

FINANCIAL LITERACY AND EXPERIENCED REGRET ON GEN Z INVESTMENT DECISIONS WITH RISK TOLERANCE AS MEDIATOR

Clarissa Kurniawan¹, Lelly Christin²

¹Faculty of Economics, Bunda Mulia University, Jakarta, Indonesia
Email: s12220012@student.ubm.ac.id

²Faculty of Economics, Bunda Mulia University, Jakarta, Indonesia
Email: lchristin@bundamulia.ac.id

Masuk : 27-09-2025, revisi: 22-10-2025, diterima untuk diterbitkan : 31-10-2025

ABSTRAK

Perkembangan teknologi digital mendorong peningkatan partisipasi generasi Z dalam investasi saham. Namun, generasi Z menghadapi tantangan berupa rendahnya literasi keuangan dan tingginya *experienced regret* akibat keputusan investasi yang impulsif. Penelitian ini bertujuan untuk menganalisis pengaruh literasi keuangan dan *experienced regret* terhadap keputusan investasi generasi Z di DKI Jakarta, dengan *risk tolerance* sebagai variabel mediasi. Penelitian ini menggunakan pendekatan kuantitatif dengan sampel sebanyak 175 responden yang dipilih melalui *purposive sampling* yaitu generasi Z berusia 18-27 tahun, berdomisili di DKI Jakarta, pernah melakukan investasi saham, dan pernah mengalami penyesalan atas keputusan investasi saham. Data dikumpulkan melalui kuesioner online dan dianalisis menggunakan *Structural Equation Modeling* berbasis *Partial Least Square* (PLS-SEM). Hasil penelitian menunjukkan bahwa literasi keuangan dan *experienced regret* secara signifikan berpengaruh terhadap keputusan investasi. Selain itu, literasi keuangan dan *experienced regret* secara signifikan berpengaruh terhadap *risk tolerance* dan *risk tolerance* juga berpengaruh signifikan terhadap keputusan investasi. Hasil analisis mediasi menunjukkan bahwa *risk tolerance* dapat memediasi pengaruh literasi keuangan dan *experienced regret* terhadap keputusan investasi. Secara praktis, generasi Z disarankan untuk meningkatkan literasi keuangan, menilai profil risiko, dan mengevaluasi pengalaman investasi sebelumnya, sementara komunitas keuangan dan perusahaan investasi diharapkan menyediakan program pelatihan digital dan fitur simulasi investasi untuk mendukung keputusan investasi yang lebih tepat. Selain itu, peneliti selanjutnya dapat memperluas wilayah penelitian dan menambah variabel lain.

Kata Kunci: Literasi Keuangan, *Experienced Regret*, *Risk Tolerance*, *Keputusan Investasi*, Generasi Z

ABSTRACT

The development of digital technology has increased the participation of Generation Z in stock investment. However, Generation Z faces challenges such as low financial literacy and high experienced regret due to impulsive investment decisions. This study aims to analyze the influence of financial literacy and experienced regret on the investment decisions of Generation Z in DKI Jakarta, with risk tolerance as a mediating variable. The study employs a quantitative approach with a sample of 175 respondents selected through purposive sampling, consisting of Generation Z aged 18-27, lived in DKI Jakarta, having invested in stocks before, and having experienced regret over their stock investment decisions. Data were collected through online questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The research results indicate that financial literacy and experienced regret significantly influence investment decisions. In addition, financial literacy and experienced regret significantly influence risk tolerance, and risk tolerance also significantly influence investment decisions. The mediation analysis results show that risk tolerance can mediate the influence of financial literacy and experienced regret on investment decisions. Practically, Generation Z is advised to enhance financial literacy, assess their risk profile, and reflect on past investment experiences, while financial community and investment firms are expected to provide digital training programs and virtual trading to support better investment decisions. Furthermore, future researchers can expand the research area and add other variables.

Keywords: Financial Literacy, Experienced Regret, Risk Tolerance, Investment decisions, Generation Z

1. INTRODUCTION

Background

Generation Z is a group of individuals born between 1997 and 2012 who grew up in a rapidly evolving technological and socioeconomic environment (Kamil & Laksmi, 2023). Access to digital financial technology makes it easy for this generation to access investment services, but

their financial management skills are not yet fully developed. Generation Z needs to understand both short-term and long-term financial planning to make good financial decisions (Anjani & Ekaptiningrum, 2025).

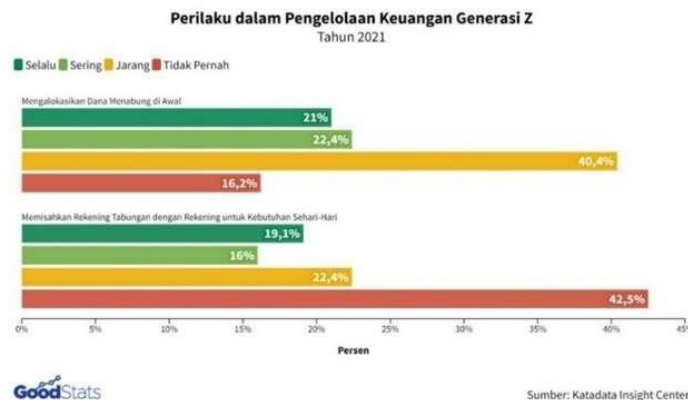


Figure 1. Gen Z's Financial Management Behavior in 2021
Source: GoodStats (2022)

Various surveys indicate that the financial management behavior of Generation Z still exhibits some weaknesses. GoodStats (2022) noted that 56.6% of Gen Z rarely or never set aside funds for savings first when receiving income, and 64.9% of Gen Z rarely or never separate accounts for needs and savings. Additionally, over 80% spend more money to maintain social appearances, and 41% still frequently borrow money (Kompas, 2024). This data shows that despite being familiar with technology, Gen Z's financial management skills are suboptimal.

