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FINANCIAL FACTORS TO INVESTMENT DECISIONS: THE MEDIATING ROLE OF FINANCIAL BEHAVIOR

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KEYWORDS
financial behavior, financial literacy, income, investment decisions, risk perception

ABSTRACT
This study aims to investigate and analyze the influence of financial literacy, risk perception, and income on investment decisions through financial behavior as a mediating variable. The sampling technique employed in this research is non-probability sampling using the purposive sampling method. The sample consists of 223 respondents from generations X, Y, and Z in the Tangerang region who have previously made investments. The analysis method used is Partial Least Squares Structural Equation Modeling (PLS-SEM). The research findings indicate that financial literacy and income influence financial behavior. However, financial literacy and income do not directly impact investment decisions. Risk perception and financial behavior affect investment decisions. Income affects financial literacy. Financial behavior mediates the influence of financial literacy on investment decisions, and financial behavior also mediates the influence of income on investment decisions

1. Introduction

One important factor in investment decisions is financial literacy. Many investors lack financial literacy and exhibit negative financial behaviors, leading to unmet investment goals. Financial behavior indicators can be observed in managing incoming and outgoing cash flows, defaulting on loans, savings, and investments. Inability to manage personal finances can have serious long-term consequences, disrupt social life, and create other social problems (Sari & Santoso, 2021). (OJK, 2022) Stating that financial literacy is lower than financial inclusion at 35.42%, meaning that 35.42% of people who have financial inclusion are not financially literate. Based on demographic data, according to, (KSEI, 2022) generations X, Y, and Z dominate the capital market. However, during the period 2008-2018, the Investment Alert Task Force also recorded that illegal investments resulted in losses amounting to 88.8 trillion Indonesian Rupiah (Halim et al., 2022). These facts support the growth and development of behavioral finance theories, including the application of psychology and financial discipline. Financial behavior significantly contributes to every investment decision. Investment decisions do not always behave consistently with the assumption that planning should be consistent with the understanding of the acquired information (Junita & Panjaitan, 2021) In making investment decisions, individuals tend to be guided by a decision that involves risks and aims to achieve optimal outcomes (Kahneman & Tversky, 1979). In addition, managing income wisely can involve a variety of investments, including stocks, bonds, deposits, gold, real estate assets, and various other investment alternatives. Income is measured based on the total receipts from all available sources. This income can serve as a useful indicator for projecting consumer demand in the future, although it may not always be entirely accurate (Arianti, 2020)

Indonesia is in the era of a 'demographic bonus,' with 68.7% or 183.36 million people aged 15-64, which is the productive age group of the total population (BPS, 2018). This productive population is dominated by generations X, Y, and Z. Generation X, born between 1965 and 1980 (Mahendra & Rafik, 2022), often identified as a generation that tends to take risks with careful consideration in decision-making. Generation Y, which comprises individuals born between 1980 and 2000 (Hidayatullah et al., 2018), currently play a key role in changing the power dynamics across various sectors, ranging from the labor market to the financial market, as well as the global economy (Batista & Ayu, 2023 Meanwhile, Generation Z comprises individuals born between 2001 and 2010 (Batista & Ayu, 2023) with With characteristics like comfort with technology, active engagement with social media, expressiveness, tolerance, and multitasking abilities, Generation Z is poised to enter the workforce in the coming years. This will enable them to actively participate in financial investments and potentially enhance the overall well-being of society (Dasra Viana et al., 2021) . With the evolution of existing technologies and the characteristics of Generation Z, it is highly likely that Gen Z will exhibit consumerist tendencies and need to be financially savvy (Laturette et al., 2021). Therefore, financial intelligence in financial literacy still requires attention in the modern era (Batista & Ayu, 2023)

Financial behavior involves an individual's skills in managing their day-to-day finances, including planning, budgeting, monitoring, organizing, controlling, searching, and storing funds. It can also be described as the financial decision-making process that aligns individual motivations with corporate goals. Financial management behavior relates to the efficiency in handling funds, and cash flows should align with the established plan (Arianti, 2020) Financial literacy encompasses knowledge, skills, and beliefs that influence an individual's financial attitudes and behaviors, aiming to enhance the quality of decision-making and financial management for overall well-being (OJK, 2022). (Ramadani et al., 2022) stated that financial literacy affects financial behavior. Similar findings were reported by (Susilowati et al., 2020) indicating that financial literacy directly influences financial behavior. A high level of financial literacy determines good financial behavior in the future, (Sari & Santoso, 2021) also mentioned that financial literacy influences financial behavior.

