (2010), which include return, risk, and time factors. All measurement instruments were tested for validity and reliability before use (OJK, 2017; Anggini et al., 2020; Aristiwati & Hidayatullah, 2021).

Data analysis included descriptive statistics to describe the characteristics of the respondents and the research variables, as well as multiple linear regression analysis to test both the simultaneous and partial influence of the independent variables on the dependent variable. An F-test was employed to evaluate the overall model fit, while a t-test was used to assess the significance of each independent variable. The coefficient of determination (R^2) was applied to determine the extent to which the independent variables explained the variation in investment decision-making. The results of this analysis served as the basis for drawing conclusions and formulating policy recommendations aimed at enhancing student financial literacy and investment behavior (Hartono, 2016; Farandy, 2018; Ghozali, 2018).

3. RESULT AND DISCUSSION

Descriptive Statistical Analysis Results

Table 1. Results of Descriptive Statistical Analysis

Variables	N	Minimum	Maximum	Mean	Std Deviation
Financial Literacy(X1)	139	19	32	26.27	3,523
Mental Accounting(X2)	139	13	24	19.59	2,713
Risk Aversion(X3)	139	11	24	19.12	2,954
Investment Decision (Y)	139	14	24	20.29	2,684
Valid(N) listwise	139				

Source: Processed primary data, 2025

Based on Table 1 explains the results of descriptive statistical tests, the number of questionnaires processed is 139 questionnaires. For each variable can be described as follows.

1) Financial Literacy(X1)

Table 1 shows that the financial literacy variable (X1) has a minimum value of 19 and a maximum of 32. The financial literacy variable is measured by 8 statement items with a 4-point Likert scale with an average value of 26.27. The average value when divided by 8 statement items is 3.28. The average value of the financial literacy variable (X1) is 3.28, which is in the interval of 3.26-4.00 which is included in the very high or very good criteria. This shows that financial literacy (X1) in students of the Faculty of Economics and Business, Udayana University is classified as very high. The standard deviation value of the financial literacy variable (X1) is 3.523, which is lower than the average value, which means that the distribution of data related to financial literacy (X1) is even.

2) Mental Accounting(X2)

Table 1 shows that the mental accounting variable (X2) has a minimum value of 13 and a maximum of 24. The mental accounting variable (X2) is measured by 6 statement items with a 4-point Likert scale with an average value of 19.59. The average value when divided by 6 statement items is 3.26. The average value of the mental accounting variable (X2) is 3.26, which is in the interval of 3.26-4.00 which is included in the very high or very good criteria. This shows that mental accounting (X2) in students of the Faculty of Economics and Business, Udayana University is classified as very high. The standard deviation value of the mental accounting variable (X2) is 2.713, which is lower than the average value, which means that the distribution of data related to mental accounting (X2) is even.

3) Risk Aversion(X3)

Table 1 shows that the risk aversion variable (X3) has a minimum value of 11 and a maximum of 24. The risk aversion variable (X3) is measured by 6 statement items with a 4-point Likert scale with an average value of 19.12. The average value when divided by 6 statement items is 3.18. The average value of the risk aversion variable (X3) is 3.18, which is in the interval of 2.51-3.25 which is included in the high or good criteria. This shows that risk aversion (X3) in students of the Faculty of Economics and Business, Udayana University is relatively high. The standard deviation value of the risk aversion variable (X3) is 2.954, which is lower than the average value, which means that the distribution of data related to risk aversion (X3) is even.

4) Investment Decision (Y)

Table 1 shows that the investment decision variable (Y) has a minimum value of 14 and a maximum of 24. The investment decision variable (Y) is measured by 6 statement items with a 4-point Likert scale with an average value of 20.29. The average value when divided by 6 statement items is 3.38. The average value of the investment decision variable (Y) is 3.53, which is in the interval of 3.26-4.00 which is included in the very high or very good criteria. This shows that the investment decision (Y) of students of the Faculty of Economics and Business, Udayana University is classified as high. The standard deviation value of the investment decision variable (Y) is 2.684,

which is lower than the average value, which means that the distribution of data related to investment decisions (Y) is even.

