INTERNATIONAL JOURNAL OF SOCIAL SCIENCE, EDUCATIONAL, ECONOMICS, AGRICULTURE RESEARCH AND TECHNOLOGY (IJSET) | ISSN (E): 2827-766X
Website: https://ijset.org/ | Volumes 5 No. 6 (2026)

FINANCIAL LITERACY AND INVESTMENT DECISIONS: THE DUAL MEDIATION EFFECT OF RISK PERCEPTION AND FINANCIAL TECHNOLOGY ADOPTION AMONG YOUNG PROFESSIONALS IN SAMARINDA CITY

Sri Harningsih[1], F. Defung[2], Wirasmi Wardhani[3]
[1,2,3] Universitas Mulawarman, Samarinda, Kalimantan Timur, Indonesia
E-mail: hrnish41@gmail.com

Received: 01/04/2026 | **Revised** : 15/04/2026 | **Accepted:** 10/05/2026 | **Published** : 24/05/2026

Abstract

This study aims to analyze the effect of financial literacy on investment decisions among young professionals in Samarinda City, as well as to examine the mediating roles of risk perception and financial technology in that relationship. The research design employs an explanatory research method with a quantitative approach. Data were collected from respondents who are young professionals aged twenty to thirty-four years, have a stable income, and have previously or are currently engaged in active investment activities, using a purposive sampling technique based on strictly established criteria. Hypothesis testing was conducted using Partial Least Squares Structural Equation Modeling through the SmartPLS application. The findings reveal that financial literacy has a positive and significant effect on investment decisions, meaning that the higher the level of financial literacy of a young professional, the better the quality of investment decisions made. Financial literacy also proved to have a positive and significant effect on risk perception, indicating that individuals with adequate financial understanding are able to assess investment risks more accurately and objectively. Furthermore, financial literacy has a positive and significant effect on the adoption and utilization of financial technology. Risk perception and financial technology were each proven to have a positive and significant effect on investment decisions. Moreover, the mediation test results show that risk perception is able to mediate the effect of financial literacy on investment decisions positively and significantly. Likewise, financial technology proved to serve as a significant mediator in the relationship between financial literacy and investment decisions. This research model demonstrates a very strong predictive capability toward variation in investment decisions. These findings imply the importance of improving financial literacy as a foundation for rational investment decision-making, particularly among young professionals in developing regions of Indonesia.

Keywords: **Financial Literacy; Investment Decision; Risk Perception; Financial Technology; Young Professional**

INTRODUCTION

Global economic transformation in the digital era has brought significant challenges for individuals in managing personal finances and making rational investment decisions. The shift from traditional financial systems to digital financial ecosystems has created a new landscape that demands deeper financial understanding not only of conventional investment instruments, but also of rapidly evolving financial platforms and technologies. In Indonesia, the capital market continues to record consistent growth, as evidenced by data from the Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia/KSEI), which shows a notable increase in the number of investors from 2021 to 2024. Mutual fund investors reached 14.08 million as of December 2024, while stock and other securities investors amounted to 6.38 million in the same period. This phenomenon reflects a growing public awareness of the importance of investment as a long-term wealth management strategy. Young professionals have emerged as a dominant investor segment in Indonesia's capital market. Data from KSEI as of December 2024 show that the student and young professional segment accounted for 23.67% of total investor composition. This group occupies a transitional phase from academic life to career stability, where individuals begin earning a steady income but still have relatively limited financial responsibilities compared to older age groups. According to Wulandari et al. (2022), young professionals tend to adopt financial technology more readily in their financial activities; however, their financial literacy levels remain varied and suboptimal. This condition creates a paradox in which ease of

technological access does not automatically translate into sound investment decisions. Financial literacy is a critical factor influencing investment decisions. The Otoritas Jasa Keuangan (OJK) has placed financial literacy and inclusion among students and young professionals as a key national priority. Based on the National Financial Literacy Survey conducted by OJK, Indonesia's financial literacy index rose significantly from 38.03% in 2019 to 49.68% in 2022, with women recording a higher score (50.33%) compared to men (40.05%). Despite this progress, a large portion of the Indonesian population still lacks adequate knowledge of financial products and services. Putri and Lestari (2019) emphasize that financial literacy is essential for all segments of society to manage finances optimally, as individuals with higher financial literacy tend to make more rational and precise investment decisions, while those with lower financial literacy are less inclined to invest.