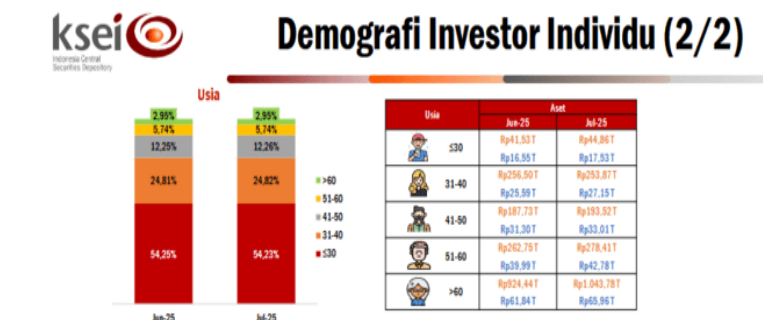


Figure 2. Demographics of Individual Investors
Source: KSEI (2025)

On the other hand, the investment potential of Generation Z is enormous. KSEI (2025) shows that 54.23% of capital market investors are under 30 years old, making Gen Z the largest investor group. Transaction activity is also quite high, with the average daily transaction value reaching Rp 11.8 trillion in 2024. Generation Z tends to be risk-tolerant and chooses high-risk instruments like stocks and crypto (Murwani, 2023). Globally, similar trends are also observed. CFA Institute (2023) notes that most Gen Z individuals in the US, Canada, the UK, and China are already investing at a young age, with FOMO being the primary motivation.

When choosing investment instruments, Gen Z shows a strong preference for individual stocks and crypto. Stocks offer the potential for long-term capital appreciation and compound growth, which aligns with the characteristics of Gen Z, who have a longer investment horizon (Hale, 2025; Sharma, 2024). Surveys from CFA Institute (2023) and NASDAQ in LexisNexis (2024) show a high proportion of Gen Z investing in individual stocks compared to ETFs, mutual funds, or bonds. They also prefer growth investing over value investing (Manifest, 2024). This high interest is

supported by the ease of access to investment applications, with 65% of Gen Z using digital applications for trading, which is higher than both Millennials and Gen X. Nevertheless, many Gen Z individuals still choose these assets due to their potential for quick profits.

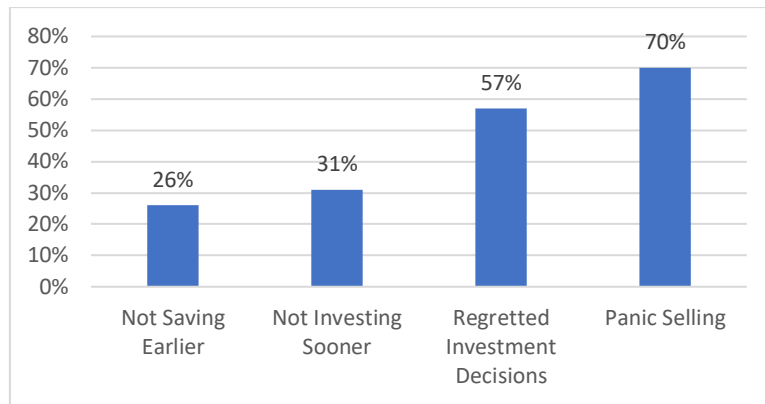


Figure 3. Experienced Regret in Gen Z Investment Behavior
 Source: Gillespie & Rubloff (2024); Parker et al. (2024); Reinicke (2022a, 2022b)

Nevertheless, the investment behavior of Gen Z is still marked by experienced regret. Gillespie & Rubloff (2024) reported that 26% of Gen Z regretted not saving earlier, while Parker et al. (2024) noted that 31% regretted not investing sooner. Fidelity (2025) found that one-third of new investors rely on social media for investment guidance, making them more susceptible to errors. As many as 50% of novice traders admit to having made poor decisions due to online content, much higher than experienced traders (Kessel, 2025). Nearly 90% of Gen Z respondents stated they have financial regrets annually (Issa, 2024). In fact, Reinicke (2022a, 2022b) notes that 57% of Gen Z regretted their investment decisions in the past year and 70% have engaged in panic selling.

Shares, as a primary instrument, provide ownership rights, dividends, and potential capital gains (IDX, 2021). The number of investors in Indonesia continues to grow rapidly each year. KSEI (2025) recorded an increase in SID from 4.440 million in 2022 to 7.389 million in July 2025. This indicates rising public confidence in the capital market, especially among young people. However, investor distribution is still uneven, with 69.59% concentrated on the island of Java, especially in DKI Jakarta (KSEI, 2022). This indicates that the region dominates investment activity and is a strategic location for Gen Z behavioral research.



Figure 4. Financial Literacy and Inclusion 2022 by Province
 Source: CNBC Indonesia (2023)

Despite the high investment interest, financial literacy in DKI Jakarta is still relatively low at 52.99% (CNBC Indonesia, 2023). Low literacy increases vulnerability to fraudulent investments. According to OJK data, between 2017 and 2023, the public lost Rp 139.67 trillion as a result of illicit investments (Tempo, 2024). Factors that cause people to get trapped include the desire for quick wealth, the influence of social media, the courage to take high risks, and lack of investment knowledge (Malik, 2022).

The level of risk tolerance varies across individual investors and is influenced by factors such as age, career status, income, socioeconomic background, and projected investment horizon (Fridana & Asandimitra, 2020). Risk tolerance plays a crucial role in determining the types of investment chosen (Sa'diyah et al., 2024). Based on risk preference, investors can be categorized into three groups: risk seekers, who prefer high-risk, high return instruments and often invest aggressively; risk neutrals, who take a balanced approach by choosing safe instruments with proportional returns; and risk averters, who avoid risk and prefer low-risk or guarantees investments (Badriatin et al., 2022; Dewi et al. (2021).