Normality Test

Table 2. Normality Test Results

	Unstandardized Residual
N	139
Test Statistics	0.061
Asymp. Sig. (2-tailed)	0.200

Source: Processed primary data, 2025

Based on Table 2, the results of the normality test with the Kolmogorov-Smirnov statistical test show that the Asymp. Sig. (2-tailed) value is $0.200 > 0.05$, so it can be concluded that the residual value of the regression model in this study is normally distributed.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Variables	Collinearity Statistics	
	Tolerance	VIF
Financial Literacy(X1)	0.419	2,385
Mental Accounting(X2)	0.420	2,382
Risk Aversion(X3)	0.566	1,765

Source: Processed primary data, 2025

Based on Table 3, the results of the multicollinearity test show that the financial literacy variable has a tolerance value of $0.419 > 0.10$ and VIF $2.385 < 10$; the mental accounting variable has a tolerance value of $0.420 > 0.10$ and VIF $2.382 < 10$; the risk aversion variable has a tolerance value of $0.566 > 0.10$ and VIF $1.765 < 10$. Each independent variable has a tolerance value of more than 0.10 and a VIF value of less than 10, so it can be concluded that the regression model in this study is free from multicollinearity symptoms.

Heteroscedasticity Test

Table 4. Results of Heteroscedasticity Test

Variables	Sig.
Financial Literacy(X1)	0.073
Mental Accounting(X2)	0.277
Risk Aversion(X3)	0.122

Source: Processed primary data, 2025

Based on Table 4, the results of the heteroscedasticity test show that the value of the financial literacy variable (X1) has a Sig. value of 0.073, the mental accounting variable (X2) has a Sig. value of 0.277, the risk aversion variable (X3) has a Sig. value of 0.122. Where the Sig. value on all independent variables of this study is more than 0.05, it can be concluded that the regression model in this study is free from heteroscedasticity symptoms.

Multiple Linear Regression Analysis

Table 5. Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7,635	1,520		5,022	<0.001
Financial Literacy(X1)	0.168	0.082	0.220	2,046	0.043
Mental Accounting(X2)	0.311	0.106	0.314	2,922	0.004
Risk Aversion(X3)	0.113	0.084	0.124	1,345	0.181

Source: Processed primary data, 2025

Based on Table 5, it can be seen that the unstandardized coefficients values from the results of the multiple linear regression test can form a regression equation in this study as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \dots \dots \dots (2)$$

$$Y = 7,635 + 0,168X_1 + 0,311X_2 + 0,113X_3 + \epsilon \dots \dots \dots (3)$$

Information:

Y = Investment Decision

α = Constant,

$\beta_1, \beta_2, \beta_3$ = Regression coefficients

X1 = Financial Literacy

X2 = Mental Accounting

X3 = Risk Aversion

ϵ = Standard error

Based on this equation, it can be explained as follows:

- 1) The constant value (α) has a positive value of 7.635. A positive value means that it shows a unidirectional influence between the independent variable and the dependent variable. This explains that if all independent variables, namely financial literacy (X1), mental accounting (X2), and risk aversion (X3) have constant values or do not change, then the investment decision value (Y) is 7.645. This shows that when the three independent variables are in a neutral position (for example, there is no change or a zero value in the model), then the investment decision value remains at 7.635 points. This means that there are other factors outside the model that naturally encourage students to continue to have a tendency to make investment decisions, even though they are not influenced by financial literacy, mental accounting, or risk aversion.
- 2) The regression coefficient value for the financial literacy variable (X1) has a positive value of 0.168. This shows that if financial literacy increases by 1, then investment decisions will increase by 0.168 assuming other independent variables are considered constant.
- 3) The regression coefficient value for the mental accounting variable (X2) has a positive value of 0.311. This shows that if mental accounting increases by 1, then investment decisions will increase by 0.311 assuming other independent variables are considered constant.
- 4) The regression coefficient value for the risk aversion variable (X3) has a positive value of 0.113. This shows that if risk aversion increases by 1, then the investment decision will increase by 0.113 assuming that other independent variables are considered constant.

Hypothesis Testing

Coefficient of Determination Test (R2)

Table 6. Results of the Determination Coefficient Test (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.588a	0.345	0.331	2,196

Source: Processed primary data, 2025

Based on the calculation in Table 6, it can be seen that the coefficient of determination (R2) (Adjusted R Square) is 0.331. This means that the ability of the independent variables in

this study, namely financial literacy (X1), mental accounting (X2), and risk aversion (X3) is 33.1%, while the remaining 66.9% (1-0.331) is explained by other variables not examined in this study.

