



# Decoding Investment Behavior: The Impact of Financial Literacy, Risk Tolerance, and Financial Satisfaction on Generation Z's Investment Decisions



I Wayan Rian Pratama<sup>a</sup>  
Luh Gede Sri Artini<sup>b</sup>

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## Abstract

The investment decision is to allocate a certain amount of funds in a particular type of investment to generate profits in the future. Accessing technology-based financial services, known as fintech, makes investing in financial securities feasible. This study will analyze the investment behavior of Generation Z investors by examining the factors that influence investment decisions based on the theory of financial planning behavior and prospect theory. This research was conducted in Denpasar with a participant sample of 260 Generation Z investors, which was then analyzed using the SEM-PLS method. The findings show that Financial Satisfaction, Risk Tolerance, Financial Literacy, and Investment Intention have a direct positive effect on Investment Decisions. Financial Satisfaction and Financial Literacy have a positive effect on Investment Intention; however, Risk Tolerance has a significant negative effect on Investment Intention. This study also found that Investment Intention acts as a mediator between Financial Satisfaction and Financial Literacy on Investment Decision, not between Risk Tolerance and Investment Decision. The Indonesia Stock Exchange Investment Gallery (IDX) and financial institutions ought to understand Generation Z's investing behavior. By understanding this behavior, they can help issuers identify opportunities to attract young investors.

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## Corresponding author:

I Wayan Rian Pratama,

Faculty of Economy and Business, Udayana University, Denpasar, Indonesia.

Email address: [pratama.2380611015@student.unud.ac.id](mailto:pratama.2380611015@student.unud.ac.id)

<sup>a</sup> Faculty of Economy and Business, Udayana University, Denpasar, Indonesia

<sup>b</sup> Faculty of Economy and Business, Udayana University, Denpasar, Indonesia

## 1 Introduction

Investment is a strategic decision in financial management that is oriented towards asset growth and future economic value creation (Inrawan, 2021). In the global context, investment has become an important part of building individual and national economic resilience. In Indonesia, the investment trend is increasing, especially with the presence of financial technology (fintech) that accelerates public access to various investment instruments. The development of fintech allows investment transactions to be done easily through digital devices, thus accelerating financial inclusion and expanding the reach of investors, including Generation Z (Sung et al., 2019).

Generation Z, which consists of individuals born between 1996 and 2010, is a group that is currently entering their productive years and has great potential in shaping future investment trends (Xie et al., 2023). Generation Z grew up in the digital age with information quickly accessible through social media and online platforms (Angelika & Alinto, 2024). Previous studies show that Generation Z has a tendency to be more risk-taking than previous generations, but at the same time, they also tend to be influenced by viral investment trends, such as investment based on recommendations from influencers or online communities (Suprasta & Nuryasman, 2020). It is very important to pay attention to the investment decisions of young investors to prevent concerns about the emergence of investment YOLO and FOMO behaviors, so that they can further minimize financial distress and also improve their financial well-being.

Table 1  
Investor Demographics on the Indonesia Stock Exchange in 2024

Age	November 2024	December 2024	Asset December 2024
≤ 30	54,92%	54,83%	38,97 Trillion
31 – 40	24,41%	24,48%	256,61 Trillion
41 – 50	12,00%	12,02%	171,69 Trillion
51 – 60	5,71%	5,71%	256,33 Trillion
≥ 60	2,96%	2,96%	833,47 Trillion

Source: Kustodian Sentral Efek Indonesia (2025)

Various factors have been identified as drivers of investment decisions. Financial literacy is one of the main factors contributing to investment decisions (Khawar & Sarwar, 2021). Individuals with high levels of financial literacy tend to be better able to objectively evaluate the risks and benefits of investments, making them more likely to make rational decisions (Mu'afi et al., 2024). Risk tolerance, or the extent to which individuals are willing to accept potential losses in their investments, also plays an important role in shaping investment decisions. Generation Z, which is known to be more familiar with digital technology and information, often has a higher risk tolerance than previous generations (Darmayanti et al., 2023). Financial satisfaction, or an individual's perception of their financial stability and security, is also influential in determining the extent to which they are willing to allocate funds for investment (Nurfatmawati, 2021).

Theories used in the study of investment behavior include Financial Planning Behaviour Theory and Prospect Theory. Financial Planning Behaviour Theory explains how individuals plan their finances based on psychological and cognitive factors (Yeo et al., 2023). Prospect Theory describes how investors make decisions under conditions of uncertainty and how they subjectively assess gains and losses (Hartono et al., 2020). Based on these theories, many studies have examined the relationship between financial literacy, risk tolerance, and financial satisfaction with investment decisions, but the results are still mixed and not always consistent.