H1: Financial Literacy affects financial behavior

Individuals with lower incomes tend to have limited savings opportunities. Additionally, individuals with stable income sources often exhibit wise financial management behaviors, as stable income provides opportunities to act intelligently (Alexander, 2019) People with higher incomes tend to demonstrate more responsible financial management behavior, considering that fund availability provides the chance to act wisely in financial management (Arianti, 2020) (Brilianti &; Lutfi, 2020) st stated that income has a significant negative impact on investment decisions. Similarly, (Trivani & Soleha, 2023) mentioned that income has a significantly positive influence on financial behavior.

H2: Income affects financial behavior

The Organization for Economic Cooperation and Development (2017) stated in (Sari N D & Pamikatsih R T, 2022) defines financial literacy as knowledge about financial risks and planning, along with the confidence to apply this understanding for budgeting decisions, enhancing well-being, and social participation in the economy. Investment involves an act that, through careful analysis, ensures the safety of the principal amount and provides adequate returns. Otherwise, it would be considered speculation. (Graham, 2019). Research by (Weixiang et al., 2022) on investors in China indicated that financial literacy has a significantly positive impact on investment decisions. This finding was also supported by (Seraj et al., 2022) in their study in Saudi Arabia, stating that financial literacy has a positive influence on investment decisions. Similar results were reported by (Ramadani et al., 2022) indicating that financial literacy has a positive impact on investment decisions. Likewise, also(Rustan DM, 2021) stated that financial literacy has a positive and significant influence on investment decisions.

H3: Financial Literacy Influences Investment Decisions

In (PSAK 23, 2017) income is defined as the gross inflow of economic benefits resulting from an entity's normal activities during a period, causing an increase in equity, not derived from contributions by equity participants. As described by Sukirno (2006) in (Junita & Panjaitan, 2021) income refers to the earnings an individual receives in relation to their performance within a specific period, whether yearly, monthly, weekly, or daily. Personal income essentially depends on the field of production or services, working hours, and hourly wage rates. The study conducted by (Rahman & Yulian, 2022) stated that income influences investment decisions. Individuals with higher incomes may be inclined to make high-risk investments in hopes of generating substantial profits. Income significantly affects investment decisions because it allows for measuring investments based on individual income. This can determine whether an individual decides to invest capital and, if so, how much they choose tangible assets or financial assets for investment (Junita & Panjaitan, 2021)

H4: Income Influences Investment Decisions

(Kahneman & Tversky, 1979) Prospect Theory is the foundation for decision-making in specific situations, even if the ultimate results cannot be predicted. Prospect Theory validates that individuals do not always act based on financial information and knowledge in investment decision-making. Instead, individuals refer to other factors such as psychological aspects that impact irrational decision-making. The research by (Nur Aini & Lutfi, 2019) stated that risk perception significantly and negatively affects investment decisions. Investor preferences in choosing specific investment instruments can be observed, among others, in investors' perception of risks inherent in these instruments. Knowledge of investment is crucial for prospective investors before committing funds or other resources to one or multiple investment instruments. Perceptions of risk fall under financial behavior, where investor behavior can be predicted by understanding personality, situations, conditions, and investor views on the risks associated with investment instruments (Mulyana et al., 2019)

H5: Risk Perception Influences Investment Decisions

Financial behavior is the study that observes an individual's behavior when making decisions, including financial decisions. There is a psychological influence on an individual's investment decisions (Nofsinger 2001) as cited in (Yasa et al., 2020).). Financial behavior plays a crucial role when making investment decisions, where an individual's psychological aspects affect the investment choices made (Putri, 2021). (Rustan DM, 2021) research showed that financial behavior significantly and positively influences investment decisions. This implies that financial behavior combines financial theory with economic and psychological laws. Financial behavior refers to how individuals respond and act when faced with financial decisions and can also be defined as a psychology-based theory that attempts to understand how emotions and cognitive biases affect investor behavior (Silaya M A & Joseph C N, 2021)

H6: Financial Behavior Influences Investment Decisions

Financial literacy involves understanding, skills, and beliefs that influence an individual's financial views and actions, aiming to improve the quality of decision-making and financial management to achieve prosperity (OJK, 2022). According to (Sitinjak, 2019) investment decisions involve allocating funds with the aim of gaining profit in the future. (Sari N D & Pamikatsih R T, 2022) based on the Study by (Safryani U et al., 2020) explained that financial behavior's goal combines aspects of financial capacity and an individual's psychological capacity in managing and utilizing their finances. This is subsequently used as financial resources, references for decision-making, financial planning for future periods, or as business operations. (Ramadani et al., 2022) stated that financial behavior has been proven to mediate the influence of financial literacy on investment decisions.