Model Feasibility Test (F Test)

Table 7. Results of Model Feasibility Test (F Test)

Model	Sum of Square	df	Mean Square	F	Sig.
1 Regression	343,434	3	114,478	23,738	<0.001b
Residual	651,055	135	4,823		
Total	994,489	138			

Source: Processed primary data, 2025

Based on Table 7, the results of the model feasibility test (F Test) show a calculated F value of 343.434 with a significance of 0.001. This means that the significance of the F test ≤ 0.05 , it can be concluded that all independent variables have a simultaneous influence on the dependent variable, so the regression model is suitable for use.

Hypothesis Test (t-Test)

Table 8. Hypothesis Test Results (t-Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7,635	1,520		5,022	<0.001
Financial Literacy(X1)	0.168	0.082	0.220	2,046	0.043
Mental Accounting(X2)	0.311	0.106	0.314	2,922	0.004
Risk Aversion(X3)	0.113	0.084	0.124	1,345	0.181

Source: Processed primary data, 2025

Based on Table 8, the results of the hypothesis test can be explained as follows:

1) The Influence of Financial Literacy on Investment Decisions

Based on the results of the study, it is known that the significance value of $t = 0.043$ with a beta value of 0.230 where this value is smaller than the significance level of 0.05. So it can be concluded that H1 is accepted, this shows that Financial Literacy partially has a positive effect on student investment decisions.

2) The Influence of Mental Accounting on Investment Decisions

Based on the results of the study, it is known that the significance value of $t = 0.004$ with a beta value of 0.314 where this value is smaller than the significance level of 0.05. So it can be concluded that H2 is accepted, this shows that Mental Accounting partially has a positive effect on student investment decisions.

3) The Influence of Risk Aversion on Investment Decisions

Based on the results of the study, it is known that the significance value of $t = 0.181$ with a beta value of 0.124 where this value is greater than the significance level of 0.05. So it can be concluded that H3 is rejected, this shows that Risk Aversion partially has no effect on student investment decisions.

Based on Table 8, the results of the hypothesis testing can be explained as follows:

1. The Effect of Financial Literacy on Investment Decisions

The research findings show a significance value of $t = 0.043$ with a beta coefficient of 0.230, which is smaller than the significance level of 0.05. Therefore, H1 is accepted, indicating that financial literacy has a partial and positive influence on students' investment decisions.

2. The Effect of Mental Accounting on Investment Decisions

The results indicate a significance value of $t = 0.004$ with a beta coefficient of 0.314, which is smaller than the 0.05 threshold. Thus, H2 is accepted, suggesting that mental accounting partially and positively influences students' investment decisions.

3. The Effect of Risk Aversion on Investment Decisions

The findings show a significance value of $t = 0.181$ with a beta coefficient of 0.124, which exceeds the 0.05 threshold. Hence, H3 is rejected, indicating that risk aversion does not have a significant partial effect on students' investment decisions.

Discussion

The Effect of Financial Literacy on Students' Investment Decisions

The first hypothesis (H1) proposed in this study posits that financial literacy positively influences students' investment decisions. The research results confirm this, with a coefficient value of 0.230 and a significance level of 0.043, which is less than 0.05. Therefore, H1 is supported.

This implies that the higher the level of financial literacy, the better the investment decisions made by students. Students with strong financial literacy tend to have a more comprehensive understanding of investment opportunities and associated risks, allowing them to make more informed and strategic financial decisions.

These findings support **Behavioral Finance Theory**, which argues that financial literacy helps individuals form more objective analyses, thereby reducing the influence of emotional bias or irrational behavior in decision-making. Financially literate students are more likely to plan effectively, understand the importance of investment for future financial well-being, and make rational choices aligned with their financial goals and risk profiles.

This result is consistent with previous studies by **Hardianto & Lubis (2022)**, **Rahayu Pradnyani & Sujana (2023)**, **Ferennita et al. (2022)**, **Dewi et al. (2021)**, and **Rahmawati et al. (2023)**, all of which found that higher financial literacy leads to better investment decisions. Financially knowledgeable individuals tend to adopt a more analytical approach, understand the risks and benefits of various instruments, and are less susceptible to psychological biases in decision-making.

