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Influence of Financial Literacy, Risk Tolerance, Financial Efficacy on Investment Decisions and Financial Management Behavior

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ABSTRACT

The problem in this study lies in the development of financial literacy in the age range of 18-25 years which has continued to decrease by 3 times in a row since the SNLIK (National Survey of Financial Literacy and Inclusion) was conducted. This age range is included in the Z generation category. SNLIK was first conducted in 2013, and the survey is conducted every 3 years by the OJK (Financial Services Authority). From this phenomenon, it can be a reference that there are many Generation Z people who are afraid or fail or have not made an investment decision. This study aims to determine how understandable and effective financial literacy, risk tolerance, financial efficacy are in making investment decisions and financial management behavior. The population of this study is generation Z of Indonesia with birth ranges from 1996 to 2009. The sampling technique was purposive sampling with a total sampling of 200 respondents. The type of data used is primary data and secondary data. The data collection method used is through an online questionnaire (google form). The analysis tech-nique used is SEM with Smart pls 3.0 software. The results show that: financial literacy has an effect on financial management behavior, risk tolerance has no effect on financial management behavior, financial efficacy has had an effect on financial management behavior, financial literacy has had an effect on investment decisions, risk tolerance has limited an effect on investment decisions, financial efficacy has no effect on decisions Investment and financial management behavior influence invest-ment decisions.

Keywords: Financial Literacy, Risk Tolerance, Financial Efficacy, Financial Management Behavior, Investment Decisions.

INTRODUCTION

In this modern era, everyone wants to get a decent life by earning money apart from working. Income from work is generally allocated into several forms such as daily needs, socialization, savings, investment, and so on. One way to get additional income is by investing. Apart from getting additional income, someone who invests will get other benefits, such as avoiding inflation, achieving financial freedom, opening their horizons, and so on. According to Hakim (2020), investment is allocating a number of assets which over time, sooner or later, will increase the value of the assets. Or things related to investing capital, whether in the form of buying a house, land, gold, deposits, and many others which will increase in the future and make a profit in the future. This requires every individual to have awareness of the importance of investing. Because planning an investment in personal financial management is crucial and difficult to implement in today's modern era.

Meanwhile, it is based on the Indonesian people's financial literacy index, which can be seen through the National Survey of Financial Literacy and Inclusion (SNLIK). Carried out every 3 years by the Financial Services Authority (OJK), the result is that in 2019 the Financial Literacy Index (ILK) of Indonesian society was 38.03%. If we take an example of 100 residents, there are only 38 people who fall into the well literate category. Based on Indonesia's National Financial Literacy Strategy 2021-2025, a person is said to be well literate, namelysomebodywho more easily understand matters related to the financial services industry and have information to determine financial products and services that suit their needs and abilities in an effort to improve welfare. In addition, someone who is well literate tends to have better financial management skills to support their financial well-being. In this way, someone who is well literate and financially inclusive will ultimately support economic development. Apart from the Financial Literacy Index results which can be seen globally, they can also be seen based on age. Based on data from the National Financial Literacy and Inclusion (SNLIK) survey based on age from 2013-2019, it can be explained that for the majority of financial literacy and inclusion levels based on age in 2016 the growth rate experienced a decline. Meanwhile, in 2019, the growth rate for the 26 - > 50 year age range experienced slight growth, and for the 15-25 year age range, the growth rate continued to decline by 9.87% and 9.36%. The age range of 18-25 years is included in the generation Z category, where generation Z is one of the young generations who should already know, recognize and understand the importance of investment. Because knowing, recognizing and understanding the importance of investing from a young age will provide many benefits. However, in reality, in this age range, the growth rate continues to decrease from year to year.

Depreciation occurs in the age range 18-25 yearsbecause society cannot afford itunderstand the problems surrounding the financial services industry and do not have sufficient information to determine financial products or services that suit your needs or ability to improve welfare. These two things cause society to become more consumerist and cause losses which have an impact on economic conditions. Apart from the two things that have been explained, this situation is also made worse by the many types of fraud in the name of investment via social media. This causes people to become victims if they do not have adequate financial knowledge and is one of the causes of losses that impact economic conditions.