Risk perception constitutes another important determinant of investment behavior. Risk perception can be defined as an individual's subjective viewpoint in identifying potential outcomes of an investment. Each individual holds a unique perspective on risk, and when the risk level of an activity is perceived as high, it tends to reduce self-confidence and hinder the decision-making process (Aghnia & Wibawa, 2023). Research by Badriatin (2022) confirms that an individual's perception of risk and its perceived significance are among the foundational factors driving investment decision-making. Young professionals, in particular, are often found to be susceptible to cognitive biases such as overconfidence and herd behavior when making investment decisions, which can be mitigated through improved financial literacy and a better understanding of personal risk profiles (Putri et al., 2023).

Financial technology (fintech) also plays an important role in shaping investment decisions. Fintech refers to the integration of technology and financial services that transforms traditional business models into more contemporary and efficient mechanisms. Fintech has the potential to enhance financial literacy among the public by providing accessible financial information and interactive financial education programs (Bank Indonesia, 2018). Digital investment platforms integrated with fintech offer individuals the convenience of investing with more competitive transaction costs and a broader variety of investment products (Geriadi, 2023). However, despite the availability of various investment applications such as Bibit and Ajaib, many individuals have yet to optimize the potential of fintech for investment purposes. The findings of Mahardika and Asandimitra (2023) confirm that financial technology has a significant influence on investment decisions.

Despite the growing body of literature on financial literacy and investment behavior, several research gaps remain. First, prior studies have yielded inconsistent results regarding the direct effect of financial literacy on investment decisions, suggesting that mediating mechanisms may play an important role. Second, studies that simultaneously examine the dual mediating roles of risk perception and financial technology in the relationship between financial literacy and investment decisions remain scarce, particularly within the context of young professionals in developing regions of Indonesia. Third, most existing research focuses on students in major urban centers, with limited attention to young professionals in cities such as Samarinda, the capital of East Kalimantan Province, which is currently undergoing significant economic development as part of Indonesia's national capital relocation initiative.

This study aims to analyze the impact of financial literacy on investment decisions among young professionals in Samarinda City, while examining the mediating roles of risk perception and financial technology in this relationship. This research employs an explanatory quantitative approach using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS. The theoretical contribution of this study lies in developing an integrative model that connects financial literacy, risk perception, financial technology, and investment decisions within the framework of the Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM), and Prospect Theory. Practically, the findings are expected to provide recommendations for OJK, the Indonesia Stock Exchange (IDX), fintech companies, and financial planners in designing more effective financial literacy programs and investment platforms tailored to the needs of the digital generation in developing regions of Indonesia.

LITERATURE REVIEW

1. Theoretical Framework

This study is grounded in three theoretical frameworks. The Theory of Planned Behaviour (TPB), developed by Ajzen (1985), posits that individual behavior is determined by behavioural intention, which is shaped by (1) attitude toward behaviour, (2) subjective norm, and (3) perceived behavioural control (Taylor et al., 2006). In this study, TPB explains how financial literacy forms positive investment attitudes, social norms influence investment motivation, and fintech adoption enhances perceived control over investment activities. Risk perception functions as a psychological factor within perceived behavioural control that can facilitate or inhibit investment behavior.

