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Finance Student Behavior and Investment Decisions

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ABSTRACT
This research is to analyze whether, regret Aversion, Loss Aversion and Herding Bias can affect investment decisions in students of the University of Muhammadiyah Tangerang. The population in this study is 16798 and the sample is 100 people with an analysis tool using Smart PLS.3, Outher model test results are all variables are declared reliable and valid while the results of hypothesis testing in the inner model state that Over confidence, Loss Aversion and Herding Bias have a significant positive effect on investment decisions while Regret Aversion has a negative and significant effect on investment decisions. These results suggest that student confidence in making investment decisions takes into account the pros and cons and learns from the experiences of others.

Keywords: Over Convidence, Regret Sversion, Loss Aversion, Herding Bias, Investment Decision

INTRODUCTION

Investment can be understood as investment, usually in the long term by buying assets, buying stocks or other securities with the expectation of profits. Investment occurs because of demand and supply in the capital market. One of the goals of investors investing is to obtain the expected returns or increase the value of assets in the future. To get this advantage, an investor must make an investment decision. Investment decisions can be formed from rational and irrational investor behavior. This decision-making process is clearly not an easy thing for an investor to face, because it comes with various risks and creates financial consequences, namely profit or loss (Barney, 2018). An investor certainly expects profits from the investment decisions taken. So investors must be rational with foresight in making investment decisions, even investors who are not rational (Afriani & Halmawati, 2019). Data from observed students states that most are interested in safe investments, this can be It can be seen from the results of observations that most students choose to invest in savings. While investing in property is not an option for student investors, this is because investing in property requires large capital.