So that people do not become victims of fraud in the name of investment or become a consumer society, people must have sufficient financial literacy regarding financial products and services. If people want to make an investment decision, they must understand that investment decision making is a policy taken on two or more investment alternatives with the hope of gaining profits in the future. The greater the number of capital market investors, the more investment decisions will automatically be made (Budiarto and Susanti, 2017). After understanding investment decisions, there are several main factors that need to be considered when making investment decisions. One of them is financial literacy, Budiarto and Susansti (2017) explain that financial literacy is knowledge of basic financial concepts and managed financial products to be used as a reference in making effective decisions to obtain financial prosperity in the future. The differences in the results of previous research conducted by Muntawally and Asandimitra (2019), Pradikasari and Isbanah (2018) and Pradhana (2018) show that financial literacy does not have a significant effect on investment decisions. Meanwhile, research by Dewi and Krisnawati (2020), Lestari and Wardani (2020), Putri and Hamidi (2019) shows that financial literacy has a significant influence on investment decisions.

Apart from financial literacy, another thing that needs to be considered and is a main factor in making investment decisions is that an investor will always consider investment risk or what is often called risk tolerance. Because every investor makes an investment, the investor not only gets profits but also the risks associated with the investment. Someone with good financial literacy will behave rationally, understand the level of risk they accept when investing, and generally have better control over various investments. Budiarto and Susanti (2017) state that risk tolerance is an acceptable level of ability. in taking an investment risk. Because risk tolerance is a very strong main factor in influencing someone to make investment decisions. In previous research, there were differences in results conducted by Lestari and Wardani (2020), Salvatore and Esra (2020) who showed that risk tolerance had no significant effect on investment decisions. Another result obtained by Dewi and Krisnawati

(2020), Budiarto and Susanti (2017) is that risk tolerance has a significant effect on investment decisions.

There are also things that need to be considered and are the main factors in an investment decision apart from financial literacy and risk tolerance, namely that investors must consider their financial capabilities or what is often called financial efficacy. Putri and Hamidi (2019) Financial efficacy (self-efficacy, especially in the financial sector) is a person's self-confidence that they are able to manage their own finances. Because with high financial efficacy, an investor will tend to be more willing to take risks (risk taker) compared to investors with low financial efficacy. However, if an investor has too high financial efficacy, he will tend to be less critical in analyzing investment decisions and ignore negative information related to the investment decisions taken. This may happen to generation Z so that the growth rate of financial literacy and inclusion always decreases every year. There are differences in results for previous research regarding financial efficacy on investment decisions, Silviana and Mustikawati (2012) gave results that did not have a significant effect. Meanwhile, research by Putri and Hamidi (2019) and Hakim (2020) gave results that had a significant effect.

Considering the differences in previous research results regarding financial literacy, financial efficacy, and risk tolerance on investment decisions, the solution to link them is to add variablesfinancial management behavior. Financial management behavior is a person's ability to organize (planning, budgeting, auditing, managing, controlling, searching and storing) finances on a daily basis. In its implementation, financial management behavior is divided into three things, namely consumption, savings and investment (Kholilah & Iramani, 2011). If we carry out one of these activities, then there is financial management behavior in our activities. Apart from that, financial management behavior is included in the attitude category. The Theory of Planned Behavior (TPB) explains thatThis theory focuses on the intention to engage in behavior, so that intention is determined by three main variables of attitude towards behavior, namely subjective (positive or negative). Subjective norms are social perceptions in the form of pressure to perform or not perform the same behavior given to the decision maker by other relevant people and perceived behavioral control. Apart from that, subjective norms are also perceptions about the ease or difficulty of carrying out such behavior.

The aim of this research is to analyze the influence of financial literacy, risk tolerance and financial efficacy on financial management behavior. Analyze the influence of financial literacy, risk tolerance, and financial efficacy on investment decisions. Apart from that, it also analyzes the influence of financial management behavior on investment decisions.