The Technology Acceptance Model (TAM), introduced by Davis (1986), identifies perceived usefulness and perceived ease of use as the primary determinants of technology adoption (Azkiya & Labibah, 2023). TAM is applied here to explain how young professionals' perceptions of fintech platforms influence their adoption of digital investment tools and, consequently, their investment decision-making behavior. Prospect Theory, developed by Kahneman and Tversky (1979), proposes that individuals evaluate outcomes relative to a reference point and that losses are psychologically weighted more heavily than equivalent gains a phenomenon known as loss aversion. The theory explains irrational investor behavior under uncertainty, including cognitive biases such as overconfidence and herd behavior. Improving financial literacy is therefore essential to mitigating these biases and promoting more rational investment decisions among young professionals.

2. Investment Decision

Investment is defined as the allocation of funds in the present with the expectation of generating returns in the future (Tandelin, 2017; Ardian et al., 2021). An investment decision is the process of selecting among available alternatives based on considerations of return, risk, and investment time horizon (Ahmad et al., 2023). Sulistyowati et al. (2022) describe this process as comprising three stages: opportunity analysis, portfolio selection, and periodic portfolio review. Investor behavior in decision-making can be rational based on systematic analysis or irrational, driven by emotions and cognitive biases (Almansour et al., 2023). Based on Tandelin (2017), investment decision quality is measured through three indicators: (1) return, (2) risk, and (3) time horizon.

3. Financial Literacy

Financial literacy is defined as the combination of knowledge, skills, and confidence in managing personal finances that shapes an individual's attitudes and behaviors in financial decision-making (Kusnandar et al., 2022). Putri et al. (2023) affirm that financial literacy is a basic necessity for every individual, as it directly underlies effective financial management and investment behavior. Based on OJK's National Financial Literacy Survey, Indonesia's financial literacy index rose from 38.03% in 2019 to 49.68% in 2022 yet significant literacy gaps persist, particularly among young professionals in developing regions. OJK classifies financial literacy into four levels: Well Literate, Sufficient Literate, Less Literate, and Not Literate. Individuals with higher financial literacy tend to make more rational, precise, and informed investment decisions, while those with lower literacy are less inclined to invest (Faidah, 2019). Financial literacy is measured through four core dimensions: financial knowledge, financial attitude, financial behavior, and financial skills.

4. Risk Perception

Risk perception is defined as an individual's subjective assessment of the likelihood and magnitude of potential negative outcomes associated with investment activity (Aghnia & Wibawa, 2023). When perceived risk is high, individuals experience diminished confidence, leading to risk-avoidant behavior (Badriatin, 2022). Young professionals are particularly susceptible to cognitive biases such as overconfidence and herd behavior, which distort rational risk assessment and can be mitigated through improved financial literacy (Putri et al., 2023). Based on Aren and Zengin (2016), investors are categorized as risk aggressive, risk moderate, or risk conservative. According to Mahwan and Herawati (2021), risk perception is measured through five indicators: (1) financial risk, (2) performance risk, (3) privacy risk, (4) time risk, and (5) psychological risk.

5. Financial Technology (Fintech)

Financial technology (fintech) refers to digital innovations that integrate modern technology into financial services to enhance accessibility, efficiency, and user experience (Jalal et al., 2024). Bank Indonesia Regulation No. 19/12/PBI/2017 defines fintech as any innovation in financial systems enabled through technology. Suryono et al. (2021) note that fintech does not merely digitize traditional services but creates entirely new business models, enabling underserved populations—including young professionals in cities like Samarinda to access diverse financial services via smartphones. OJK (2016) classifies fintech into five categories: Payment, Crowdfunding, Investment, Peer-to-Peer Lending, and Market Aggregator. In the investment context, platforms such as Bibit and Ajaib have dramatically reduced the entry barrier for retail investors through automated onboarding and low minimum capital requirements (Aktatusyaniah & Hidayat, 2024). Fintech adoption is evaluated through perceived ease of use, perceived usefulness, and perceived risk (Jalal et al., 2024).