The Effect of Mental Accounting on Students' Investment Decisions

The second hypothesis (H2) states that mental accounting positively influences students' investment decisions. The analysis yielded a coefficient of 0.314 with a significance value of 0.004, indicating a strong and significant positive relationship. Thus, H2 is accepted.

This means that students with higher levels of mental accounting are better at managing and allocating their finances, particularly for investment purposes. They tend to systematically separate consumption and investment funds, set financial priorities, and adhere to budgetary discipline.

These findings align with **Behavioral Finance Theory**, which explains that mental accounting refers to individuals' tendency to categorize money into separate mental accounts based on its source or purpose. In investment contexts, this behavior helps reduce impulsive spending, enhances budgeting discipline, and encourages rational financial decisions. Students with high mental accounting are more likely to approach investments cautiously and strategically, aligning their financial plans with long-term goals.

The results are supported by the work of **Armansyah (2021)**, **Tristiyono et al. (2023)**, **Anggini et al. (2020)**, **Santi et al. (2019)**, and **Setya Nusa (2021)**, which all confirm the positive influence of mental accounting on investment decisions. Students who utilize mental accounting are more organized in setting financial objectives and more consistent in achieving them through appropriate investment strategies.

The Effect of Risk Aversion on Students' Investment Decisions

The third hypothesis (H3) proposes that risk aversion influences students' investment decisions. However, the findings reveal a coefficient of 0.124 and a significance level of 0.181, which exceeds the threshold of 0.05. Hence, H3 is rejected, suggesting that risk aversion does not significantly influence investment decisions among students.

This finding does **not support Prospect Theory**, which asserts that risk attitudes significantly impact investment behavior. According to the theory, individuals are typically more risk-seeking in loss scenarios and risk-averse when gains are involved. However, in this study, both high and low risk-averse students exhibited similar investment behaviors, indicating that other factors might play a more substantial role.

One possible explanation is that students in the Faculty of Economics and Business at Udayana University have greater exposure to investment education through seminars, workshops, and training. This exposure may reduce their perceived risk or increase their confidence in managing investment risks due to their acquired knowledge. Additionally, social influences, curiosity, or market trends may be more motivating factors than personal risk preferences.

These results are consistent with studies by **Santoso & Liu (2023)** and **Putri & Isbanah (2020)**, which also found no significant effect of risk aversion on investment decisions. Among novice investors or younger individuals such as students, risk aversion may not be a determining factor—particularly when investment knowledge and financial education are sufficient. This supports the argument that financial education can mitigate sensitivity to risk by enhancing students' preparedness and confidence in navigating market uncertainties.

4. CONCLUSION

- a. **Financial literacy has a positive influence on the investment decisions** of students in the Faculty of Economics and Business at Udayana University. This indicates that the higher the level of financial literacy, the better the investment decision-making. Students demonstrate an adequate understanding of financial institutions, products, and services relevant to investment decisions.
- b. **Mental accounting has a positive influence on investment decisions** of students in the Faculty of Economics and Business at Udayana University. This suggests that students with higher levels of mental accounting are more likely to make well-considered investment decisions. They are able to categorize their finances and allocate funds specifically for investment purposes.
- c. **Risk aversion has no significant influence on investment decisions** of students in the Faculty of Economics and Business at Udayana University. This means that the level of risk aversion does not determine how students make investment decisions.

Students with high or low levels of risk aversion tend to exhibit similar investment behavior, potentially due to the influence of other external factors beyond risk attitudes.