The Influence of Financial Literacy on Financial Management Behavior

Most generationsZCurrently, it is easy to get carried away by globalization to follow trends by buying new or branded goods, which has an impact on their financial management behavior. Moreover, technological developments can make it easier for them to spend the money they have. But on the other hand, they also want to have a decent life apart from working. Therefore, it is important to master financial literacy so that they can be more optimal in managing finances. Apart from that, increasing financial literacy is expected to foster financial management behavior to be more selective in using finances that can be useful in the future, such as having an investment that is suitable for oneself. This is in line with the TPB/TRA theory regarding subjective norms, namely social perceptions in the form of pressure to do or not do the behavior given to decision makers by other relevant people and perceived behavioral control. Apart from that, subjective norms are also perceptions of the ease or difficulty of carrying out such behavior. Research conducted by Dayanti, Susanti et al (2020), Hidayat and Nurdin (2020), Dewi and Darma (2021) shows that financial literacy has a positive and significant effect on financial management behavior.

H1: Financial Literacy has a positive effect on Financial Management Behavior

The Influence of Risk Tolerance on Financial Management Behavior

Each investor has a different risk tolerance, so the level of investment risk tolerance will affect the results obtained when investing. The unidirectional relationship between risk and return in an investment must be properly understood by an investor in managing financial behavior. By studying and understanding the risk tolerance of an investment, it is hoped that it will help and make it easier for investors to manage their finances. Apart from that, an investor will be more selective in using the funds they have. This is in line with the TPB/TRA theory which explains that this theory assumes that a person basically behaves consciously and considers all information implicitly and explicitly as well as the implications of all actions and actions taken (Lestari and Wardani, 2020). Research conducted by Ruwanda (2020) and Agsutina (2014) states thatRisk tolerance has a significant positive effect on financial management behavior.

H2: Risk Tolerance has a positive effect on Financial Management Behavior

The Influence of Financial Efficacy on Financial Management Behavior

Each individual's confidence in their own abilities can help determine the expected results, because each individual has confidence in anticipating all actions to achieve the desired goals. If each individual doubts his or her abilities, that individual will avoid difficult work and easily give up on the job. In this case, it really determines how the individual feels through the way he thinks and behaves. Likewise, an investor who has good financial self-efficacy will be more rational in using or behaving in managing his finances. Because self-efficacy is needed to achieve the expected goals, but without careful consideration you can get less than optimal results. This is in line with the TPB/TRA theory which explains thatThis theory involves the intention to behave as a component of attitudes and behavior. According to TPB, behavioral intentions are influenced by attitudes and subjective norms. The stronger the intention to behave, the greater the tendency for that behavior to be carried out. Likewise, if subjective norms become stronger, it is more likely that the behavior will be carried out.(Mazer et al, 2020). Research conducted by Atikah and Kurniawan (2020), Rachman and Rochmawati (2021) provides results regarding financial efficacy, which has a positive and significant influence on financial management behavior.

H3: Financial Efficacy has a positive effect on Financial Management Behavior

The Influence of Financial Literacy on Investment Decisions

Putri and Hamidi (2019) explained that students will face new problems and environments that have never been experienced before and students must also be able to manage and regulate their finances independently. The four most common things in financial literacy are 1) knowledge and skills regarding budgeting, 2) savings, 3) loans and 4) investment. Financial problems that often arise are those who still rely on money from their parents, wasteful attitudes and many students who channel or peddle their pocket money into things that are less important. By increasing financial literacy for each individual, it is not just a matter of knowledge or theory, but it is hoped that it will be able to making each individual wiser and smarter in managing the assets they own so that they can provide useful feedback in supporting individual finances both in the short and long term. Research conducted by Putri and Hamidi (2019), Dewi and Krisnawati (2020), Lestari and Wardani (2020) shows that financial literacy has a positive effect on investment decisions.

H4: Financial Literacy has a positive effect on Investment Decisions

The Influence of Risk Tolerance on Investment Decisions

An investor is always faced with returns and risks. The higher the expected return, the greater the risk that will be faced. Risk is an uncertainty that results in unexpected losses, if the tolerance for risk is ignored, then the planning and implementation can result in risks that are not in accordance with the risk profile (Anggirani, 2017). A person's preference for risk can be seen in their risk profile. There are three types of risk profile, namely risk averter, risk neutral and risk taker. Because risk tolerance is a very strong main factor in influencing a person to make investment decisions (Dewi and Krisnawati, 2020). Research conducted by Wardani and Lutfi (2016), Budiarto and Susanti (2017) provides research results that risk tolerance influences investment decisions.