Various studies have been conducted to understand investment decisions among Generation Z, but there are still research gaps that need to be filled. One of the main gaps is the lack of understanding of the role of investment intention as a mediator in the relationship between the drivers (financial literacy, risk tolerance, and financial satisfaction) and investment decisions (Yeo et al., 2023). Most previous studies have only examined the direct relationship between these factors and investment decisions, without considering the psychological mechanisms that drive individuals to actually take investment action.

There are different findings in previous studies regarding the influence of these factors on investment decisions. Some studies find that financial literacy has a significant influence on investment decisions, while other studies show that financial literacy does not always play a role in shaping investment decisions, especially if individuals have easy access to external information sources (Febriansyah et al., 2023; Hendarto et al., 2021; Prabowo et al., 2023). Similarly,

some studies suggest that financial satisfaction increases investment decisions, while other studies show that individuals who are satisfied with their financial condition are more conservative in investing (Mutiaru et al., 2023; Agnew, 2018; Pertiwi et al., 2020). Risk tolerance is also a controversial factor in investment research. Most theories state that individuals with high risk tolerance are more likely to invest, but some studies have found that in the context of Generation Z, high risk tolerance does not always lead to more aggressive investment decisions, as emotional and social factors also play a role in their decision making (Mubaraq et al., 2021; Soraya et al., 2023; Koma & Jatningsih, 2024).

Few studies have specifically looked at Indonesia's investors, particularly when it comes to investing in the Indonesia Stock Exchange (IDX). This research focuses more on Generation Z investors, given that over 54% of Indonesian stock investors are under 30, it's critical to comprehend how these characteristics affect their choice of investments. In addition, this research also considers psychological factors, not just behavioral factors, in making investment decisions, namely risk tolerance, by the characteristics of Generation Z, who tend to be hasty in making decisions. To close this gap, this study examines the mediating role that investment intentions have in the relationship between Generation Z's investment decisions, risk tolerance, financial literacy, and financial contentment (Kusuma & Mesacahyani, 2023).

Filling this research gap is crucial as Generation Z has great potential to become the dominant investor in the future. Understanding the factors that influence Generation Z's investment intentions, financial regulators, capital market firms, as well as financial institutions can design more effective strategies to increase Generation Z's participation in sustainable investment. Impact on Capital Markets Generation Z will be the backbone of capital markets in the coming decade. Understanding how they make investment decisions will help develop financial policies that are more inclusive and oriented towards the needs of young investors (Kompas, 2023).

This research will use the Partial Least Squares - Structural Equation Modeling (PLS-SEM) method to analyze data from 260 Generation Z investors who are members of the IDX Investment Gallery in Denpasar area universities. Data was collected through a questionnaire survey and analyzed to identify the relationship between financial satisfaction, financial literacy, risk tolerance, investment intention, and investment decision. This research is expected to provide new insights into how Generation Z forms their investment intentions as well as how those intentions mediate investment decisions. The results of this study are not only useful for academics in understanding the investment behavior of the younger generation, but also for practitioners in the financial industry in designing more effective marketing and financial education strategies.

### *Literature review*

This research refers to several main theories used in analyzing Generation Z's investment behavior, namely the *Theory of Planned Behavior (TPB)*, *Financial Planning Behaviour Theory*, and *Prospect Theory*. The *Theory of Planned Behavior*, developed by Ajzen (1991), explains that a person's intention to act is influenced by three main factors, namely attitude towards behavior, subjective norms, and perceived behavioral control. In the context of investment, TPB helps understand how Generation Z forms investment intentions based on their attitudes towards investment, social influences, and their beliefs about their ability to manage investments well.

### *Financial Planning Behaviour Theory*

*Financial Planning Behaviour Theory*, developed by Yeo et al. (2023), integrates psychological and cognitive elements in understanding individual financial decisions. This theory argues that a person's financial decisions are influenced by financial satisfaction, financial literacy, and other behavioral factors (Brigham & Daves, 2019). In this study, financial satisfaction and financial literacy are considered the main factors that encourage Generation Z to invest. Individuals with high financial satisfaction tend to feel more confident in allocating funds for investment, while individuals with high levels of financial literacy are better able to evaluate risks and opportunities in investment.

### *Prospect Theory*

Another relevant theory in this study is *Prospect Theory*, developed by Kai-Ineman & Tversky (1979). This theory explains that individuals tend to make investment decisions based on how they perceive risk and potential returns (Darmayanti et al., 2023). Generation Z, with high risk tolerance, tends to be more courageous in making investment

decisions, while those with low risk tolerance are more likely to avoid high-risk investments. Therefore, in this study, risk tolerance is considered an important factor that can influence Generation Z's investment intention.