This study examines how financial literacy and experienced regret affect investing decisions among Generation Z in DKI Jakarta using risk tolerance as a mediating variable. The study is situated in the fast growth of digital finance, increasing youth participation in the capital market, and enduring issues with impulsive decisions and limited financial literacy. These circumstances emphasize how crucial it is to comprehend behavioral and cognitive factors that affect young investors' investment behavior.

Theoretical Framework and Hypothesis Development

This study applies behavioral finance and prospect theory as its theoretical foundation. Behavioral finance focuses on investment decisions by emphasizing how psychological elements affect investor behavior and financial decision-making (Chauhan et al., 2025). Financial literacy is closely related to behavioral finance, as it helps investors understand financial concepts rationally. Behavioral finance acknowledges that investors may act irrationally, exhibit cognitive biases, and lack self-control, which can result in poor decision-making (Frensidy, 2023; William & Mary, 2023). According to Angelyna & Tannia (2025) and Putri & Sudiyatno (2023), individuals with a degree of financial literacy typically reduce risks and make more rational decisions.

Prospect theory examines how investors respond to risk and regret, and how these factors affect investment decisions (Sanghvi, 2024). According to Mufidah et al. (2022), investors tend to avoid risk when experiencing gains and take risks when facing losses, reflecting a systematic evaluation of gains and losses in real-world decision-making. This aligns with Chen (2025), who emphasizes that investors are generally loss-averse rather than solely return-seeking, and Dewi et al. (2021) who note that past experiences also affect investment choices. Together, these theories provide a framework for understanding how financial literacy and experienced regret shape investment decisions among Generation Z.

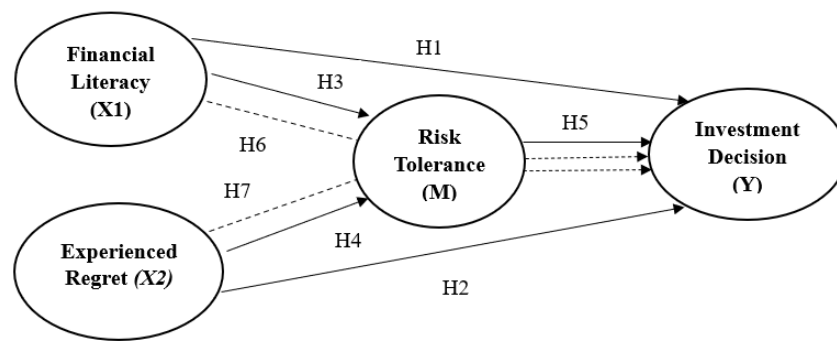


Figure 5. Conceptual Model
Source: Data Processed, 2025

Financial Literacy and Investment Decision

Financial literacy reflects an individual's ability to understand and apply financial knowledge in managing investments. A higher level of financial literacy enables individuals to assess investment alternatives more rationally and align investment choices with financial objectives. Therefore, the following hypothesis is proposed:

H1: Financial literacy influences investment decision

Experienced Regret and Investment Decision

Experienced regret refers to negative emotional responses related to past investment decisions. Such experiences may shape how individuals evaluate future investment opportunities, potentially leading to more cautious or corrective decision making. Therefore, the following hypothesis is proposed:

H2: Experienced regret influences investment decision

Financial Literacy and Risk Tolerance

Financial literacy is expected to affect how individuals perceive and manage investment risk. Individuals with higher financial literacy are better equipped to understand risk characteristics and may exhibit clearer risk preferences. Therefore, the following hypothesis is proposed:

H3: Financial literacy influences risk tolerance

Experienced Regret and Risk Tolerance

Past investment regret may influence an individual's willingness to accept risk in future investment decisions. Negative experiences can alter risk attitudes by increasing caution or risk awareness. Therefore, the following hypothesis is proposed:

H4: Experienced regret influences risk tolerance

Risk Tolerance and Investment Decision

Risk tolerance plays a central role in investment decision making, as it determines the level of risk an individual is willing to accept. Individuals with higher risk tolerance tend to prefer investments with higher potential returns, while risk-averse individuals favor safer options. Therefore, the following hypothesis is proposed:

H5: Risk tolerance influences investment decision

The Mediating Role of Risk Tolerance

Risk tolerance is expected to function as an intervening mechanism through which financial literacy and experienced regret shape investment decisions. Financial knowledge and emotional

experiences may influence investment choices indirectly by first affecting an individual’s tolerance for risk. Therefore, the following hypothesis is proposed:

H6: Risk tolerance mediates the relationship between financial literacy and investment decision

H7: Risk tolerance mediates the relationship between experienced regret and investment decision

2. RESEARCH METHOD

This study employs a quantitative approach, which is a structural method that uses numerical data and statistical analysis to test hypotheses (Kusumaningrum et al., 2023). Data were collected through a structured questionnaire distributed online using Google Forms. The research population includes Gen Z stock investors in Indonesia, totalling 4.007.311 people or 54,23% of the national stock investor population based on KSEI (2025). The sample was selected using purposive sampling techniques, with criteria including Generation Z aged 18-27, lived in DKI Jakarta, having invested in stocks before, and having experienced regret over their stock investment decisions. Based on criteria, a total of 175 valid respondents were obtained for this study. All indicators of each variable will be measured using Likert scale, which allows respondents to indicate the extent of their agreement with each statement. The questionnaire items were adapted from Mahat & Lau (2023) and measured on a five-point Likert scale, where 1 represents strongly disagree and 5 represents strongly agree.

This study used the PLS-SEM method because it involves multiple indicators to measure each variable, allowing for the prediction of relationships among constructs, theory testing, and the analysis of effects between latent variables (Sofyani, 2025). Moreover, PLS-SEM is highly suitable for studies with non-normally distributed data and comparatively small sample sizes (Schoot & Miocevic, 2020) The indicators used to measure financial literacy, experienced regret, risk tolerance, investment decision were adapted from previous studies and adjusted to fit the research context.