H5: Risk Tolerance has a positive effect on Investment Decisions

The Influence of Financial Efficacy on Investment Decisions

Putri and Hamidi (2019) explain that financial efficacy is one of the triggers for someone to manage their finances correctly and try to improve the way they manage their money so that investors who have a high level of financial efficacy will tend to be more precise in making investment decisions according to their abilities and needs. There are many benefits that can be obtained from investing, but not everyone can invest. This is not only due to a lack of assets, inability to allocate finances (unclear financial literacy) and lack of courage to invest, but also because inadequate financial efficacy (Hakim, 2020). A person who has the desire to try investing must have positive beliefs in order to be able to carry out and make investment decisions in order to gain prosperity in the future. Research conducted by Putri and Hamidi (2019), Hakim (2020) shows that financial efficacy has a positive and significant effect on investment decision making.

H6: Financial Efficacy has a positive effect on Investment Decisions

The Influence of Financial Management Behavior on Investment Decisions

Understanding financial management behavior will help someone to understand what they believe regarding their relationship with money. Therefore, the definition of financial behavior is a science that explains a person's behavior in managing their finances from the perspective of psychology and the individual's habits. This science also explains rational decision making regarding their finances. Someone who decides to invest will definitely have a better impact in terms of financial management. Apart from that, making investment decisions tends to be rational. This is in line withTheory of Planned Behavior(TPB) which is a development of the Theory of Reasoned Action (TRA). The Theory of Reasoned Action means that a person's behavior is determined by an intention which is a function of behavior towards subjective norm behavior. Research conducted by Yundari and Artati (2021), Upadana and Herawati (2020)which states that financial management behavior has a positive effect on investment decisions.

H7: Financial Management Behavior has a positive effect on Investment Decisions.

METHOD

This type of research is explanatory research because it wants to test several hypotheses that have been formulated. The types of data used in this research are primary data and secondary data. The data collection technique uses an online questionnaire via Google Form with a sample size of 200 respondents. The sampling technique used was purposive sampling. The data measurement technique uses descriptive analysis methods. And data analysis techniques use quantitative analysis techniques with methodsPartial Least Squares(PLS) 3.

RESULTS and DISCUSSION

Validity Test and Reliability Test

The following are the results of the validity test which can be seen from the outer loading value, AVE value and discriminant validity value. Meanwhile, the results of the reliability test can be seen from the composite reliability value.

a. Convergent Validity Outer Loading

Table 1. Outer Loading

	Financial Literacy	Risk Tolerance	Financial Efficacy	Financial Management Behavior	Investation decision
X1.1	**0.83**				
X1.2	**0.764**				
X1.3	**0.71**				

X1.4	**0.756**				
X2.1		**0.818**			
X2.2		**0.915**			
X2.3		**0.858**			
X3.1			**0.887**		
X3.2			**0.917**		
X3.3			**0.889**		
Y1.1				**0.798**	
Y1.2				**0.746**	
Y1.3				**0.792**	
Y1.4				**0.825**	
Y1.5a				**0.774**	
Y1.5b				**0.796**	
Y1.5c				**0.747**	
Y1.6				**0.71**	
Y1.7				**0.743**	
Y2.1					**0.881**
Y2.2					**0.84**
Y2.3					**0.792**

Source: Processed primary data, 2023

To test convergent validity, the outer loading or loading factor value is used. An indicator is declared to meet convergent validity in the good category if the outer loading value is greater than 0.7. And all the outer loading results are greater than 0.7 and it is stated that the outer loading results of the indicators are good or can be said to be valid. According to Chin, as quoted by Imam Ghozali, an outer loading value between 0.5 - 0.6 is considered sufficient to meet the convergent validity requirements. The data above shows that there are no variable indicators whose outer loading value is below 0.5 so that all indicators are declared suitable or valid for research use and can be used for further analysis.