#### *Investment Decision*

An investment decision is a decision to allocate or place a certain amount of funds in a certain type of investment to bring profit in the future over a certain period (Logitama et al., 2021). Investment decisions that are highly rational, intuitive, and spontaneous may be less influenced by default choices (Gambetti et al., 2022). Investment decisions are influenced by various aspects, such as internal factors (such as financial literacy, risk perception, trust level, and income level) and external factors (such as market conditions and interest rates) (Sari & Pamikatsih, 2022). It is important to understand the underlying rationale of investment decisions to gain the greatest incentive from the evaluation procedure (Alaaraj & Bakri, 2020).

#### *Financial Satisfaction*

The conceptualization of financial satisfaction, defined as satisfaction with the current financial situation, continues to be a family policy goal. Financial satisfaction includes being healthy, happy, and free from financial worries (Zimmerman, 2010). Financial satisfaction is considered one of the determinants of subjective well-being (Ngamaba et al., 2020). Investors who get welfare for their financial conditions, both material and non-material, will feel happy and happy, which then leads to directed decisions in the future (Pertwi et al., 2020). Attitudes can manifest as financial satisfaction, where individuals who are dissatisfied, not fully satisfied, or want to be more satisfied with their financial situation will develop a positive disposition towards financial planning (Madinga et al., 2022). The positive effect between financial satisfaction and investment decisions is supported by the results of research by Febriansyah et al. (2023), Mutiara et al. (2023), and Agnew (2018).

#### *Risk Tolerance*

Risk tolerance is defined as the level of an individual's ability to cope with risk when it comes to targets to be achieved or the highest limit of uncertainty that can be tolerated by individuals regarding financial decisions (Darmayanti et al., 2023). Investors' expectations for returns are positively correlated with the amount of risk they are willing to take. Investors with high risk tolerance are people who are ready to face various uncertainties when making investments (Rizkia et al., 2019). Generation Z investors have risk-taking characteristics to make more sustainable investment decisions, because Generation Z believes that investment can create positive change, and wants more proof of performance, but remains committed to sustainable investment (Gunawan & Wiyanto, 2022). The positive effect of risk tolerance and investment decisions is supported by the results of research by Mubaraq et al. (2021), Soraya et al. (2023), and Koma & Jatningsih (2024).

#### *Financial Literacy*

According to the US Government Accountability Office (GAO), the definition of Financial Literacy is the ability to make informed judgments and to take effective action regarding the use and management of money now and in the future. Financial literacy plays an important role in the process of saving, investing, and making financial decisions. Having skills (financial intelligence, budgeting, analytical) develops competencies and motivates people to improve financial literacy, which is cost-effective, self-motivated, and timely, thus leading to wise financial decisions and financial well-being (Kumar et al., 2023). The positive effect of financial literacy and investment decisions is supported by the results of research by Febriansyah et al. (2023), Uttari & Yudiantara (2023), and Hendarto et al. (2021).

#### *Investment Intention*

This research also highlights the role of investment intention as a mediating variable in the relationship between financial satisfaction, financial literacy, and risk tolerance with investment decisions. The existence of intentions allows a person to determine the next action (Izzuddin et al., 2022). Based on the TPB and *Financial Planning Behaviour Theory*, investment intention is considered a key factor that bridges the relationship between financial factors and investment decisions. Thus, this study aims to understand how investment intentions can strengthen or alter

the influence of these factors on Generation Z's investment decisions. The positive effect of investment intention and investment decisions is supported by the results of research by [Silalahi et al. \(2023\)](#), [Ummah et al. \(2021\)](#), and [Raut \(2020\)](#). Based on the theoretical review above, this study formulates several hypotheses as follows:

**H1:** Financial satisfaction has a positive effect on investment decisions.

**H2:** Risk tolerance has a positive effect on investment decisions.

**H3:** Financial literacy has a positive effect on investment decisions.

**H4:** Financial satisfaction has a positive effect on investment intentions.

**H5:** Risk tolerance has a positive effect on investment intentions.

**H6:** Financial literacy has a positive effect on investment intention.

**H7:** Investment intention has a positive effect on investment decisions.

**H8:** Investment intention mediates the effect of financial satisfaction on investment decisions.

**H9:** Investment intention mediates the effect of risk tolerance on investment decisions.

**H10:** Investment intention mediates the effect of financial literacy on investment decisions.

## 2 Research Methodology

### *Sample and Sampling Method*

The population in this study is all Generation Z investors in Denpasar who are active members of the Indonesia Stock Exchange Investment Gallery (IDX) in universities. This population includes active students and alumni who were born between 1996 and 2010. The sample in this study consists of Generation Z investors who are members of the IDX Investment Gallery in Denpasar area universities in 2024 and have an income. The sample size was determined based on the method of [Hair et al. \(2010\)](#), which is a minimum of 5 times the number of research indicators and a maximum of 10 times the number of indicators. With 26 indicators, the number of samples used in this study was 260. This study uses a non-probability sampling method with a snowball sampling technique. Initial respondents were selected from each university, then they would recommend other respondents until the required sample size was reached.