Table 1. Table of Variable Operationalization
Source: Processed by Author, 2025

Characteristic	Measurement Items	Source
Financial Literacy	FL1. I have knowledge about financial matters. FL2. I know a lot about investment. FL3. I have faith in my capacity to invest. FL4. I have a strong understanding of the stock market. FL5. I am well-versed on significant economic news that affects stock market.	(Mahat & Lau, 2023)
Experienced Regret	ER1. I feel responsible for the investment decisions I make. ER2. I want to correct and improve my past investment decisions-making mistakes. ER3. I feel regret when my investment decisions result in significant losses.	(Hidayat & Qurratu’aini, 2025)
Risk Tolerance	RT1. In exchange for the possibility of greater long-term gains, I am prepared to suffer short-term losses.. RT2 In order to achieve greater profits, I am prepared to endure volatility. RT3. The level of risk determines investment returns.	(Mahat & Lau, 2023)

Stock Transaction Frequency	ID1. I study the fundamentals of the parent stock market before making investment decisions. ID2. I am confident that I can solve the investment problems I encounter. ID3. I choose investments that I consider significant to undertake. ID4. I have an investment plan, both short-term and long-term. ID5. I invest with the aim of meeting future needs. ID6. The expected returns and risks are based on the investment time horizon. ID7. I know when to buy and sell stocks. ID8. High-yield investments pique my curiosity. ID9. I am able to react reasonably to losses. ID10. I understand how to minimize risks in investing.	(Adiputra et al., 2023; Hidayat & Qurratu'aini, 2025; Mahat & Lau, 2023)
-----------------------------	--	--

3. RESULT AND DISCUSSION

Measurement Model Evaluation

Validity and reliability tests were conducted to ensure the quality of the measurement model. Convergent and discriminant validity were assessed using outer loadings, Average Variance Extracted (AVE), and Heterotrait-Monotrait Ratio (HTMT), while reliability was evaluated using Cronbach's Alpha and Composite Reliability.

Table 2. Outer Loadings
 Source: Data Processed, 2025

Variable	Item	FL	ER	ID	RT	Result
Financial Literacy	FL1	0.831				Valid
	FL2	0.844				Valid
	FL3	0.771				Valid
	FL4	0.830				Valid
	FL5	0.815				Valid
Experienced Regret	ER1		0.840			Valid
	ER2		0.818			Valid
	ER3		0.742			Valid
Investment Decisions	ID1			0.733		Valid
	ID2			0.746		Valid
	ID3			0.769		Valid
	ID4			0.749		Valid
	ID5			0.721		Valid
	ID6			0.713		Valid
	ID7			0.743		Valid
	ID8			0.757		Valid
	ID9			0.741		Valid
	ID10			0.764		Valid
Risk Tolerance	RT1				0.845	Valid
	RT2				0.851	Valid
	RT3				0.830	Valid

Outer loadings are used to assess the extent to which indicators are correlated with their respective latent variables (Hair et al., 2022). Indicators with outer loading value of 0,70 or higher are considered valid (Hair et al., 2021). As presented in Table 2, all indicators for each variable have outer loading values $\geq 0,70$, indicating that all indicators are valid and effectively represent their constructs.

Table 3. Average Variance Extracted
Source: Data Processed, 2025

Variable	AVE	Result
Financial Literacy	0.671	Valid
Experienced Regret	0.642	Valid
Investment Decisions	0.553	Valid
Risk Tolerance	0.709	Valid

Average Variance Extracted (AVE) used to evaluate convergent validity. If AVE value is above 0,50, the indicator is considered valid (Hair et al., 2021). Based on Table 3, the AVE values for four variables are above 0,50, it's conducted that the data for this study have met convergent validity.

Table 4. Heterotrait-Monotrait Ratio
Source: Data Processed, 2025

Variable	ER	ID	FL	RT
Experienced Regret				
Investment Decisions	0.811			
Financial Literacy	0.602	0.838		
Risk Tolerance	0.838	0.652	0.652	

Heterotrait-Monotrait Ratio (HTMT) is used for discriminant validity testing. If a construct's HTMT value is less than 0,90, it is said to have discriminant validity (Hair et al., 2021). Based on Table 4, all HTMT values are below 0,90, meaning that every concept satisfies the requirements for discriminant validity.

Table 5. Cronbach's Alpha and Composite Reliability
Source: Data Processed, 2025

Variable	Cronbach's Alpha	Composite Reliability	Reliability
Financial Literacy	0.862	0.898	Reliable
Experienced Regret	0.740	0.836	Reliable
Investment Decisions	0.941	0.948	Reliable
Risk Tolerance	0.837	0.884	Reliable

Cronbach's Alpha and Composite Reliability are examined during reliability testing. The research instrument is deemed dependable if the Cronbach's Alpha and Composite Reliability are greater than 0.70 (Hair et al., 2021). Table 5 shows that every variable's Cronbach's Alpha and Composite Reliability are greater than 0,70, indicating the reliability of every questionnaire item.

Structural Model Evaluation

The structural model was evaluated using path determination (R^2) to assess how effectively the model's independent variables account for the dependent variable. According to Santioso (2024),

R² values above 0.67 indicate strong, values between 0.33 and 0.67 indicate moderate, and values between 0.19 and 0.33 indicate weak.

Table 6. R-square
 Source: Data Processed, 2025

Variable	R-square	R-square Adjusted	Note
Investment decisions	0.745	0.741	Strong
Risk Tolerance	0.479	0.473	Moderate

Table 6 demonstrates that 74.1% of dependent variable can be explained by independent variables, while the remaining 25.9% is explained by other factors not included in this study. Furthermore, 47,3% of mediating variable can be explained by independent variables, while the remaining 52.7% is explained by other factors not included in this study.

Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping using a two-tailed test. The results in Table 6 indicate that financial literacy significantly influences investment decisions ($p = 0.000$), experienced regret significantly influences investment decisions ($p = 0.000$), financial literacy significantly affects risk tolerance ($p = 0.000$), experienced regret significantly affects risk tolerance ($p = 0.000$), and risk tolerance significantly influences investment decisions ($p = 0.000$).

Table 6. Hypothesis Testing Result with Bootstrapping
 Source: Data Processed, 2025

Variable	Original Sample	Sample Mean	STDEV	T-statistics	P values
FL-> ID	0.444	0.447	0.056	7.880	0.000
ER-> ID	0.215	0.215	0.059	3.633	0.000
FL-> RT	0.316	0.317	0.080	3.964	0.000
ER-> RT	0.482	0.486	0.067	7.221	0.000
RT-> ID	0.364	0.361	0.071	5.101	0.000

The mediation test's goal is to determine whether the independent variable has a direct effect on the dependent variable or through a mediating variable. In this study, mediation analysis was performed using Specific Indirect Effects, which allowed the author to specifically analyze the indirect influence on each path between latent variables.

Table 7. Specific Indirect Effects
 Source: Data Processed, 2025

Variable	Original Sample	Sample Mean	STDEV	t-statistics	p-values
FL-> RT-> ID	0.115	0.113	0.033	3.465	0.001
ER-> RT-> ID	0.175	0.176	0.045	3.891	0.000

The results in Table 7 show that risk tolerance significantly mediates the influence of financial literacy on investment decisions, with a p-values of 0.001. Furthermore, risk tolerance significantly mediates the influence of experienced regret on investment decisions, with a p-values of 0.000.

Discussion

Financial Literacy and Investment Decision

The results demonstrate that financial literacy has a significant influence on investment decisions. This finding is consistent with Alaaraj & Bakri (2020), Dewi et al. (2021), Hidayat et al. (2023), Miyya et al. (2024), Sa'diyah et al. (2024), Shintawati & Budidarma (2023), Suprasta & Nursyasman (2020), and Yulianis & Sulistyowati (2021), who discovered that investment decisions are influenced by financial literacy. Individuals with stronger financial knowledge and understanding of financial concepts are better equipped to evaluate investment alternatives, assess risk-return trade-offs, and make informed decisions. Financial literacy enhances reliance on speculative or unverified information.

Experienced Regret and Investment Decision

The result demonstrate that experienced regret has a significant influence on investment decisions. This finding is consistent with Budiman et al. (2021), Dewi et al. (2021), Edison & Aisyah (2023), and Hidayat & Qurratu'aini (2025), who discovered that investment decisions are influenced by experienced regret. Past investment losses or unfavorable outcomes generate regret, which subsequently affects future decision-making. Investors who have experienced regret tend to revise their decision strategies, becoming more cautious, selective, and reflective.

Financial Literacy and Risk Tolerance

The result demonstrate that financial literacy has a significant influence on risk tolerance. This finding is consistent with Hermansson & Jonsson (2021) and Sa'diyah et al. (2024), who discovered that risk tolerance is influenced by financial literacy. Financial literacy enhances an individual's ability to understand risk-return trade-offs and investment uncertainty. Investors with higher financial literacy tend to evaluate risk more rationally and are less influenced by misperceptions, resulting in a more appropriate level of risk tolerance aligned with their financial goals.

Experienced Regret and Risk Tolerance

The result demonstrate that experienced regret has a significant influence on risk tolerance. This finding is consistent with Dewi et al. (2021) and Lin et al. (2021), who discovered that risk tolerance is influenced by experienced regret. Experienced regret influences risk tolerance by increasing sensitivity to potential losses. Negative investment experiences encourage investors to Reassess their risk preferences, leading to adjustments in risk tolerance aimed at avoiding similar unfavourable outcomes in the future.

Risk Tolerance and Investment Decision

The result demonstrate that risk tolerance has a significant influence on investment decisions. This finding is consistent with Dewi et al. (2021), Kasoga (2021), Mahat & Lau (2023), and Sa'diyah et al. (2024), who discovered that investment decisions are influenced by risk tolerance. Risk tolerance directly shapes investment decisions by determining an individual's willingness to accept uncertainty. Investors with higher risk tolerance are more inclined to select high risk, high return assets, while those with lower risk tolerance prefer safer investment options.

The Mediating Role of Risk Tolerance

The result demonstrate that risk tolerance significantly mediates the influence of financial literacy on investment decisions. This finding is consistent with Dewi et al. (2021), Miyya et al. (2024), and Sa'diyah et al. (2024), who discovered that there is an influence of financial literacy on investment decisions mediated by risk tolerance. Financial literate individuals tend to develop a level of risk tolerance that aligns with their understanding of market dynamics. Greater financial

knowledge enables a more informed acceptance of risk, which subsequently guides investors toward more rational and consistent investment decisions.

The result also demonstrate that risk tolerance significantly mediates the influence of experienced regret on investment decisions. This finding is consistent with Dewi et al. (2021) and Lin et al. (2021), who discovered that there is an influence of experienced regret on investment decisions mediated by risk tolerance. Individuals who have experienced losses tend to become more loss-averse, leading them to modify their risk preferences. This adjustment in risk tolerance then influences future investment decisions, such as reducing excessive risk-taking or avoiding impulsive trades.

4. CONCLUSION AND SUGGESTION

Conclusion

Several significant conclusions were drawn from the examination of the influence of financial literacy and experienced regret on the investment decisions of Generation Z in DKI Jakarta, using risk tolerance as a mediating variable. Financial literacy significantly influences investment decisions (p -values $0.000 < 0.10$), indicating that higher financial literacy is associated with more informed and rational investment decisions. Experienced regret also significantly influences investment decisions (p -values $0.000 < 0.10$), indicating that prior experiences of regret contribute to shaping the investment decisions of young people. Additionally, financial literacy and experienced regret each significantly influences risk tolerance (p -values $0.000 < 0.10$), suggesting that both the level of financial understanding and emotional experiences related to investment can influence an individual's preparedness to take on risk. Risk tolerance significantly mediates the influence of financial literacy on investment decisions (p -values $0.001 < 0.10$), indicating that people with higher financial literacy tend to take calculated risks that influence their investment decisions. Risk tolerance also significantly mediates the influence of experienced regret on investment decisions (p -values $0.000 < 0.10$), indicating that past regrets affect investment decisions through their impact on risk tolerance.