b. Average Lacker Extracted

Table 2. Average Lacker Extracted

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Literacy	0.88	0.889	0.926	0.806
Risk Tolerance	0.791	0.813	0.876	0.703
Financial Efficacy	0.765	0.774	0.85	0.587
Financial Management Behavior	0.914	0.917	0.929	0.594
Investation decision	0.833	0.876	0.899	0.748

Source: Processed primary data, 2023

Based on the results of the average variance extracted (AVE) value where the value of each variable has a value of more than 0.5 and it can be said that the average variance extracted (AVE) value is good. Apart from that, it can be seen that the composite reliability value for all research variables is > 0.6. These results indicate that each variable has met composite reliability so it can be concluded that all variables have a high level of reliability.

Cronbach alpha value, it can be seen that the Cronbach alpha value of all research variables is more than 0.7, thus this result can be concluded that the entire Cronbach alpha variant has a high level of reliability.

c. Discriminant Validity

1) Fornell Lacker Criterion or HTMT

Table 3. Fornell Lacker Criterion

	Financial Efficacy	Investation decision	Financial Literacy	Financial Management Behavior	Risk Tolerance
Financial Efficacy	0.898				
Investation decision	0.459	0.838			
Financial Literacy	0.652	0.597	0.766		
Financial Management Behavior	0.738	0.578	0.771	0.771	
Risk Tolerance	0.288	0.246	0.189	0.134	0.865

Source: Processed primary data, 2023

The results can be said to be good because there is no variable correlation value that is greater than the correlation value of the variable with the variable itself. And used to ensure discriminant validity, the AVE for each latent variable must be higher than the R^2 with all other latent variables. Thus, each latent variable shares more variance with each indicator block than with other latent variables representing a different indicator block.

2) Cross Loading

Table 4. Cross Loading

	Financial Efficacy	**Investation decision**	**Financial Literacy**	**Financial Management Behavior**	**Risk Tolerance**
X1.1	0.489	0.493	0.83	0.629	0.095
X1.2	0.486	0.484	0.764	0.536	0.022
X1.3	0.387	0.393	0.71	0.477	0.166
X1.4	0.61	0.454	0.756	0.693	0.285
X2.1	0.299	0.192	0.187	0.114	0.818
X2.2	0.255	0.248	0.2	0.159	0.915
X2.3	0.185	0.187	0.081	0.055	0.858
X3.1	0.887	0.329	0.572	0.667	0.217
X3.2	0.917	0.479	0.657	0.718	0.254
X3.3	0.889	0.418	0.515	0.593	0.305
Y1.1	0.592	0.571	0.583	0.798	0.169
Y1.2	0.48	0.453	0.612	0.746	-0.009
Y1.3	0.509	0.384	0.613	0.792	0.018
Y1.4	0.578	0.471	0.609	0.825	0.056
Y1.5a	0.591	0.557	0.634	0.774	0.23
Y1.5b	0.527	0.442	0.642	0.796	0.03
Y1.5c	0.798	0.348	0.58	0.747	0.214
Y1.6	0.515	0.278	0.508	0.71	0.064
Y1.7	0.502	0.452	0.554	0.743	0.125
Y2.1	0.434	0.881	0.576	0.508	0.287
Y2.2	0.423	0.84	0.516	0.586	0.064
Y2.3	0.271	0.792	0.381	0.326	0.284

Source: Processed primary data, 2023

The results of cross loading can be said to be good because there is no correlation value that exceeds the correlation value between the variables themselves, so the research can proceed to the reliability testing stage.

Structural Model Testing (Inner Model)

The following are the results of testing the structural model which can be seen from the goodness of fit test value and the path coefficient test value.

a. Model Goodness Test (Goodness of Fit)

Based on data processing that has been used using the smartPLS3.0 program, the R-square value obtained can be seen from table 4.18 below as follows:

Table 5. R – Square

	R Square	Adjusted R Square
KI	0.412	0.399
PMK	0.697	0.693

Source: processed primary data, 2023

It can be seen that the R-square value for the investment decision variable is 0.412. The obtained value explains that the percentage of investment decisions influenced by financial literacy, risk tolerance and financial efficacy is 41.2% and the remainder could be other variables outside this research. Then the R-square value obtained for the financial management behavior variable was 0.697. This value explains that financial management behavior is influenced by financial literacy, risk tolerance and financial efficacy by 69.7% and the remainder is influenced by exogenous variables in this research area.