### *Data Collection and Analysis Procedure*

This research is associative research with a quantitative approach that aims to examine the relationship between Financial Satisfaction, Risk Tolerance, Financial Literacy, and Investment Intention as a mediator of Investment Decision. Data were collected using a questionnaire-based survey with a semantic differential scale ranging from 1 (low) to 7 (high) and analyzed using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method with SmartPLS software to evaluate the relationship between research variables. This study uses quantitative data obtained from questionnaire survey results developed based on research indicators. The type of data used is primary data, which is obtained directly from respondents who are Generation Z investors in Denpasar who are members of the Indonesia Stock Exchange Investment Gallery (IDX). Data was collected through an online questionnaire using the Google Forms platform.

Table 2  
Source of Questionnaire Indicators

Construct	Number of Items	Source
Investment Decision	5	<a href="#">Moueed et al. (2015)</a>
Financial Satisfaction	6	<a href="#">Owusu (2023)</a>
Risk Tolerance	4	<a href="#">Darmayanti et al. (2023)</a>
Financial Literacy	7	<a href="#">Stella et al. (2020)</a> , <a href="#">Mudzingiri et al. (2018)</a>
Investment Intention	4	<a href="#">Kurniawan (2021)</a>

The answer to each question is rated by a semantic differential scale from strongly disagree (1) to strongly agree (7).

### Research Framework

The objective of this study is to analyze the Z generation's investment behavior by examining the factors influencing investment decisions based on financial planning behavior theory and prospect theory. The conceptual framework can be depicted in Figure 1 as follows:

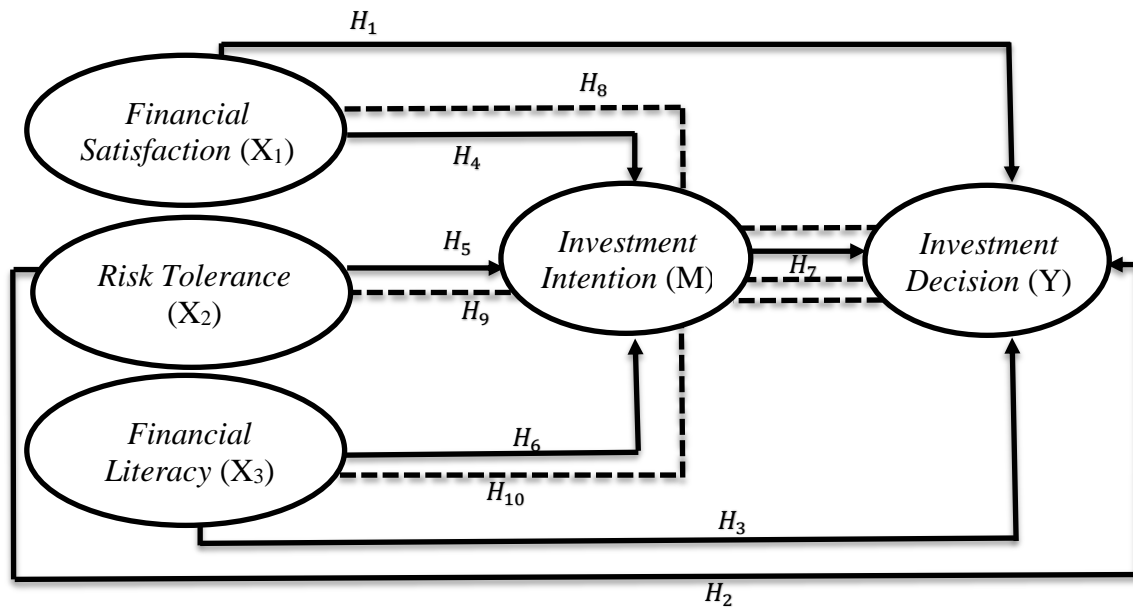


Figure 1. Research Framework

## 3 Results and Discussions

### Descriptive Analysis

Descriptive analysis is used to provide an overview of the characteristics of respondents, consisting of 260 Generation Z investors who are members of the Indonesia Stock Exchange Investment Gallery (IDX) in Denpasar in 2024. Respondents of this study have an age range between 18 and 28 years old, with the majority aged 20-24 years. The majority of respondents have less than 3 years of investment experience and choose stock investment instruments as their main choice. This finding reflects the increasing interest in investment among Generation Z, who are more tech-savvy and have greater access to digital investment platforms.