H7: Financial Behavior Mediates the Influence of Financial Literacy on Investment Decisions

People with lower incomes tend to have limited savings opportunities. Additionally, individuals with stable income sources often exhibit wise financial management behavior because stable income provides the opportunity to act wisely (Alexander, 2019). (Yasa et al., 2020) stated that financial behavior reflects the skills and actions of individuals in managing their finances. Each individual routinely faces challenges related to their income and expenditures. Individuals with good financial behavior are generally smarter in managing their money and resources, including controlling expenses, recording expenditures, and making wise investment decisions. According to (Sari N D & Pamikatsih R T, 2022) investment decisions involve placing funds in specific investment instruments, chosen based on careful considerations and utilizing available knowledge. This is done because investment decisions significantly impact the future investment results that will be obtained.

H8: Financial behavior mediates the influence of income on investment decisions.

Income includes all forms of earnings derived from wages, investments, sales in cash, goods, or intangible assets (Sari N D & Pamikatsih R T, 2022) According to (Lestari et al., 2022.) the higher personal income, the greater the sense of responsibility in financial behavior, in relation to fund allocation and the opportunity to take responsibility. This behavior will influence individual investment decisions. Income can be categorized into several types, such as rental income, government assistance, interest income, and dividends. (Idayati et al., 2023) They also state that financial literacy encompasses many competencies and knowledge about finance. Possessed by individuals with the ability to manage or use a certain amount of money, it enhances their standard of living and works towards prosperity. The research by (Arianti, 2020) indicated that income affects financial literacy. Similar findings were stated by (Rahman & Yulian, 2022) where income influences financial literacy.

H9: Income influences financial literacy.

The conceptual model can be illustrated as follows:

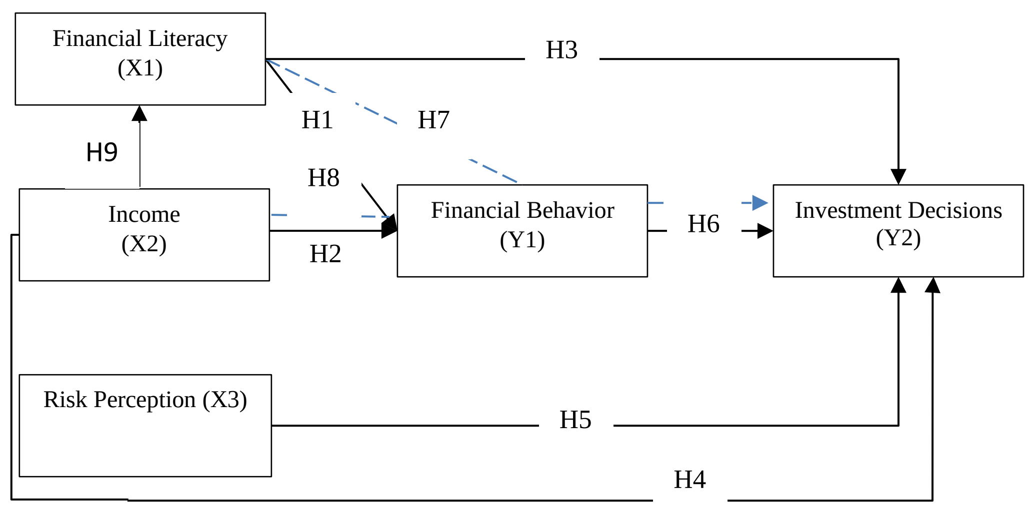

Figure 1 Structural Model
Source: Research Conceptual Framework, processed (2023)