The goodness of fit assessment is known from the R-square value in regression analysis, GoF = value $\sqrt{(rata-rata \text{ AVE x rata} - \text{rata R2})}$... Tenenhau (2004). Hussein (2015), GoF small = 0.00 – 0.24 GoF medium = 0.25 – 0.37 and GoF big = 0.38 – 1.

GoF = $\sqrt{(\text{rata} - \text{rata AVE x rata} - \text{rata R2})}$

GoF = $\sqrt{(0{,}688 \times 0{,}555)}$

GoF = $\sqrt{0{,}381}$

GoF = 0.617

Based on the calculation results above, a goodness of fit value of 0.617 was obtained. This shows that the goodness of this research model is high. Thus, from these results, this research model can be stated to have goodness of fit which is stated as moderate.

b. Path Coefficient Test

Path coefficient evaluation is used to show how strong the effect or influence of the oxygen variable is on the endogenous variable, it can be seen from table 4.19 below:

Table 4.19

Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
LK -> PMK	0.504	0.504	0.098	5,174	**0,000**
TR -> PMK	-0.086	-0.082	0.043	2,015	**0.044**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV |)	P Values
EK -> PMK	0.434	0.433	0.096	4,525	**0,000**
LK -> KI	0.353	0.342	0.110	3,205	**0.001**
TR -> KI	0.152	0.157	0.065	2,337	**0.020**
EK -> KI	-0.055	-0.045	0.078	0.707	**0.480**
PMK -> KI	0.326	0.323	0.094	3,472	**0.001**

Source: Processed primary data, 2023

Based on the inner model scheme shown in table 4.19 above, it can be explained that the largest path coefficient value is shown by the influence of financial literacy on financial management behavior with a correlation value of 0.504. Then the second biggest influence is the influence of financial efficacy on financial management behavior with a correlation value of 0.434.

Based on the description of these results, it shows that the variables in this model have pathcoefficients with positive and negative numbers. This shows that if the greater the path coefficient value on an exogenous variable on the endogenous variable, the stronger the influence of the independent variables on the dependent variable. However, on the contrary, if the path coefficient value is smaller, the influence is weaker.

Hypothesis testing

Based on the data processing that has been carried out, the results can be used to answer the hypothesis in this research. Hypothesis testing in this research can be done by looking at the values in table 4.19 path coefficient. Based on the results of T-statistics, P-Values and regression coefficient values, the following hypothesis can be proven:

1) The influence of financial literacy on financial management behavior gets a t-statistics value of 5.174 > 1.96, a p-value of 0.000 < 0.05, and a regression coefficient value of 0.504. So it can be concluded that financial literacy has a significant positive effect on financial management behavior, so hypothesis H1 is accepted. This shows that someone who has good financial literacy will be more careful in determining financial management to achieve progress. Apart from that, it is also able to enable someone to analyze and overcome the possible risks they face. The higher and better a person's financial literacy, the more it will encourage a person in their financial management behavior.
2) The influence of risk tolerance on financial management behavior gets a t-statistics value of 2.015 > 1.96, and a p-value of 0.044 < 0.05, and a regression coefficient value of -0.086. So it can be concluded that risk tolerance does not have a significant positive effect on financial management behavior, so hypothesis H2 is rejected. This can mean that someone who has a high risk tolerance does not necessarily have good financial management behavior. Vice versa, someone with a low risk tolerance does not necessarily have bad financial management behavior.So, the lower the risk tolerance, the better generation Z is at planning, budgeting, auditing, managing, controlling, searching for and storing daily financial funds.