### Inferential Statistical Analysis (PLS-SEM Analysis)

This study uses the Partial Least Squares - Structural Equation Modeling (PLS-SEM) method with Smart PLS 3.0 software to test the relationship between latent variables as well as the mediating effect of Investment Intention. Model evaluation is carried out in two stages:

a. Evaluation of the Measurement Model (Outer Model)

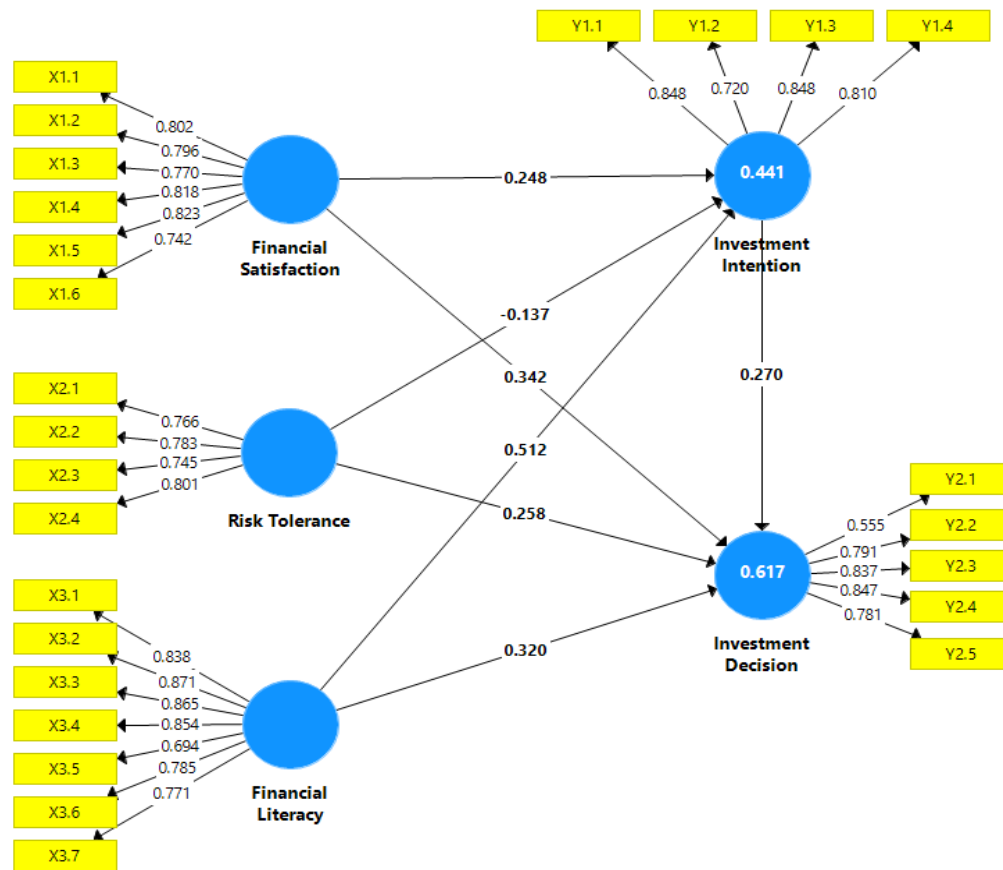


Figure 2. Result of Evaluation of the Measurement Model

Based on the results of the measurement model analysis, all latent variables have met the composite reliability value  $\geq 0.60$  and the AVE value  $\geq 0.50$ , so that all latent variables have passed the composite reliability and convergent validity tests. According to Hair, *et al.* (2017), indicators are declared valid if the outer loading value  $\geq 0.708$ , but indicators with an outer loading value between 0.40 - 0.70 are considered to be retained in the model if the composite reliability value  $\geq 0.60$  and the AVE  $\geq 0.50$ . Based on Figure 2, the financial literacy and investment decision constructs have a composite reliability value  $\geq 0.60$  and an AVE value  $\geq 0.50$  so that the indicator of understanding financial terms (X3.5) and the indicator of the level of investment security (Y2.1) can be retained, so all indicators are suitable for the next stage of analysis, namely discriminant validity.

Table 3  
Result of Discriminant Validity

	<i>Financial Literacy</i>	<i>Financial Satisfaction</i>	<i>Investment Decision</i>	<i>Investment Intention</i>	<i>Risk Tolerance</i>
<i>Financial Literacy</i>	0,813				
<i>Financial Satisfaction</i>	0,713	0,792			
<i>Investment Decision</i>	0,667	0,671	0,770		
<i>Investment Intention</i>	0,635	0,560	0,588	0,808	
<i>Risk Tolerance</i>	0,339	0,390	0,519	0,165	0,774

Discriminant validity is assessed by checking the Fornell-Larcker criterion. The Fornell-Larcker criterion is obtained by comparing the  $\sqrt{AVE}$  value with the construct correlation value. Based on Table 3, all  $\sqrt{AVE}$  values of each variable have a value greater than the correlation value of the construct with other constructs, so that all constructs pass the discriminant validity test, therefore, this research model can proceed to the structural model evaluation stage (inner model).

b. Structural Model Evaluation (Inner Model)

Based on the validity assessment of the measurement model, this suggests that the indicators, serving as measures of latent variables, are each valid and reliable. Subsequently, an analysis of the structural model was conducted to ascertain the goodness-of-fit of the model in this research by focusing on the  $Q^2$  predictive relevance model.