2. Materials and Methods

This research aims to examine the influence of financial literacy, income, and risk perception on investment decisions and the mediating effect of financial behavior among Generation X, Y, and Z in the Tangerang region. The study employed a survey method with a quantitative approach and analyzed the data using Structural Equation Model (SEM) with SmartPLS 4.0. The determination of the sample size involved multiplying the number of indicators' questions by a range of 5 to 10. The minimum sample size required for this study is 33 x 5 = 168 samples (Hair et al., 2017) Data was collected using non-probability sampling, specifically purposive/estimation sampling, through online questionnaires in the form of Google Forms. The responses were measured using a 5-point Likert Scale (Ordinal Scale 1-5). Data analysis was performed using Partial Least Square SEM (SmartPLS 4.0) with validity and reliability tests (Ghozali, 2014)

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3. Result and Discussion

Characteristics of Research Respondents

Table 1
Respondent Demographics

Characteristic	Classification	Number of Respondents	Percentage (%)
Gender	Man	117	52,5%
	Woman	106	47,5%
Recent Education	D1	4	1,8%
	D3	22	9,9%
	S1	129	57,8%
	S2	25	11,2%
	S3	4	1,8%
	High School/Equivalent	39	17,5%
Age	18-22	11	4,9%
	23-43	141	63,2%
	44-58	71	31,9%
Income	<10 Million	48	21,5%
	10-100 Million	97	43,5%
	100-500 Million	69	30,9%
	500 million-1 m	9	4,0%
Investment History	Insurance	2	0.9%
	Deposits	86	38.6%
	Gold/Other Precious Metals	138	61.9%
	Putting money in the real sector (business)	39	17.5%
	Stock Investment	32	14.3%
	Bonds/Sukuk	21	9.4%
	Property (Land / Building / Apartment)	123	55.2%
	Fund	36	16.1%
	p2p lending	1	0.4%
	Currency	1	0.4%
	livestock	1	0.4%

Convergence Validity Testing

Based on the results of convergent validity testing using PLS, the outer loading values for financial literacy indicators ranged from 0.882 to 0.807, and income indicators ranged from 0.754 to 0.845. Financial behavior had outer loading values ranging from 0.712 to 0.863, investment decisions ranged from 0.616 to 0.888, and risk perception ranged from 0.621 to 0.840. All indicators of latent variables: financial literacy, income, risk perception, financial behavior, and investment decisions, had outer loading values greater than 0.5, indicating that they are all valid indicators for determining the values of their respective variables. A loading factor is acceptable if its minimum outer loading is > 0.5, and ideally > 0.70 (Hair et al., 2017) or based on (Chin, 1998) indicators are acceptable if the outer loading value is > 0.60.

Table 2 Values AVE (Average Variance Extracted)

Variable	AVE value	Information
Financial Literacy	0,646	Valid
Income	0,671	Valid
Financial Behavior	0,539	Valid
Investment Decisions	0,643	Valid
Risk perception	0,565	Valid

Based on the results of convergent validity testing, where the Average Variance Extracted (AVE) > 0.5, the data is considered to meet the research criteria (Hair et al., 2017)

Discriminant Validity Testing

Discriminant validity is evaluated based on the cross-loading measurements with their constructs (Abdillah & Hartono, 2015) A latent construct must explain more variance in its same-item measurements compared to other constructs (Hair et al., 2017). Based on the data analysis conducted using PLS, it can be concluded that the five instruments used in this study have achieved discriminant validity because the correlation scores of the cross-loading for each indicator on the related variable are higher compared to the cross-loading of other latent variables.

Reliability Testing

Composite reliability testing was performed to determine the actual reliability of each variable in the study (Abdillah & Hartono, 2015). The ideal composite reliability value is (Hair et al., 2017) According to the rule of thumb, Cronbach's alpha should be above α > 0.7 (Abdillah & Hartono, 2015)

Table 3 Reliability Test Results

Variable	Composite Reliability	Cronbach's Alpha
Financial Literacy	0,835	0,828
Income	0,732	0,723
Financial Behavior	0,893	0,889
Investment Decisions	0,927	0,916
Risk perception	0,852	0,812

It is known that financial literacy, income, financial behavior, investment decisions, and risk perception have values greater than 0.7. Therefore, each instrument in this study exhibits good reliability.