Suggestion

Generation Z, as investors, is advised to improve their financial literacy through credible sources such as investment training, seminars, and official educational platforms from Otoritas Jasa Keuangan and Bursa Efek Indonesia. They also need to reflect on previous investment decisions and conduct a risk assessment to ensure that the decisions made align with their personal risk profile. Financial community and investment firms are expected to play an active role in providing easily accessible educational programs, including online training, webinars, educational content on social media, and virtual trading facilities that can help Generation Z understand risks before investing real money. Researchers are further advised to add behavioral variables such as herding, overconfidence (Bregu, 2020; Omane-Adjepong et al., 2021; Sugianto et al., 2024), and Fear of Missing Out (FOMO) (Nguyen et al., 2025; Wicaksono & Hendriyani, 2025) to enrich the research model. Additionally, the research scope can be expanded to other regions to obtain a more diverse picture of Generation Z's investment behavior, considering differences in financial literacy and regional economic characteristics.

Acknowledgement

The authors sincerely express their gratitude to all individuals and organizations who contributed to the completion of this study. Special thanks are given to the respondents for their generous participation and valuable time, which made this research possible.

REFERENCES

- Adiputra, I. G., Bangun, N. A., & Jullian, R. B. (2023). The Effect of Overconfidence Bias, Herding Behavior and Experienced Regret on Investment Decision Making on the Indonesia Stock Exchange. *Journal of Economics, Finance and Management Studies*, 6(5), 2339–2348.
- Alaaraj, H., & Bakri, A. (2020). The Effect of Financial Literacy on Investment Decision Making in Southern Lebanon. *International Business and Accounting Research Journal*, 4(1), 37–43.
- Angelyna, C., & Tannia. (2025). Literasi Keuangan terhadap Perilaku Menabung Gen Z, dengan Moderasi Pengaruh Sosial. *Business Management Journal*, 21(1), 83–98.
- Anjani, S. H., & Ekaptiningrum, K. (2025, January 17). *Tips Mengelola Keuangan untuk Generasi Z*. Universitas Gadjah Mada. <https://feb.ugm.ac.id/id/berita/9549-tips-mengelola-keuangan-untuk-generasi-z>
- Badriatin, T., Rinandiyana, L. R., & Marino, W. S. (2022). Persepsi Risiko dan Sikap Toleransi Risiko terhadap Keputusan Investasi Mahasiswa. *Perspektif: Jurnal Ekonomi Dan Manajemen Universitas Bina Sarana Informatika*, 20(2), 158–163.
- Bregu, K. (2020). Overconfidence and (Over)Trading: The Effect of Feedback on Trading Behavior. *Journal of Behavioral and Experimental Economics*, 88(101598), 1–10. <https://doi.org/10.1016/j.socec.2020.101598>
- Budiman, I., Maulana, Z., & Kamal, S. (2021). Pengaruh Financial Literacy, Experienced Regret, dan Overconfidence terhadap Pengambilan Keputusan Investasi di Pasar Modal. *Jurnal Manajemen Strategi Dan Aplikasi Bisnis*, 4(2), 321–330.
- CFA Institute. (2023, May). *Gen Z and Investing: Social Media, Crypto, FOMO, and Family*. CFA Institute. https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/industry-research/Gen_Z_and_Investing.pdf
- Chauhan, A., Malik, N., & Chhikara, S. (2025). How Financial Literacy Moderate the Relationship between Psychological Factors and Investors' Risk-Taking Behaviour? *Advances in Consumer Reserch*, 2(4), 3639–3650. <https://acr-journal.com/article/how-financial-literacy-moderate-the-relationship-between-psychological-factors-and-investors-risk-taking-behaviour--1458/>
- Chen, J. (2025, June 8). *Prospect Theory: What It Is and How It Works, With Examples*. Investopedia. https://www.investopedia-com.translate.google/terms/p/prospecttheory.asp?_x_tr_sl=en&_x_tr_tl=id&_x_tr_hl=id&_x_tr_pto=tc
- CNBC Indonesia. (2023, December 6). *Peran Besar LPS Tingkatkan Literasi Keuangan Masyarakat RI*. CNBC Indonesia. <https://www.cnbcindonesia.com/research/20231204130339-128-494335/peran-besar-lps-tingkatkan-literasi-keuangan-masyarakat-ri>
- Dewi, M., Hamidah, & 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.
- Edison, E. D., & Aisyah, H. (2023). The Effect of Regret Experienced in Investment Decision: An Experimental Study. *International Journal of Asian Business and Management*, 2(1), 85–98.
- Fidelity. (2025, August 19). *New Data from Fidelity Investments Reveals Confidence Among Self-Directed Investors Despite Tumultuous Trading Year*. Fidelity. <https://newsroom.fidelity.com/pressreleases/-new-data-from-fidelity-investments--reveals-confidence-among-self-directed-investors-despite-tumult/s/46faefed-b826-4a16-a1b3-3ff9a6a2cf41>