Table 4  
Evaluation Result of Goodness of Fit Model

	<i>R Square</i>	<i>R Square Adjusted</i>	$Q^2$
<i>Investment Intention</i>	0,441	0,435	0,786
<i>Investment Decision</i>	0,617	0,611	

Table 4. shows that the evaluation of the inner model yielded a  $Q^2$  value of 0.786, which closely approaches the value of 1. Consequently, these results suggest that the model can explain 78.6% of the information within the data, signifying a strong explanatory power. This is considered excellent, as for the remaining 21.4%, it is attributed to other variables outside the model or error. The outcomes of the model assessment in this study affirm that the constructs utilized are both valid and reliable, so further hypothesis testing will be continued.

*Inferential Statistical Analysis (PLS-SEM Analysis)*

Hypothesis testing was conducted employing the bootstrapping method to examine the relationships among the variables as in Figure 3. as follows:

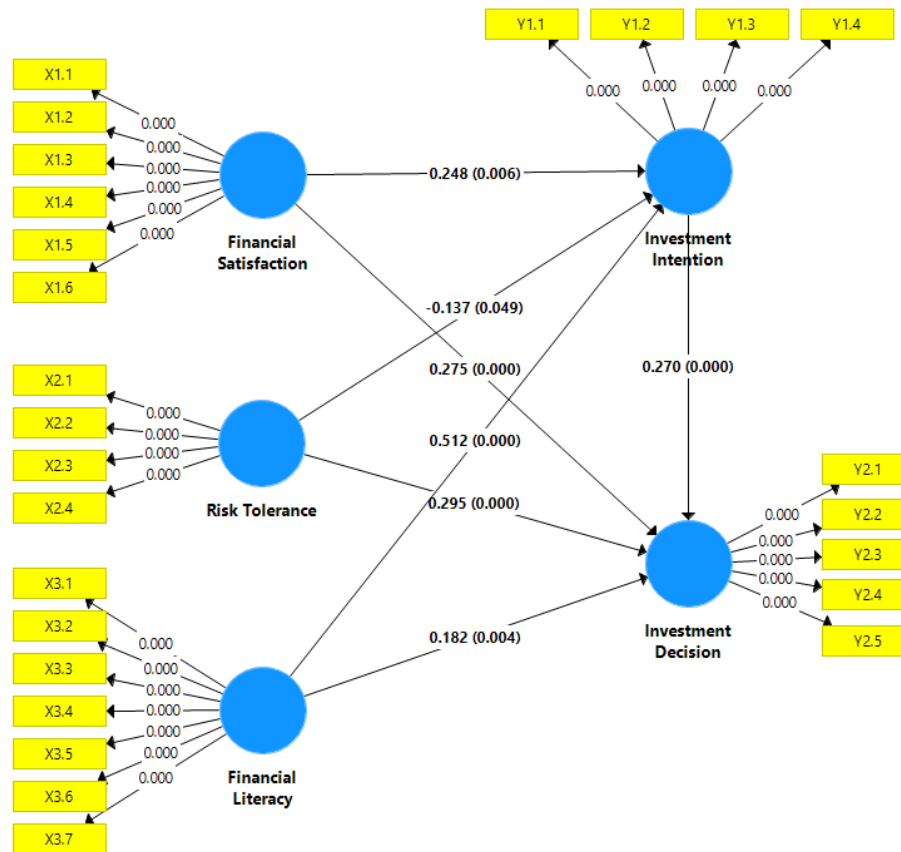


Figure 3. Research Empirical Model

A hypothesis was carried out to determine the magnitude of the T-statistic and P-value. Testing was conducted with a significance level set at 0.05 ( $\alpha = 5\%$ ), with a t-table value of 1.65. The criteria used in testing are:

- $H_0$  is accepted if T-statistic  $\leq$  t-table (1.650) or P-value  $> \alpha$  (0.050)
- $H_a$  is accepted if the T-statistic  $>$  t-table (1.650) or P-value  $\leq \alpha$  (0.050)

The results of the path coefficients test show that all relationships tested in the model are positive and significant, with a t-statistic value  $> 1.96$  and p-value  $< 0.05$ , except for the relationship between *Risk Tolerance* and *Investment Intention*, which is negative and significant. The indirect effect test results can then be presented as presented in Table 5. Below:

Table 5  
Indirect Effect Test Results

	Original Sample	t-statistics	p-values
<i>Financial Literacy</i> → <i>Investment Intention</i> → <i>Investment Decision</i>	0,138	3,303	0,001
<i>Financial Satisfaction</i> → <i>Investment Intention</i> → <i>Investment Decision</i>	0,067	2,329	0,020
<i>Risk Tolerance</i> → <i>Investment Intention</i> → <i>Investment Decision</i>	-0,037	1,631	0,104