Inner Model Evaluation

R-square values of 0.75, 0.5, and 0.25 illustrate that the model has high, moderate, or low predictive power, respectively (Hair et al., 2017)Q2 Predictive Relevance: A Q2 value greater than 0 indicates that the model has predictive relevance (Ghozali, 2014) Effect Size (F2) According to (Hair et al., 2017) if the F square value is 0.02, 0.15, 0.35, or < 0.02, the exogenous variable is weak, medium, large, or does not significantly affect the endogenous variable. Goodness of Fit Index: Goodness of Fit (GOF) in Partial Least Squares (PLS) is assessed by the NFI (Normed Fit Index) value. If the NFI value approaches 1, the research model closely aligns with the empirical model (Hair et al., 2017)

Table 4 R-square *value*

Variable	R-square	R-square adjusted
Financial Behavior	0.661	0.658
Investment Decisions	0.750	0.745
Financial Literacy	0.465	0.462

The R-square value for financial behavior is 0.661. An R-square value greater than 0.5 indicates that the model moderately explains the influence of exogenous latent variables on endogenous latent variables. The R-square value for investment decisions is 0.750, signifying that the model strongly explains the influence of exogenous latent variables on endogenous latent variables. The R-square value for financial literacy is 0.465, which is below 0.5, indicating that the model is weak in explaining the influence of exogenous latent variables on endogenous latent variables.

Parametric Statistical Test and Hypothesis Testing

(Sugiyono, 2018) explains that hypotheses are initial responses to the research problems posed. Testing decisions: a) If the calculated t-value > the tabulated t-value, and the p-value is smaller than 0.05 or α < 5%, then H1 is accepted, and H0 is rejected. b) If the calculated t-value < the tabulated t-value, and the p-value is greater than 0.05 or α > 5%, then H0 is accepted, and H1 is rejected.

Table 5 Hypothesis Testing of Direct Influence

	Coefficient of Estimation	T-Statistic	p-value
H1 Financial literacy -> Financial behavior	0,504	5,746	0,000
H2 Income -> Financial Conduct	0,381	4,162	0,000
H3 Financial literacy -> Investment Decisions	0,125	1,815	0,070
H4 Income -> Investment Decisions	-0,041	0,746	0,456
H5 Risk perception -> Investment Decisions	0,171	2,083	0,037
H6 Financial behavior -> Investment Decisions	0,666	11,723	0,000
H9 Income -> Financial literacy	0,682	11,415	0,000

The p-value for the variable "income" concerning financial behavior is 0.000, with a t-statistic of 4.162 and an estimated coefficient of 0.381. This shows that income significantly influences financial behavior. The p-value for the variable "financial literacy" concerning investment decisions is 0.070, with a t-statistic of 1.815 and an estimated coefficient of 0.125. This suggests that financial literacy does not significantly impact investment decisions.The p-value for the variable "income" concerning investment decisions is 0.456, with a t-statistic of 0.746 and an estimated coefficient of -0.041. This indicates that income does not significantly influence investment decisions. The p-value for the variable "risk perception" concerning investment decisions is 0.037, with a t-statistic of 2.083 and an estimated coefficient of 0.171. This demonstrates that risk perception significantly influences investment decisions.The p-value for the variable "financial behavior" concerning investment decisions is 0.000, with a t-statistic of 11.723 and an estimated coefficient of 0.666. This shows that financial behavior significantly influences investment decisions.The p-value for the variable "income" concerning financial literacy is 0.000, with a t-statistic of 11.415 and an estimated coefficient of 0.682. This indicates that income significantly influences financial literacy.

Table 6 Testing the Indirect Influence Hypothesis

	Coefficient of Estimation	T-Statistic	p-value
H7 Financial literacy -> Financial behavior -> Investment Decisions	0,336	5,074	0,000
H8 Income -> Financial Conduct -> Investment Decisions	0,254	3,925	0,000

The p-value for the mediation effect of financial behavior on the relationship between financial literacy and investment decisions is 0.000, with a t-statistic of 5.074 and an estimated coefficient of 0.336. This indicates that there is a mediating effect of financial behavior on the relationship between financial literacy and investment decisions. The p-value for the mediation effect of financial behavior on the relationship between income and investment decisions is 0.000, with a t-statistic of 3.925 and an estimated coefficient of 0.254. This suggests that there is a mediating effect of financial behavior on the relationship between income and investment decisions.