References

- [1] Adil, M., Singh, Y., & Ansari, Mohd. S. (2022). How Financial Literacy Moderate The Association Between Behaviour Biases And Investment Decision? *Asian Journal of Accounting Research*, 7(1), 17–30. <https://doi.org/10.1108/AJAR-09-2020-0086>
- [2] Anggini, N. D., Wardoyo, C., Wafaretta, V., Akuntansi, J., & Ekonomi, F. (2020). Pengaruh Self-Attribution Bias, Mental Accounting, dan Familiarity Bias terhadap Pengambilan Keputusan Investasi Mahasiswa Akuntansi. *Jurnal Riset Bisnis Dan Investasi*, 6(3).
- [3] Arie Wibowo, M., Khusniyah Indrawati, N., & Aisjah, S. (2023). The impact of overconfidence and herding bias on stock investment decisions mediated by risk perception. *International Journal of Research in Business and Social Science* (2147-4478), 12(5), 174–184. <https://doi.org/10.20525/ijrbs.v12i5.2663>
- [4] Armansyah, R. F. (2021). Over Confidence, Mental Accounting, and Loss Aversion In Investment Decision. *Journal of Auditing, Finance, and Forensic Accounting*, 9(1), 44–53. <https://doi.org/10.21107/jaffa.v9i1.10523>
- [5] Atmaja, D. W. , & Widoatmodjo, S. (2021). Pengaruh Motivasi, Persepsi Risiko Dan Pengetahuan Investasi Terhadap Minat Berinvestasi Di Masa Pandemi COVID-19. *Jurnal Manajerial Dan Kewirausahaan*.
- [6] Ayaa, M. M., Peprah, W. K., Mensah, M. O., Owusu-Sekyere, A. B., & Daniel, B. (2022). Influence of Heuristic Techniques and Biases in Investment Decision-Making: A Conceptual Analysis and Directions for Future Research. *International Journal of Academic Research in Business and Social Sciences*, 12(5). <https://doi.org/10.6007/ijarbss/v12-i5/13339>
- [7] Azisah Alisyahbana, A. N. Q., Reski, M., & Amrullah, A. (2024). Investment Choices in the Young Generation: A Behavioral Economics Approach Using Prospect Theory. *Fundamental and Applied Management Journal*.
- [8] Chaudhary, M. K. (2025). Impact of Risk Perception, Overconfidence Bias and Loss Aversion on Investment Decision-Making. *American Journal of Financial Technology and Innovation*, 3(1), 14–22. <https://doi.org/10.54536/ajfti.v3i1.4061>
- [9] Dewi, M., Hamidah, H., & Buchdadi, A. D. (2021). The Influence of Financial Literacy, Experienced Regret, Framing Effect and Mental Accounting on Millennial Generation Investment Decisions in DKI Jakarta with Risk Tolerance as Intervening Variables. *International Journal on Advanced Science, Education, and Religion*, 4(3), 147–163. <https://doi.org/10.33648/ijoaser.v4i3.155>
- [10] Faiqotul Azizah, N., & Ernitawati, Y. (2023). Pengaruh Literasi Keuangan, Pendapatan dan Intensi Investasi terhadap Pengambilan Keputusan Investasi Reksadana pada Generasi Muda Kabupaten Brebes The Effect of Financial Literacy, Income and Investment Intention on Mutual Fund Investment Decision Making In Youth Generation In Brebes District. In *JACFIR: Journal of Accounting and Financial Research* (Vol. 1, Issue 4).
- [11] Fauzi, D. A. (2021). Faktor Penentu Pengambilan Keputusan Investasi Saham (Studi Kasus pada Mahasiswa di Yogyakarta).
- [12] Ferennita, C., Hasan, & Astuti, E. B. (2022). Pengaruh Literasi Keuangan, Advocate Recommendation Dan Overconfidence Terhadap Pengambilan Keputusan Investasi Saham Oleh Investor Muda Di Kota Semarang. *Journal of Accounting and Finance (JAFIN)*, 1, 50–66.
- [13] Fikriyah, T. M., & Suhartini, D. (2023). Analysis of Factors that Influence Investment Decisions with Financial Literacy as a Moderating Variable. *Indonesian Journal of Business Analytics*, 3(4), 1363–1376. <https://doi.org/10.55927/ijba.v3i4.5200>
- [14] Firdhausa, F. , & Apriani, R. (2021). Pengaruh Platform Media Sosial Terhadap Minat Generasi Milenial Dalam Berinvestasi Di Pasar Modal.
- [15] Fridana, I. O., & Asandimitra, N. (2020). Analisis Faktor Yang Memengaruhi Keputusan Investasi (Studi Pada Mahasiswi Di Surabaya). *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, 4(2), 396. <https://doi.org/10.24912/jmieb.v4i2.8729>
- [16] Ghozali, I. (2018). Aplikasi Analisis Multivariate Dengan Program IBM SPSS 25 (9th ed.). Badan Penerbit-Undip.