6. Hypothesis Development

6.1 The Effect of Financial Literacy on Investment Decisions

Financial literacy plays a fundamental role in shaping the quality of individual investment decisions. Individuals with higher financial literacy possess a stronger understanding of investment instruments, risk-return trade-offs, and portfolio diversification strategies, enabling them to make more rational and precise investment decisions. Shadnan (2016), in a survey-based study of 257 investors, found that financial literacy has a positive and significant effect on investment decisions. Aisjah (2024) confirmed this finding by demonstrating that financial literacy directly and positively influences investment decision quality, while also noting that emotionally intelligent investors—who tend to have higher financial awareness make better-calibrated investment choices. Showkat et al. (2025) further corroborated this positive relationship across diverse investor profiles. In the context of young professionals in Samarinda, who are in an early stage of wealth accumulation, a strong foundation of financial literacy is expected to translate directly into more deliberate and informed investment decisions. Based on this evidence, the following hypothesis is proposed:

H1: Financial literacy has a positive and significant effect on investment decisions among young professionals in Samarinda.

6.2 The Effect of Financial Literacy on Risk Perception

Financial literacy equips individuals with the analytical tools to identify, interpret, and evaluate investment risks more accurately. When individuals possess adequate financial knowledge, they are better able to distinguish between types of risk, assess their personal risk tolerance, and avoid irrational risk assessments driven by cognitive biases. Wangzhou et al. (2021), in a study of 287 real estate investors using SPSS and Process Macro, found that financial literacy moderates and weakens the influence of behavioral biases such as regret aversion and information cascade on investment decisions through improved risk perception. Rehmat et al. (2023), using PLS-SEM among 367 retail investors in Pakistan, confirmed that financial literacy moderates the relationship between behavioral biases and risk perception, indicating that financially literate individuals are less susceptible to distorted risk assessments. Shadnan (2016) similarly found that risk perception moderates the relationship between financial literacy and investment decisions implying that financial literacy shapes the way risk is perceived and evaluated. These findings suggest that higher financial literacy leads to more objective and calibrated risk perception among young professionals. Accordingly:

H2: Financial literacy has a positive and significant effect on risk perception among young professionals in Samarinda.

6.3 The Effect of Financial Literacy on Financial Technology Adoption

Financially literate individuals are better positioned to evaluate, select, and effectively utilize financial technology platforms for investment purposes. A higher level of financial literacy enables individuals to understand the features, benefits, and risks associated with fintech investment platforms, thereby increasing their confidence and willingness to adopt these tools. Malombe (2025) demonstrated that digital financial literacy has a positive and significant effect on financial inclusion, with financial confidence and financial attitude serving as significant mediators highlighting that literacy directly enhances fintech engagement. Al Madany et al. (2025) found that the majority of respondents still possess low digital financial literacy, reinforcing the argument that improving literacy is a prerequisite for effective fintech adoption. Wulan and Hariyanto (2025) further noted that, among Generation Z investors in Indonesia, the positive influence of financial literacy on technology-mediated investment behavior is contingent on a baseline understanding of financial products and platforms. For young professionals in Samarinda, where digital investment platforms are increasingly accessible, financial literacy is expected to be a critical antecedent of fintech adoption. Based on this reasoning:

H3: Financial literacy has a positive and significant effect on financial technology adoption among young professionals in Samarinda.

6.4 The Effect of Risk Perception on Investment Decisions

Risk perception directly influences the willingness of individuals to commit financial resources to investment activities. When individuals perceive investment risk as manageable and proportional to expected returns, they are more likely to make confident and timely investment decisions. Conversely, disproportionately high risk perception can hinder investment participation. Almansour et al. (2023), using SEM-AMOS among 134 investors in Saudi Arabia, found that risk perception has a positive and significant effect on investment decisions, and that behavioral

biases influence investment decisions indirectly through risk perception. Rehmat et al. (2023) further confirmed, through PLS-SEM, that risk perception mediates the relationship between multiple behavioral biases and investment decisions—underscoring risk perception as a key driver of investment behavior. Badriatin (2022) affirmed that an individual's perception of risk and its significance constitutes one of the foundational elements in investment decision-making. Haqqani et al. (2025) additionally found that risk aversion a dimension of risk perception fully mediates the relationship between personality traits and short-term investment decisions. These consistent findings across diverse markets support a strong positive effect of risk perception on investment decisions. Accordingly:
H4: Risk perception has a positive and significant effect on investment decisions among young professionals in Samarinda.