Influence of Financial Literacy on Financial Behavior

The p-value for the variable financial literacy on financial behavior shows a value of 0.000 with a t-statistic of 5.746 and an estimated coefficient of 0.504. These results indicate that financial literacy significantly influences the financial behavior of generations X, Y, and Z in the Tangerang region. This demonstrates that the financial literacy possessed by these generations in Tangerang can influence financial behavior. Good financial literacy serves as a basis for responsible financial behavior. According to (Hasibuan et al., 2017) financial behavior is defined by how well one manages their financial resources, including budget planning, investments, and allocation for insurance. This is supported by research findings from (Susilowati et al., 2020) , (Sari & Santoso, 2021) and (Ramadani et al., 2022) indicating that financial literacy influences financial behavior. A high understanding of financial literacy can determine good financial behavior in the future.

Influence of Income on Financial Behavior

The p-value for the income variable on financial behavior shows a value of 0.000 with a t-statistic of 4.162 and an estimated coefficient of 0.381. These results indicate that income significantly influences the financial behavior of generations X, Y, and Z in the Tangerang region. This reflects that the income received by these generations in Tangerang can influence financial behavior. Individuals with higher incomes tend to exhibit more responsible financial management behaviors. This is partly due to the availability of funds that allows them to act responsibly with their money (Arianti, 2020), This is supported by studies conducted by (Brilianti & Lutfi, 2020) and (Trivani & Soleha, 2023) indicating that income influences an individual's financial behavior. Higher income or earnings of an individual will demonstrate their responsible financial management in their personal finances.

Influence of Financial Literacy on Investment Decisions

The p-value for the financial literacy variable on investment decisions shows a value of 0.070 with a t-statistic of 1.815 and an estimated coefficient of 0.125. These research data indicate that financial literacy does not significantly influence investment decisions for generations X, Y, and Z in the Tangerang region. This implies that financial literacy is not the foundation for investment decisions for these generations in Tangerang; instead, they might rely on the profitable investment history of friends or trustworthy individuals. This can enhance their confidence in the investment decisions they make. This study aligns with the research conducted by (Yundari & Artati, 2021) which shows that financial literacy does not significantly influence investment decisions.

Influence of Income on Investment Decisions

The p-value for the income variable on investment decisions shows a value of 0.456 with a t-statistic of 0.746 and an estimated coefficient of -0.041. These results indicate that income does not influence investment decisions for generations X, Y, and Z in the Tangerang region. This suggests that the high income earned by these generations in Tangerang does not affect the investment decisions made by generations X, Y, and Z in Tangerang. Essentially, investments are not dependent on the amount of funds available for investment; rather, it depends on an individual's ability to identify opportunities in various available investment forms and their financial behavior. Therefore, it can be interpreted that with limited funds, if individuals can identify investment opportunities and exhibit good financial behavior, they can maximize the outcomes of their investments. The findings from this study are in line with the research results of (W. W. Putri et al., 2019) and (Junita & Panjaitan, 2021)), which indicate that income is not one of the demographic factors affecting the investment decisions of students.

Influence of Risk Perception on Investment Decisions

The p-value for the risk perception variable on investment decisions shows a value of 0.037 with a t-statistic of 2.083 and an estimated coefficient of 0.171. These results indicate that the risk perception variable significantly influences investment decisions for generations X, Y, and Z in the Tangerang region. This suggests that investment risk perception among generations X, Y, and Z in Tangerang can affect investment decisions. According to (Lestari et al.,2022), Individuals can receive different information about reality compared to their expectations regarding the investments they make. This results in differences in perception regarding the risks involved in investments. Therefore, knowledge about the risks associated with investments is necessary to help mitigate potential losses. Consequently, understanding the risks associated with the investments to be made can enhance individual investment decision-making. This research's findings align with a study conducted by (Nur Aini & Lutfi, 2019). demonstrating that risk perception influences the investment decisions of workers aged twenty to thirty years in the Bekasi region

Influence of Financial Behavior on Investment Decisions

The p-value of the financial behavior variable concerning investment decisions shows a value of 0.000 with a t-statistic of 11.723 and an estimation coefficient of 0.666. The test demonstrates that financial behavior influences investment decisions among generations X, Y, and Z in the Tangerang region. These results indicate that the financial behavior of generations X, Y, and Z in the Tangerang region can impact investment decisions. This study shows that generations X, Y, and Z exhibit fairly good financial behavior, leading to more effective financial management and better decision-making in investments. These findings are consistent with another study conducted by (Ramadani et al., 2022) indicating that financial behavior has a positive and significant impact on investment decisions.