- [17] Gusti, N., Wirawati, P., Ayu, G., Asri, M., & Putri, D. (2024). Pengaruh Tingkat Financial Literacy, Financial Behavior, dan Kecerdasan Intelektual Terhadap Keputusan Investasidimasa Pandemi Covid-19. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana*, 13(12), 2549–2558. <https://ojs.unud.ac.id/index.php/EEB/>
- [18] Hardianto, H., & Lubis, S. H. (2022). Analisis Literasi Keuangan, Overconfidence dan Toleransi Risiko Terhadap Keputusan Investasi Saham. *E-Jurnal Akuntansi*, 32(3), 684. <https://doi.org/10.24843/EJA.2022.v32.i03.p10>
- [19] Ingalagi, S. V. (2024). Implications Of Loss Aversion And Investment Decisions. *Journal of Scientific Research and Technology (JSRT)*, 2, 34–0. www.jsrtjournal.com
- [20] Kai-Ineman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica*, 47(2), 363–391.
- [21] Kumar, P., Islam, Md. A., Pillai, R., & Tabash, M. I. (2024). Risk Perception-Perceived Investor Performance Nexus: Evaluating the Mediating Effects of Heuristics and Prospects With Gender as a Moderator. *Sage Open*, 14(2). <https://doi.org/10.1177/21582440241256444>
- [22] Latief, N. F., & Niu, F. A. L. (2020). Accounting Information and Psychological Factors in Capital Market : Do these Affect the Investors' Decisions to Invest? *Jurnal Reviu Akuntansi Dan Keuangan*, 10(2), 335. <https://doi.org/10.22219/jrak.v10i2.12931>
- [23] Loppies, L. S., Maria J.F Esomar1, M. J. F., & Janah, I. N. (2022). Herding Behavior, Overconfidence, Regret Aversion Bias On Investment Decisions. *International Journal of Economics, Social Science, Entrepreneurship and Technology (IJESET)*, 1(5), 345–352. <https://doi.org/10.55983/ijeset.v1i5.357>
- [24] Mahadevi, S. A., & Asandimitra, N. (2021). Pengaruh Status Quo, Herding Behaviour, Representativeness Bias, Mental Accounting, Serta Regret Aversion Bias Terhadap Keputusan Investasi Investor Milenial Di Kota Surabaya. In *Jurnal Ilmu Manajemen* (Vol. 9, Issue 2).
- [25] Nurul, M., & Hamidah, H. (2021). Makna Investasi Berdasarkan Mental Accounting Dan Gender. *Jurnal Akuntansi Multiparadigma*, 12(2). <https://doi.org/10.21776/ub.jamal.2021.12.2.17>
- [26] Oktasari, D. P., Nurjaya, N., & Karyatun, S. (2023). Financial Literacy, Risk Perception, and Herding Effects on Investment Decisions. <https://doi.org/10.51244/IJRSI>
- [27] Pompian, M. M. (2012). Behavioral finance and wealth management: how to build investment strategies that account for investor biases (Vol. 667). John Wiley & Sons.
- [28] Putri, R. A., & Isbanah, Y. (2020). Faktor-Faktor Yang Memengaruhi Keputusan Investasi Pada Investor Saham Di Surabaya . *Jurnal Ilmu Manajemen*, 197–209.
- [29] Rahayu Pradnyani, L. G. R., & Sujana, I. K. (2023). Literasi Keuangan, Perilaku Keuangan, Overconfidence dan Keputusan Investasi. *E-Jurnal Akuntansi*, 33(5), 1391. <https://doi.org/10.24843/eja.2023.v33.i05.p18>
- [30] Rahmawati, D., Wardani, L., & Kusmayadi, I. (2023). Analisis Pengaruh Literasi Keuangan Dan Risk Tolerance Terhadap Keputusan Investasi (Studi Kasus Pada Kelompok Studi Pasar Modal (Kspm) Universitas Mataram). *JMM UNRAM - MASTER OF MANAGEMENT JOURNAL*, 12(2), 141–148. <https://doi.org/10.29303/jmm.v12i2.773>
- [31] Rawat, B. R. (2024). Influence of Overconfidence and Loss Aversion Biases on Investment Decision: The Mediating Effect of Risk Tolerance. *Far Western Review*, 2, 57–73.
- [32] Rosdiana, R. (2020). Investment Behavior In Generation Z And Millennial Generation . *Dinasti International Journal of Economics, Finance & Accounting (DIJEFA)*.
- [33] Santi, F., Sahara, N. V., & Kamaludin. (2019). The Effect Of Mental Accounting On Student's Investment Decisions: A Study At Investment Gallery (GI) Feb University Of Bengkulu And Syariah Investment Gallery (GIS) Feb Iain Bengkulu. *Journal of Business Economics*, 24(2), 152–167. <https://doi.org/10.35760/eb.2019.v24i2.1907>
- [34] Santoso, I., & Liu, H. (2023). Pengaruh Perilaku Herding, Risk Aversion terhadap Keputusan Investasi dengan Financial Attitude Sebagai Variabel Moderating. *Jurnal Ilmiah Universitas Batanghari Jambi*, 23(1), 137. <https://doi.org/10.33087/jiubj.v23i1.3025>