## Discussion

### *H1: The Effect of Financial Satisfaction on Investment Decision*

The results showed that financial satisfaction has a positive and significant effect on investment decisions with a t-statistic = 4.039 and a p-value = 0.000. The regression coefficient value is 0.275, which means that every increase of 1 unit of financial satisfaction will increase investment decisions by 0.275. This finding is in line with *Financial Planning Behavior Theory*, which states that individuals with high levels of financial satisfaction are more confident in allocating funds for investment. This is in line with the findings of [Febriansyah et al. \(2023\)](#), [Agnew \(2018\)](#), and [Trenggana & Kuswardhana \(2017\)](#).

### *H2: Effect of Risk Tolerance on Investment Decision*

Risk tolerance also has a positive and significant influence on investment decisions, with a t-statistic = 6.534 and p-value = 0.000. The regression coefficient value is 0.295, which means that the higher a person's risk tolerance, the more likely they are to make more aggressive investment decisions. This finding supports *Prospect Theory*, which states that individuals with high risk tolerance are more likely to accept uncertainty and make bolder investment decisions. This is in line with the findings of [Mubaraq et al. \(2021\)](#), [Soraya et al. \(2023\)](#), and [Koma & Jatningsih \(2024\)](#).

### *H3: The Effect of Financial Literacy on Investment Decision*

The statistical test results show that financial literacy has a positive and significant effect on investment decisions, with a t-statistic = 2.906 and a p-value = 0.004. The regression coefficient value is 0.182, which means that every increase of 1 unit of financial literacy will increase investment decisions by 0.182. This finding is in line with *Financial Planning Behaviour Theory*, which states that a higher level of financial literacy allows individuals to better understand the risks and benefits of investing. This is in line with the findings of [Hendarto et al. \(2021\)](#), [Uttari & Yudiantara \(2023\)](#), and [Dewi & Purbawangsa \(2018\)](#).

### *H4: The Effect of Financial Satisfaction on Investment Intention*

The results showed that financial satisfaction has a positive and significant effect on investment intention, with a t-statistic = 2.746 and a p-value = 0.006. The regression coefficient value is 0.248, which means that every increase of 1 unit of financial satisfaction will increase investment intention by 0.248. This finding is in line with *Financial Planning Behaviour Theory*, which states that financial satisfaction is considered as one of the determinants of individual financial attitudes, conceptualizing financial satisfaction, which is defined as satisfaction with the current financial situation that can shape individual intentions to carry out financial planning. This is in line with the findings of [Wibowo & Adityawarman \(2022\)](#) and [Trenggana & Kuswardhana \(2017\)](#).

### *H5: The Effect of Risk Tolerance on Investment Intention*

The results showed that risk tolerance has a negative and significant effect on investment intention, with a t-statistic = 1.970 and a p-value = 0.049. The regression coefficient value is -0.137, which means that every increase of 1 unit of risk tolerance will decrease investment intention by 0.137. This result seems to contradict the general view that individuals with high risk tolerance are more willing to invest, but based on prospect theory, this phenomenon can be explained through the psychological mechanism of loss aversion. Loss aversion is a situation where individuals with high risk tolerance may be more aware of the potential for large losses, thus reducing the intention to invest. This phenomenon can also occur due to the characteristics of Generation Z, which has an unstable emotional level, so that despite having a high-risk tolerance, Generation Z tends to make decisions hastily with low planning or will ([Onasie & Widoatmodjo, 2020](#)). This is in line with the findings of [Juwono et al. \(2025\)](#) and [Aren & Hamamci \(2020\)](#).

### *H6: The Effect of Financial Literacy on Investment Intention*

The results showed that financial literacy has a positive and significant effect on investment intention, with a t-statistic = 6.470 and a p-value = 0.000. The regression coefficient value is 0.512, which means that every increase of 1 unit of financial literacy will increase investment intention by 0.512. This finding is in line with the *Financial Planning Behaviour Theory*, which states that financial literacy is knowledge, skills, and beliefs that will shape attitudes and behaviors, including intentions in making an investment plan. This is in line with the findings of [Malik et al. \(2023\)](#), [Raut \(2020\)](#), and [Khan & Sadiq \(2018\)](#).

#### *H7: The Effect of Investment Intention on Investment Decision*

The statistical test results show that investment intention has a positive and significant effect on investment decisions, with a t-statistic = 4.144 and p-value = 0.000. The regression coefficient value is 0.270, which means that every increase of 1 unit of investment intention will increase investment decisions by 0.270. This finding is in line with *Financial Planning Behaviour Theory*, which states that investment intention reflects a strong motivation to start or continue investment activities. This motivation can be a strong driver for someone to take real action in allocating their assets into investment instruments that align with their financial goals. The existence of intentions in individuals will make them more committed, create a sense of responsibility, and drive them to invest. This is in line with the findings of [Ummah et al. \(2021\)](#) and [Raut \(2020\)](#).