Financial Behavior Mediates the Influence of Financial Literacy on Investment Decisions

The p-value of the financial behavior mediating variable on the influence of financial literacy on investment decisions is 0.000, with a t-statistic of 5.074 and an estimation coefficient of 0.336. These results indicate that there is a mediating influence of financial behavior on the impact of financial literacy on investment decisions among generations X, Y, and Z in the Tangerang region. This suggests that when someone makes an investment decision, they understand and think rationally about effective financial management and the risks that may arise in the short and long term. These research findings align with those of (Ramadani et al., 2022) indicating that financial behavior can mediate the influence of financial literacy on investment decisions.

Financial Behavior Mediates the the Influence of Income on Investment Decisions

The p-value for the financial behavior mediating variable on the impact of income on investment decisions is 0.000, with a t-statistic of 3.925 and an estimation coefficient of 0.254. These results indicate that there is a mediating influence of financial behavior on the impact of income on investment decisions among generations X, Y, and Z in the Tangerang region. (Rahman & Yulian, 2022) revealed that investment is a form of income allocation aimed at achieving higher returns, even with certain risks. When making investment decisions, individuals are significantly influenced by their financial behavior in financial management, as personal financial knowledge is a fundamental requirement to avoid financial problems. This research serves as recent literature supporting the mediating influence of income on investment decisions.

Influence of Income on Financial Literacy

The p-value for the income variable on financial literacy is 0.000, with a t-statistic of 11.415 and an estimation coefficient of 0.682. These results indicate that income significantly influences financial literacy among generations X, Y, and Z in the Tangerang region. This demonstrates that the income received by generations X, Y, and Z in the Tangerang region can affect financial literacy. Individuals with higher incomes have the skills to plan and manage finances properly. This is because higher income leads to managing more assets, requiring a deeper understanding of asset management. Generally, individuals with higher incomes have a higher level of financial understanding, enabling them to plan and control their finances effectively. This research aligns with studies by (Arianti, 2020) and (Rahman & Yulian, 2022) that demonstrate the influence of income on financial literacy.

4. Conclusion

Based on the data analysis results, the following conclusions can be drawn financial literacy has been proven to influence the financial behavior of generations X, Y, and Z in Tangerang. Income has been proven to influence the financial behavior of generations X, Y, and Z in the Tangerang region. Financial literacy has been proven not to influence the investment decisions of generations X, Y, and Z in the Tangerang region. Income has been proven not to influence the investment decisions of generations X, Y, and Z in the Tangerang region. Risk perception has been proven to influence the investment decisions of generations X, Y, and Z in the Tangerang region. Financial behavior has been proven to influence the investment decisions of generations X, Y, and Z in the Tangerang region. Financial behavior has been proven to mediate the influence of financial literacy on the investment decisions of generations X, Y, and Z in the Tangerang region. Financial behavior has been proven to mediate the influence of income on the investment decisions of generations X, Y, and Z in the Tangerang region. Income has been proven to influence the financial literacy of generations X, Y, and Z in the Tangerang region

Based on the research findings, it has been identified that one of the factors influencing individual investment decisions is financial literacy. It is hoped that various parties, especially the government and other relevant entities in the investment sector, can assist in enhancing financial literacy among the public. This enhancement will have an impact on improving financial literacy, which in turn can reduce the risk of investment fraud. This study is expected to serve as a consideration for investors regarding the factors influencing investment decisions and to encourage caution in making investment choices. These findings also highlight that having income and financial knowledge alone might not be sufficient to generate optimal investment decisions. It is crucial to implement this knowledge into practical actions, specifically in financial behavior, to achieve desired investment goals. It is hoped that investments made by the public will contribute to the overall economic well-being of society. Generation Z is entering a productive age, allowing them to actively participate in financial investments and potentially enhance the overall prosperity of society. Therefore, financial intelligence and literacy in the modern era are of paramount importance. Future research could explore different perspectives, such as the personality and psychological factors of individuals that can influence the investment decisions of each generation, including risk tolerance and self-confidence. Additionally, external factors such as market trends, political conditions in a country, liquidity, and inflation that influence investment decisions could be examined more deeply in subsequent studies.

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