Table 1. Investment instruments

Investor	Saving	Bond	Gold	Stock	Mutual Fund	Property
Student	46	12	7	22	18	6

Source: Data processed by the author

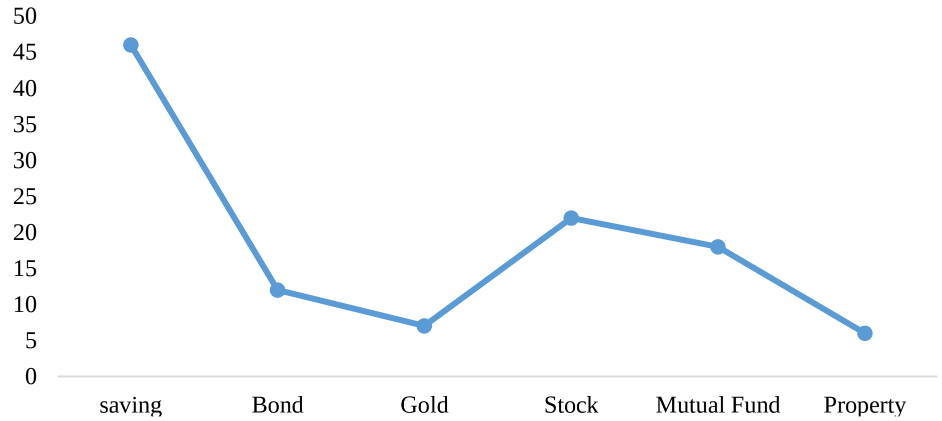

Figure 1. Investment instruments

There are various factors that cause students to invest, one of which is Overconfidence because there are some students who believe in their ability to invest, they have studied the investment instrument. This can be seen from the students who chose stock and bond instruments, a total of 34 people because these investment instruments tend to require confidence from those who want to invest. The results of observations of students choosing stocks because they believe they will get big profits and also some students are confident that stock analysis will be profitable even though it has a big risk (Thaler, 2016). So that they believe in the abilities they have and are confident in the investment options they choose that will provide benefits. This research is in line with research (Addinpujoartanto & Darmawan, 2020) which states that overconfidence has a positive influence on investment decisions. In contrast to research (Afriani & Halmawati, 2019) which states that overconfidence does not have a positive effect on investment decisions. Another factor that influences student investing is Regret aversion, in which investors have a tendency to avoid making decisions for fear of regret (Mahadevi & Haryono, 2021). In simple terms, regret aversion avoids making decisions that cause regret, in other words, are profitable in a short time (Akinkoye & Bankole, 2020; Nursalimah & Utami, 2022). The observation results show that the regret aversion factor is found in savings and gold investment instruments with the number of students choosing this instrument as many as 53. This is because students tend to avoid decisions that make regrets in the future such as investing in gold whose prices tend to increase every year and savings which can be taken at any time. This research is in line with research (Pradhana, 2018) which states that regret aversion has a positive effect on investment decisions. In contrast to research (Salsabila, 2020) says that regret aversion does not have a positive effect on investment decisions. In addition to regret aversion, there are other similar factors, namely loss aversion, which distinguishes this factor from avoiding losses rather than having gains (Andersson et al., 2016). Loss aversion is a factor that makes investors avoid losses rather than having profits. This can be seen from the average investment student choosing an investment instrument that has a low loss rate, namely 46 savings. It can be seen from the average investment student choosing savings as an investment instrument because of the safe level of risk. This research is in line with research (Putri, 2021) which states that loss aversion has a positive effect on investment decisions. Contrary to research (Maulani et al. 2022) says that loss aversion has no positive effect on investment decisions. However, there are also students who invest because they are influenced by friends who have made investments (herding bias), such as: peers, family, and even their idols in terms of making and choosing investments. So that they will tend to follow the behavior of other investors without knowing the information that is happening in the market now. Irrational investors do not have a stand in terms of making investment decisions, they will prefer to follow the choices of other investors (Shanmuganathan, 2020). Starting from the types used for investment and even buying and selling investment instruments (Daniati & Prasetyo, 2022). This can be seen from the various reason students choose investment instruments because they are inspired by influencers, or famous people. This research is in line with research (Theressa & Armansyah, 2022) which states that herding bias has a positive influence on investment decisions. In contrast to research (Daniati & Prasetyo, 2022) which states that herding bias does not have a positive effect on investment decisions

METHOD

This research is a research with a descriptive quantitative approach and uses primary data sourced from questionnaires where the variables are measured using a Likers scale. The indicators of the dependent variable (investment decision) are the rate of return, return of risk, and the relationship between rate return and return of investment. risk. The independent variables consist of: 1) over confidence, 2). regret aversion, 3). lost Aversion and 4). Biased herding. The indicators of the independent variables are as follows:

Table 2. Research Instrument Indicators

Research variable	Research Indicators
Overconvidence X1	1. Believe in your abilities 2. Believe in the knowledge you have 3. Accuracy in the selection of investments 4. Believe in the experience you have
Regret Aversion X2	1. Fear and uncertainty about the same investment decision 2. Avoid the same loss 3. Releasing profits quickly 4. Holding losses for too long
Loss Aversion X3	1. Investment with a definite loss 2. Careful with losses 3. Benefit from investment losses
Herding Bias X4	1. Following other investors' decision choices 2. Following the buying or selling of other investors' investment instruments 3.Quick reaction to investment decisions

The population in this study amounted to 16798 while the sample in this study amounted to 100 respondents as a result of calculations using the slovin formula. The analytical tool used is Smart PLS 3. The analysis begins with descriptive statistical analysis, the outer model is used to measure validity, reliability and R square while the inner model is used to test the hypothesis.

RESULT AND DISCUSSION

Descriptive Statistics test results, can be seen in the table below:

Table 3. Descriptive Statistics Over confidence

	Mean	Median	Observed Min	Observed Max	Standard Deviation
OC1	4.46	5	2	5	0.754
OC10	4.41	5	1	5	0.85
OC11	4.45	5	1	5	0.74
OC2	4.39	5	2	5	0.747
OC3	4.43	5	2	5	0.828
OC4	4.4	5	2	5	0.748
OC5	4.48	5	2	5	0.755
OC6	4.24	5	1	5	0.981
OC7	4.25	5	1	5	0.942
OC8	4.41	5	2	5	0.75
OC9	4.48	5	2	5	0.741

Source: Results of data processing

Based on the results of the descriptive analysis in table 3 above, the results of the analysis show the average value of each indicator on the Overconfidence variable (shown from the average value above 4.20) respondents agree with the statement I believe in my abilities have in investing so that makes me tend to get profit and my decision to invest is mostly based on knowledge, experience and Education.