#### *H8: The role of Investment Intention in mediating the influence of Financial Satisfaction on Investment Decisions*

The statistical test results show that investment intention can mediate the effect of financial satisfaction on investment decisions made by Generation Z investors who are members of the Indonesia Stock Exchange Investment Gallery (IDX) of Denpasar area universities in 2024, with t-statistic = 2.329 and p-value = 0.020. This finding is in line with financial planning behavior theory, which states the conceptualization of financial satisfaction, which is defined as satisfaction with the current financial situation that can shape individual intentions to carry out financial planning.

#### *H9: The role of Investment Intention in mediating the influence of Risk Tolerance on Investment Decisions*

The statistical test results show that investment intention is not able to mediate the effect of risk tolerance on investment decisions made by Generation Z investors who are members of the Indonesia Stock Exchange Investment Gallery (BEI) of Denpasar area universities in 2024, with a t-statistic = 1.631 and p-value = 0.104. According to prospect theory, individuals with high risk tolerance tend to be more confident in dealing with financial uncertainty so that they feel no need to invest with (long-term) planning or intentions in advance. The higher the risk tolerance of Generation Z investors, the more prepared they are to face financial risks, and the lower the planning in investing. This result is also in line with the characteristics of Generation Z, namely taking risks in investment decisions, FOMO, and tending to rush into decision-making with unstable emotional conditions ([Onasie & Widodoatmodjo, 2020](#)). Based on the results of descriptive statistical analysis, Generation Z investors have a high tendency to invite friends to invest, which can be the cause of investment intention not being a mediator. According to [Aren & Hamamci \(2020\)](#), an investor usually has enough good knowledge in managing risks to make investment decisions, so investors with high risk tolerance will usually make investment decisions directly without going through investment intentions or planning.

#### *H10: The role of Investment Intention in mediating the influence of Financial Literacy on Investment Decisions*

The statistical test results show that investment intention can mediate the effect of financial literacy on investment decisions made by Generation Z investors who are members of the Indonesia Stock Exchange Investment Gallery (IDX) of Denpasar area universities in 2024, with a t-statistic = 3.303 and p-value = 0.001. This finding is in line with financial planning behavior theory, which states that financial literacy will trigger the desire to try new challenges, which can then lead to the intention to invest. Intention triggers how young investors will try as hard as possible to make optimal investment decisions according to their preferences, because with intention, individuals will be more committed ([Silalahi et al., 2023](#)).

## 4 Conclusion

The results of this study show that financial satisfaction, risk tolerance, and financial literacy have a positive influence on Generation Z's investment decisions, both directly and through the mediating role of investment intentions. Financial satisfaction is proven to increase investment intentions and decisions, indicating that individuals who are satisfied with their financial condition are more likely to make investment decisions. Financial literacy also plays a significant role in increasing investment decisions, both directly and through investment intention as a mediator, confirming that a better understanding of financial concepts can increase individual participation in investment. However, the results of this study show that risk tolerance does not have a significant effect on investment intention, although it directly affects investment decisions, indicating that Generation Z with high risk tolerance tends to make investment decisions directly without the need to be mediated by investment intention.

The implications of this research are divided into two main aspects, namely theoretical implications and practical implications. Theoretically, this study contributes to the development of *Financial Planning Behaviour Theory* and

*Prospect Theory* by confirming that financial satisfaction and financial literacy play an important role in investment decisions, both directly and through investment intention as a mediator. In addition, this study provides a new perspective on the role of risk tolerance in Generation Z investment, where individuals with high risk tolerance tend to invest directly without going through the process of forming investment intentions. From a practical point of view, the results of this study provide insights for the government, capital market regulators, and the financial industry in developing strategies to increase financial inclusion among Generation Z. By providing more comprehensive financial education, Generation Z will be able to improve their financial literacy. By providing more comprehensive financial education, as well as creating a more friendly investment environment for young investors, it is expected that Generation Z's participation in investment can continue to increase, thus strengthening the investment ecosystem in Indonesia.

#### *Limitation*

This study has limitations because it only analyzes several factors that influence investment decisions, namely financial satisfaction, risk tolerance, financial literacy, and investment intentions. Future research is expected to explore other variables, such as social and psychological factors, such as financial socialization and overconfidence. Further research can be carried out up to the investment performance analysis stage to determine the extent to which the factors studied can have an impact on the investment returns obtained by investors.

#### *Conflict of interest statement*

The authors declared that they have no competing interests.

#### *Statement of authorship*

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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