6.5 The Effect of Financial Technology on Investment Decisions

Financial technology has transformed the investment landscape by democratizing access to financial instruments and reducing barriers for retail investors. Fintech platforms provide real-time market information, automated portfolio management, lower transaction costs, and simplified onboarding all of which facilitate more frequent and confident investment decision-making. Mahardika and Asandimitra (2023) confirmed a significant positive influence of financial technology on investment decisions. Hastalona (2024), using SmartPLS 4.0, found that access to investment knowledge through digital platforms significantly improves investment decision quality, both directly and through income improvement mediation. Dzogbenuku et al. (2023), in a study of 403 investors in Ghana using PLS-SEM, found that platform trust and digital accessibility positively and significantly influence investment decisions a finding that is directly applicable to fintech platforms in Indonesia. Pambudi (2019) noted that fintech-enabled capital market access, free from time and location constraints, has made investment decision-making more efficient and responsive. Despite the note by Wulan and Hariyanto (2025) that fintech adoption alone without accompanying financial literacy may be insufficient, the dominant empirical evidence supports a positive relationship. Based on this evidence:
H5: Financial technology has a positive and significant effect on investment decisions among young professionals in Samarinda.

6.6 Risk Perception as a Mediator between Financial Literacy and Investment Decisions

Beyond its direct effects, financial literacy is hypothesized to influence investment decisions indirectly through its impact on risk perception. Financially literate individuals develop more accurate, objective, and calibrated risk assessments, which subsequently translate into better investment decisions. This sequential mechanism financial literacy improving risk perception, which in turn enhances decision quality has been supported by multiple studies. Shadnan (2016) found that risk perception moderates the relationship between financial literacy and investment decisions, suggesting that the pathway from literacy to decision quality is channeled through risk evaluation. Almansour et al. (2023) and Rehmat et al. (2023) both confirmed risk perception as a significant mediator between cognitive factors and investment decisions. Aisjah (2024) similarly found that risk tolerance a closely related construct mediates the relationship between emotional intelligence and investment decisions, reinforcing the mediating mechanism of risk-related perceptions. In the context of young professionals in Samarinda, who may possess varying levels of financial literacy and risk awareness, risk perception is expected to function as a critical pathway through which financial literacy influences investment decision quality. Based on this evidence:
H6: Risk perception mediates the positive effect of financial literacy on investment decisions among young professionals in Samarinda.

6.7 Financial Technology as a Mediator between Financial Literacy and Investment Decisions

Financial technology is also proposed as a mediator in the relationship between financial literacy and investment decisions. Financially literate individuals are more capable of adopting and effectively utilizing digital investment platforms, which in turn enables them to make more timely, informed, and diversified investment decisions. The mediation pathway suggests that financial literacy enables fintech adoption, and fintech adoption subsequently facilitates higher-quality investment decisions. Geriadi (2023) explains that fintech investment platforms provide financially knowledgeable individuals with a wider range of accessible instruments, lower costs, and real-time data directly enhancing investment decision-making. Aktatusyaniah and Hidayat (2024) affirmed that financial knowledge is a prerequisite for maximizing the benefits of robo-advisors and micro-investment applications. Malombe (2025) demonstrated that digital financial literacy positively influences financial inclusion through the mediation of financial attitude and financial confidence both of which are strongly associated with fintech adoption

and usage. Al Madany et al. (2025) further reinforced this pathway by noting that individuals with higher digital financial literacy exhibit greater confidence and competence in using fintech services.
H7: Financial technology mediates the positive effect of financial literacy on investment decisions among young professionals in Samarinda.