Table 4. Descriptive Regret Aversion Statistics

	Mean	Median	Observed Min	Observed Max	Standard Deviation
RA1	4.29	5	1	5	0.973
RA2	4.18	4	1	5	0.963
RA3	4.21	5	1	5	1.052
RA4	4.33	5	1	5	0.895
RA6	4.27	5	1	5	0.988
RA7	4.13	5	1	5	1.137
RA8	4.18	5	1	5	1.024
RA9	4.36	5	1	5	0.985

Source: Results of data processing

Based on the results of the descriptive analysis in table 4 above, the results of the analysis show the average value of each indicator on the Regret Aversion variable (shown from the average value above 4.10) respondents agree with the statement I prefer to hold losses with the hope that it will provide benefits in the future.

Table 5. Descriptive Statistics of Loss Aversion

	Mean	Median	Observed Min	Observed Min	Standard Deviation
LA2	4.43	5	1	5	0.765
LA3	4.55	5	2	5	0.698
LA4	4.48	5	2	5	0.685
LA5	4.56	5	2	5	0.683
LA6	4.41	5	2	5	0.736

Source: Results of data processing

Based on the results of the descriptive analysis in table 5 above, the results of the analysis show the average value of each indicator on the Loss Aversion variable (shown from the average value above 4.40) respondents agree with the statement with losses in the past, makes me not to choose the same investment

Table. 6. Descriptive Statistics of Herding Bias

	Mean	Median	Observed min	Observed max	Standard Deviation
HB1	4.4	5	1	5	0.872
HB2	4.21	4	1	5	0.931
HB3	4.19	5	1	5	1.146
HB4	4.19	4	1	5	0.935
HB5	4.23	5	1	5	0.978
HB6	4.39	5	1	5	0.811
HB7	4.21	4	1	5	0.898
HB8	4.34	5	2	5	0.851

Source: Results of data processing

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Based on the results of the descriptive analysis in table 6 above, the results of the analysis show the average value of each indicator on the Herding Bias variable (shown from the average value above 4.15) respondents agree with the statement with other investors' decisions in choosing an investment impacts my investment decision.

Table 7. Descriptive Statistics of Investment Decisions

	Mean	Median	Observed Min	Observed Max	Standard Deviation
KI3	4.66	5	1	5	0.681
KI5	4.55	5	1	5	0.779
KI6	4.64	5	2	5	0.656
KI7	4.59	5	2	5	0.602
KI9	4.24	5	1	5	1.069

Source: Results of data processing

Based on the results of the descriptive analysis in table 7 above, the results of the analysis show the average value of each indicator on the Investment Decision variable (shown from the average value above 4.20). Respondents agree with the statement by I try to find various on various important information from various parties to find out the return that I will receive.

Outer Model, based on the results of smart PLS 3.0 processing, the path diagram construct is obtained as shown in Figure 2.

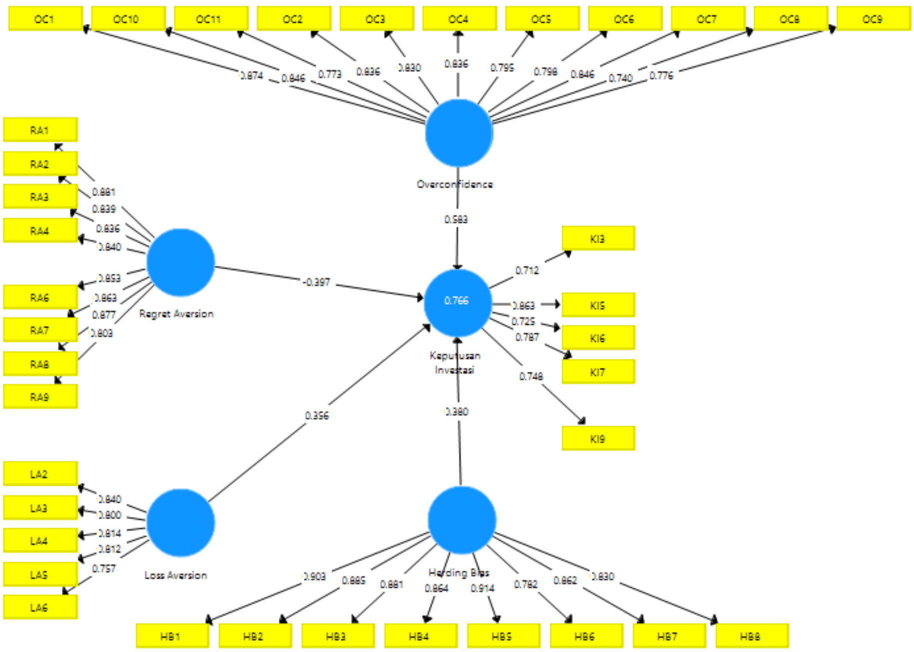

Figure 2. Path Diagram Construct

From the results of the figure, the estimated result of the PLS model illustrates that all data is stated to be reliable because it has a value above 0.7, and the variables over confidence, regret Aversion, Lost Averson and herding Bias have a contribution to investment decisions of 0.766 or 76.6%, while the data is also declared valid with an AVE value above 0.5 as shown in the table below.