- Frensidy, B. (2023, January 12). *Budi Frensidy: Tujuh Bias Behavioral Finance*. Universitas Indonesia Fakultas Ekonomi Dan Bisnis. <https://feb.ui.ac.id/2023/01/12/budi-frensidy-tujuh-bias-behavioral-finance/>
- Fridana, I. O., & Asandimitra, N. (2020). Analisis Faktor yang Memengaruhi Keputusan Investasi (Studi pada Mahasiswa di Surabaya). *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, 4(2), 396–405.
- Gillespie, L., & Rubloff, T. (2024, August 28). *Survey: 2 in 5 Americans Regret Not Saving Enough for Retirement or Emergencies*. Bankrate. <https://www.bankrate.com/investing/americans-biggest-financial-regrets-survey/>
- GoodStats. (2022, March 14). *Membedah Perilaku Keuangan Generasi Y dan Z Tahun 2021*. GoodStats. <https://goodstats.id/article/membedah-perilaku-keuangan-generasi-y-dan-z-tahun-2021-1dDo3>
- Hair, J., Hult, G., Ringle, C., & Sarstedt, M. (2022). *A Primer on Partial Least Squares Structural Equation Modelling (PLS-SEM)*. Sage Publications, Inc.
- Hair, J., Hult, G., Ringle, C., Sarstedt, M., Danks, N., & Ray, S. (2021). *Partial Least Squares Structural Equation Modeling (PLS-SEM) Using R: A Workbook*. Springer Nature.
- Hale, V. (2025, July 1). *Banking Barriers: How Education and Fractional Investing Empower Gen Z in the Stock Market*. Ainvest. <https://www.ainvest.com/news/breaking-barriers-education-fractional-investing-empower-gen-stock-market-2507/>
- Hermansson, C., & Jonsson, S. (2021). The Impact of Financial Literacy and Financial Interest on Risk Tolerance. *Journal of Behavioral and Experimental Finance*, 29, 1–12.
- Hidayat, M. M., & Qurratu'aini, N. I. (2025). The Influence of Experienced Regret and Overconfidence on Investment Decision Making in Generation Z with Financial Literacy as A Mediating Variable. *Al Tijarah*, 11(1), 38–48.
- Hidayat, T., Oktaviano, B., & Baharuddin, R. (2023). Keputusan Investasi berdasarkan Literasi Keuangan, Pengetahuan Investasi dan Persepsi Risiko. *Journal of Science and Social Research*, 6(2), 441–452.
- IDX. (2021). *Saham*. IDX. <https://www.idx.co.id/id/produk/saham/>
- Issa, E. El. (2024, October 29). *Survey: Majority of Americans Have Money Regrets in 2024*. NerdWallet. <https://www.nerdwallet.com/article/finance/money/financial-health/survey-majority-of-americans-have-money-regrets-in-2024>
- Kamil, R., & Laksmi. (2023). Generasi Z, Pustakawan dan Vita Activa Kepustakawanan. *Jurnal Dokumentasi Dan Informasi*, 25–34.
- Kasoga, P. S. (2021). Heuristic Biases and Investment Decisions: Multiple Mediation Mechanisms of Risk Tolerance and Financial Literacy-A Survey at the Tanzania Stock Market. *Journal of Money and Business*, 1(2), 102–116. <https://doi.org/10.1108/JMB-10-2021-0037>
- Kessel, A. (2025, August 19). *Social Media Influences One-Third of New Investors- Many Regret Their Financial Choices*. Investopedia. <https://www.investopedia.com/social-media-influences-one-third-of-new-investors-many-regret-their-financial-choices-11793772>
- Kompas. (2024, September 17). *Ongkos Gaya Hidup Gen Z dan Milenial Perkotaan Meningkat, Kesehatan Finansial Terancam*. Kompas. <https://www.kompas.id/artikel/gaya-hidup-tinggi-membelenggu-risiko-finansial-gen-z-dan-milenial-perkotaan>
- KSEI. (2022). Dewan Komisaris Baru KSEI Siap Jalankan Fungsi Pengawasan dan Supervisi. *PT Kustodian Sentral Efek Indonesia*. https://www.ksei.co.id/files/uploads/fokuss_bulletins/fokuss_file/id-id/69_edisi_1_20220929091626.pdf
- KSEI. (2025). *Statistik Pasar Modal Indonesia*. https://www.ksei.co.id/files/Statistik_Publik_Juli_2025.pdf