3) The influence of financial efficacy on financial management behavior obtained a t-statistics value of 4.525 > 1.96, and a p-value of 0.000 < 0.05, and a regression coefficient value of 0.434. So it can be concluded that financial efficacy has a significant positive effect on financial management behavior, so hypothesis H3 is accepted. This also proves that generation Z has self-confidence in seeing difficult tasks as challenges to be faced rather than as threats to be avoided. Because each individual's belief in their own abilities can help determine the expected results. Apart from that, someone who has good financial efficacy will be more rational in using or behaving in managing their finances. And there is careful consideration in order to obtain maximum results.
4) The influence of financial literacy on investment decisions gets a t-statistics value of 3.205 > 1.96, and a p-value of 0.001 < 0.05, and a regression coefficient value of 0.353. So it can be concluded that financial literacy has a significant positive effect on investment decisions, so hypothesis H4 is accepted. This means that the level of literacy is important because it allows individuals to make an investment. An individual's understanding of the basics of personal finance, knowledge of credit and debt, knowledge of savings and investment, have an influence on individuals making investments. One of the reasons when individuals do not have the intention to make an investment is their low level of financial literacy. Although financial literacy actually helps individuals avoid financial problems. Financial literacy for individuals is not just science or theory, but is expected to make individuals wiser and smarter in managing the assets they own so that it can provide useful feedback in supporting individual finances both in the short and long term.
5) The influence of risk tolerance on investment decisions gets a t-statistics value of 2.337 > 1.96, and a p-value of 0.020 < 0.05, and a regression coefficient value of 0.152. So it can be concluded that risk tolerance has a significant positive effect on investment decisions, so hypothesis H5 is accepted. According to the results of the analysis of respondent descriptions, most respondents have a moderate level of risk tolerance. Because the higher the total value of risk tolerance, the greater the level of ability that investors can accept in taking investment risks. Risk tolerance is the level of ability that a person can accept in taking an investment risk.
6) The influence of financial efficacy on investment decisions gets a t-statistics value of 0.707 < 1.96, a p-value of 0.480 > 0.05, and a regression coefficient value of -0.055. So it can be concluded that financial efficacy does not have a significant positive effect on investment decisions, so H6 is rejected. This mattercan provide an indication that financial efficacy that leads to overconfidant behavior can potentially have a negative impact on making careless investment decisions. Besides that,It is necessary to provide good mastery experience information regarding a person's skills and experience of success. Thus, this can influence someone to be more courageous in taking risks and making investment decisions. On the other hand, if a bad mastery experience is provided, it can reduce a person's self-efficacy and influence a person not to make investment decisions.
7) The influence of financial management behavior on financial literacy obtained a t-statistics value of 3.472 > 1.96, a p-value of 0.001 < 0.05, and a regression coefficient value of 0.326. So it can be concluded that financial management

behavior has a significant positive effect on investment decisions, so hypothesis H7 is accepted. Because understanding financial management behavior will help someone to understand what they believe regarding their relationship with money. Apart from that, the person will make rational decisions regarding their finances. If someone decides to invest and he understands his financial management behavior, it will definitely have a better influence on his finances and making investment decisions tends to be rational. On the other hand, if someone does not understand their own financial management behavior, then that person will ignore investment decisions and tend to make irrational decisions.

Conclussion

The relationship between financial literacy and financial efficacy has a positive and significant influence on financial management behavior. Meanwhile, risk tolerance does not have a positive and significant influence on financial management behavior. On the relationship between financial literacy, risk tolerance has a positive and significant influence. Another thing is the relationship between financial efficacy and investment decisions, which does not have a positive and significant influence on the results. And finally, the relationship between financial management behavior has a positive and significant influence on investment decisions. From the results of this research, it can provide an illustration thatGeneration Z, in order to be able to make careful investment decisions, needs to understand financial literacy, have risk tolerance and the ability to manage finances. Apart from that, generation Z, in order to be able to manage their finances well, needs to understand financial literacy and have confidence in their ability to achieve their financial goals or what is known as financial efficacy. It is proposed that future research use the same model, but develop a hypothesis for the influence of risk tolerance on financial management behavior in a negative direction. Likewise, the effect of financial efficacy on investment decisions, a hypothesis is built in a negative direction. Apart from that, it is necessary to add independent variables to increase the R square value. The recommendation for adding independent variables can be in the form of overconfidence, ccognitive bias, emotional bias, illusion of control, framing effect,and so on.

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