Table 8. Average Variance Extracted (Ave) Value

Variabel	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Investation decision	0.827	0.84	0.878	0.591
Overconfidence	0.949	0.951	0.956	0.663
Regret Aversion	0.945	0.948	0.954	0.722
Loss Aversion	0.864	0.872	0.902	0.648
Herding Bias	0.952	0.957	0.960	0.750

Source: Results of data processing

Table 9. Shows the results of the study that there is an influence of Overconfidence has an effect of 0.581 with a positive direction on investment decisions, regret Aversion has an effect of -0.377 with a negative direction on investment decisions, Loss Aversion has an effect of 0.349 with a positive direction on investment decisions and Herding Bias has a positive influence of 0.375.

Table 9. Path Coefficient

Variabel	original sample (O)	sample mean (M)	standar deviation (STDEV)	T statistic (IO/STDEVI)	P Values
Overconfidence	0,581	0,104	5,611	5,611	0,000
Regret Aversion	-0.377	0,122	3,258	3,258	0,001
Loss aversion	0.349	0.108	3.305	3.305	0.001
Herding Bias	0.375	0.128	2.957	2.957	0.003

Source: Results of data processing

DISCUSSION

The Effect of Over Confidence on Investment Decisions

From the results of the Path Coefficient test, it shows that over confidence influences investment decisions in a positive direction, this means that the more trust you have, the more it encourages people to invest, in accordance with the results of research (Listyarti, 2018) which states that over confidence affects investment decisions. High self-confidence with advantages such as wealth, knowledge, education and experience tends to make it easy for someone to make investment decisions, which may not necessarily result in accurate decisions (Bénabou & Tirole, 2016) and (Kusumawati, 2022).

The Effect of Regret Aversion on Investment Decisions

The results of the Path Coefficient test show that Regret Aversion has a negative effect on investment decisions, meaning that the more people feel worried or afraid of loss, the lower the person's desire to invest, this is because people tend to feel regret as a result of wrong decisions. This is because someone fear of experiencing repeated losses, so people will tend to avoid the same decisions. This is in line with research conducted by (Said et al., 2020).

The Effect of Loss Aversion on Investment Decisions

The results of the path coefficient test state that loss aversion has a positive and significant effect on investment decisions, that is, the more people feel reluctant to suffer losses, the higher the level of investment decision making by people (Aharoni, 2015). Loss avoidance motivates someone to look for new opportunities to make a profit, this is because people will be more careful in choosing investment instruments, according to research conducted by Salsabila (2020).

Effect of Herding Bias on Investment Decisions

The results of the Path Coefficient Test state that Herding Bias has a positive effect on investment decisions, meaning that the more people see other people's successful experiences, the more motivated that person is to invest (Cholakova & Clarysse, 2015), this is in accordance with research that has been conducted by Afriani and Halmawati (2019) which states that Herding Bias has a positive effect on investment decisions.

IMPLICATIONS

The results of this study indicate that investment decisions taken because of more self-confidence do not necessarily result in profitable decisions, whereas people who are in doubt and feel afraid of repeating past mistakes tend not to be able to feel the maximum results from their investment decisions and tend to be cautious in choose an investment but someone's experience will be a reference for others in investing.

CONCLUSION

From the results of the study it can be concluded that Over confidence has a positive and significant effect on investment decisions, this means that the higher the Over Convident, the higher a person's desire to invest, regret Aversion has a negative and significant effect on investment decisions, this means that the more a person feels afraid of experiencing losses then it can reduce one's motivation to invest, Loss Aversion has a Positive and Significant effect on Investment Decisions. This means that someone who tends to avoid losses will further increase investment decisions by seeking other alternatives and Herding Bias has a positive and significant effect on Investment decisions. the herding bias that a person has, the higher the investment decision.

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