- Kusumaningrum, S. M., Wiyono, G., & Maulida, A. (2023). The Influence of Financial Literacy, Financial Inclusion, and Financial Attitude on Financial Management of MSMEs in Kapanewon Godean, Kabupaten Sleman. *Jurnal Samudra Ekonomi Dan Bisnis*, 14(2), 227–238.
- LexisNexis. (2024, June 3). *Financial Services Trends for Gen Z and What that Means for Financial Pros.* LexisNexis. <https://www.lexisnexis.com/community/insights/professional/b/industry-insights/posts/gen-z-investing-habits>
- Lin, H., Liang, J., Yang, J., & Wu, F. (2021). Effects of experienced regret on risky decision making are dependent on risky degree. *Scandinavian Journal of Psychology*, 62(3), 339–347. <https://doi.org/10.1111/sjop.12712>
- Mahat, N. A. A. B., & Lau, W.-T. (2023). Financial Literacy, Experience, Risk Tolerance and Investment Behavior: Observations during Pandemic. *International Journal of Research and Innovation in Social Science*, 7(10), 557–573. <https://doi.org/10.47772/IJRISS.2023.701046>
- Malik, A. (2022, May 13). *Ketua SWI, Tongam L Tobing: Investasi Ilegal Marak Terjadi Akibat Tiga Faktor Ini.* Bareksa. <https://www.bareksa.com/berita/belajar-investasi/2022-05-13/ketua-swi-tongam-l-tobing-investasi-ilegal-marak-terjadi-akibat-tiga-faktor-ini>
- Manifest. (2024, May 1). *Navigating Modern Investment Trends, Growth Investing and The Power of Early Retirement Planning.* Manifest. <https://www.manifestplanning.com/blog/navigating-modern-investment-trends-growth-investing-the-power-of-early>
- Miyya, S., Naseer Saboor, & Ali, S. (2024). Impact of Financial Literacy on Investment Decisions Making: The Mediating Effect of Risk Tolerance. *Journal of Law and Social Sciences*, 2(1), 47–55.
- Mufidah, A., Sari, N. K., Awaliyah, I. N., & Nurhayati. (2022). Dampak Perilaku Bias terhadap Pengambilan Keputusan Investasi. *Jurnal Ilmiah Bisnis Dan Ekonomi Asia*, 17(2), 196–211. <https://doi.org/10.32812/jibeka.v14i2.158>
- Murwani, S. (2023, September 1). *Ingin Cepat Kaya, Gen Z Pilih Investasi Berisiko Tinggi.* Tirto.Id. <https://tirto.id/ingin-cepat-kaya-gen-z-pilih-investasi-berisiko-tinggi-gPtZ>
- Nguyen, X. H., Bui, D. A., Le, N. A., & Nguyen, Q. T. (2025). The Role of Fear of Missing out (FOMO), Loss Aversion, and Herd Behavior in Gold Investment Decisions: A Study in the Vietnamese Market. *International Journal of Financial Studies*, 13(3), 175. <https://doi.org/10.3390/ijfs13030175>
- Omane-Adjepong, M., Paul Alagidede, I., Lyimo, A. G., & Tweneboah, G. (2021). Herding Behaviour in Cryptocurrency and Emerging Financial Markets. *Cogent Economics & Finance*, 9(1), 1–14. <https://doi.org/10.1080/23322039.2021.1933681>
- Parker, E., Gerson, B., & Baynes, M. (2024). *The Financial Regrets Report: What Americans Wish They Did Differently.* Clarify Capital. <https://clarifycapital.com/financial-regrets-report>
- Putri, I. D. R., & Sudiyatno, B. (2023). Pengaruh Financial Literacy, Herding, dan Regret Aversion Bias terhadap Keputusan Investasi Generasi Milenial. *Management Studies and Entrepreneurship Journal*, 4(4), 4198–4209.
- Reinicke, C. (2022a, March 31). *More than Half of Young Investors Have Regrets from the Last Year.* CNBC. <https://www.cnbc.com/2022/03/31/more-than-half-of-young-investors-have-regrets-from-the-last-year.html>
- Reinicke, C. (2022b, May 16). *Nearly 40% of Investors Who Pulled Money Out of Markets in the Last Year Regret It.* CNBC. <https://www.cnbc.com/2022/05/16/nearly-40percent-of-investors-who-pulled-money-out-of-markets-regret-it.html>

- Sa'diyah, C., Widagdo, B., & Fitriyari, F. (2024). Cryptocurrency investment: Evidence of financial literacy, experience, and risk tolerance. *Investment Management and Financial Innovations*, 21(3), 148–159. [https://doi.org/10.21511/imfi.21\(3\).2024.13](https://doi.org/10.21511/imfi.21(3).2024.13)
- Sanghvi, P. (2024, August 8). *Prospect Theory and Its Implication for Investor Behavior*. Financial Modelling Prep. <https://site.financialmodelingprep.com/education/financial-analysis/Prospect-Theory-and-Its-Implications-for-Investor-Behavior>
- Santioso, L. (2024). Industry Perspectives on Digital Competences among MBKM Interns in Indonesia. *Return: Study of Management, Economic and Bussines*, 3(1), 41–60. <https://doi.org/10.57096/return.v3i1.201>
- Schoot, R. Van De, & Miocevic, M. (2020). *Sample Size Solutions: A Guide for Applied Researchers and Practitioners*. Routledge.
- Sharma, P. (2024, November 15). *Why Gen Z is Betting Big on Stocks*. SFC Today. <https://sfctoday.com/why-gen-z-is-betting-big-on-stocks>
- Shintawati, M. P. D., & Budidarma, I. G. A. M. (2023). The Effect of Income and Financial Literacy on Investment Decisions with Financial Behavior as An Intervening Variable. *International Journal of Science and Society*, 5(5), 1–24.
- Sofyani, H. (2025). Penggunaan Teknik Partial Least Square (PLS) dalam Riset Akuntansi Berbasis Survei. *Reviu Akuntansi Dan Bisnis Indonesia*, 9(1), 80–94. <https://doi.org/10.18196/rabin.v9i1.26199>
- Sugianto, D. F., Wijaya, L. I., & Sutejo, B. S. (2024). Herding dan Overconfidence dalam Investasi Gen Z: Dampak dan Moderasi Literasi Keuangan. *JAFM: Journal of Accounting and Finance Management*, 5(5), 1088–1099.
- Suprasta, N., & Nursyasman, M. (2020). Faktor-Faktor yang Mempengaruhi Pengambilan Keputusan Investasi Saham. *Jurnal Ekonomi*, 25(2), 251–269.
- Tempo. (2024, March 27). *Kerugian Akibat Investasi Bodong pada 2017-2023 Tembus Rp 139,67 Triliun, Begini Penjelasan OJK*. Tempo. <https://www.tempo.co/ekonomi/kerugian-akibat-investasi-bodong-pada-2017-2023-tembus-rp-139-67-triliun-begini-penjelasan-ojk-73394>
- Wicaksono, D., & Hendriyani, R. M. (2025). Pengaruh Fear of Missing Out (FoMO) dan Literasi Keuangan terhadap Keputusan Investasi: Studi Kasus Generasi Muda di Kota Karawang. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 7(9), 3217–3232. <https://doi.org/10.47467/alkharaj.v7i9.8516>
- William & Mary. (2023, May 4). *What is Behavioral Finance?* Raymond A. Mason School of Business. <https://online.mason.wm.edu/blog/what-is-behavioral-finance>
- Yulianis, N., & Sulistyowati, E. (2021). The Effect of Financial Literacy, Overconfidence, and Risk Tolerance on Investment Decision. *Journal oF Economics, Business, and Government Challenges*, 4(1), 61–71.