- [35] Senda, D. A., Rahayu, C. W. E., & Tri Rahmawati, C. H. (2020). The Effect of Financial Literacy Level and Demographic Factors on Investment Decision. *Media Ekonomi Dan Manajemen*, 35(1), 100. <https://doi.org/10.24856/mem.v35i1.1246>
- [36] Seraj, A. H. A., Alzain, E., & Alshebami, A. S. (2022). The roles of financial literacy and overconfidence in investment decisions in Saudi Arabia. *Frontiers in Psychology*, 13. <https://doi.org/10.3389/fpsyg.2022.1005075>
- [37] Setya Nusa, I. B. (2021). The Behavioural Theory Relevance of Mental Accounting for the Investment Decisions.
- [38] Shefrin, H. M., & Thaler, R. H. (1988). The Behavioral Life-Cycle Hypothesis. *Economic Inquiry*, 26(4), 609–643. <https://doi.org/10.1111/j.1465-7295.1988.tb01520.x>
- [39] Srinivasan, K., & Karthikeyan, P. (2023). Investigating self-efficacy and behavioural bias on investment decisions. *E+M Ekonomie a Management*, 26(4), 119–133. <https://doi.org/10.15240/tul/001/2023-4-008>
- [40] Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*.
- [41] Suriadi, A., Wibawa, A. D., & Hendratno, S. P. (2023). The Effect of Financial Literacy, Investment Decision, and Overconfidence on Mental Accounting in The Term of Investing in Cryptocurrency. *E3S Web of Conferences*, 426. <https://doi.org/10.1051/e3sconf/202342601047>
- [42] Syauqiyah Dan, S., & Kurniawati, R. (2023). Pengaruh Literasi Keuangan, Risiko, Dan Pemahaman Investasi Terhadap Keputusan Investasi Mahasiswa. *Prosiding Capital Market Competition*, 226–243.
- [43] Tian, Y. (2024). Behavioral Finance: Loss Aversion, Market Anomalies, and Prospect Theory in Financial Decision-Making. In *Business, Economics and Management GEBM (Vol. 2024)*.
- [44] Tristiyono, D., Husni, T., & Adrianto, F. (2023). The Effect Of Behavioral Bias Moderated By Financial Literacy, Cognitive Ability, And Self-Efficiency On Stock Investment Decisions In Youth Generations . *Enrichment: Journal of Management*.
- [45] Willyanto, J., Wijaya, G. V., & Evelyn. (2021). Pengaruh Bias Terhadap Keputusan Investasi Saham Pada Investor Muda Di Surabaya . *Jurnal Akuntansi Dan Pajak*.
- [46] Yasa, W., Upadana, A., & Trisna Herawati, N. (2020). Pengaruh Literasi Keuangan dan Perilaku Keuangan terhadap Keputusan Investasi Mahasiswa. *Jurnal Ilmiah Akuntansi Dan Humanika*, 10(2).
- [47] Yuwono, W., & Altiyane, N. (2023). Pengaruh Overconfidence, Herding, Availability Bias, Risk Aversion dan Personal Information Terhadap Keputusan Investasi. *Jurnal Manajemen Dan Organisasi Review*.