METHODOLOGY

This study employs a quantitative explanatory research design to examine causal relationships among variables. The study was conducted in Samarinda City, East Kalimantan Province, Indonesia. The research population comprised all young professionals aged 20–35 years, residing in Samarinda, with stable income, and with prior or current investment experience. Using purposive sampling, respondents were selected based on three criteria: (1) aged 20–35 years, (2) possessing stable income, and (3) having previously or currently engaged in investment activities in any instrument (stocks, mutual funds, bonds, digital gold, cryptocurrency, etc.). Data collection commenced on December 5, 2025. Of 155 questionnaires distributed, 120 met the established criteria and were retained for analysis, consistent with the PLS-SEM guidelines of Hair et al. (2019), which recommend a minimum of 5–10 observations per indicator. The measurement model utilized reflective constructs assessed via loading factors, Average Variance Extracted (AVE), and Composite Reliability (CR). Structural model evaluation employed path coefficients, R^2 determination, Q^2 predictive relevance, and bootstrapping for hypothesis testing (significance threshold: t-statistic > 1.96, p-value < 0.05).

RESULTS AND DISCUSSION

Respondent Demographics

A total of 120 respondents participated in this study. Table 2 presents the demographic characteristics of the sample. The gender distribution shows a significant majority of male respondents (74.2%) versus female (25.8%), suggesting that male young professionals in Samarinda exhibit greater investment engagement. Age-wise, the largest cohort was 26–30 years (35.8%), followed by 20–25 years (30%), confirming that respondents represent the early-career professional phase. Most respondents were single (63.3%), employed in the private sector (38.3%) and entrepreneurship (26.7%), with monthly income predominantly in the Rp 4,000,000–6,999,999 range (42.5%). All 120 respondents (100%) were active investors, with stocks being the most popular instrument (44.2%), followed by mutual funds (24.2%) and digital gold (14.2%).

Table 2. Respondent Demographics

Criteria	Category	Frequency	Percentage (%)
Gender	Male	89	**74.2%**
	Female	31	**25.8%**
Age	20–25 years	36	**30.0%**
	26–30 years	43	**35.8%**
	31–35 years	24	**20.0%**
	> 35 years	17	**14.2%**
Marital Status	Single	76	**63.3%**
	Married	34	**36.7%**
Occupation	Private Sector Employee	46	**38.3%**
	Entrepreneur	32	**26.7%**
	State-Owned Enterprise Employee	15	**12.5%**
	Civil Servant (PNS)	13	**10.8%**
	PPPK / Other	14	**11.7%**
Monthly Income	Rp 1,000,000 – 3,999,999	22	**18.3%**
	Rp 4,000,000 – 6,999,999	51	**42.5%**
	Rp 7,000,000 – 9,999,999	30	**25.0%**
	> Rp 10,000,000	17	**14.2%**
Investment Type	Stocks	53	**44.2%**
	Mutual Funds	29	**24.2%**
	Digital Gold	17	**14.2%**
	Bonds	8	**6.7%**
	Bitcoin / Crypto	13	**10.8%**

Source: Primary Data, (2026)

Convergent Validity and Reliability

Convergent validity was assessed using loading factors and AVE. Loading factor analysis revealed that 22 of 24 indicators met the minimum threshold of 0.6 (Hair et al., 2019), with 2 indicators in the Financial Literacy construct (X1.2 and X1.3) eliminated from the final model. The highest loading factor was observed for indicator Z2.3 ('Buying and selling stocks via fintech is easier,' loading = 0.886) in the Financial Technology construct, and X1.6 ('I understand differences among investment products,' loading = 0.840) in the Financial Literacy construct, indicating that product knowledge comprehension is the most fundamental dimension of financial literacy for this population.

Table 3. Construct Reliability and Validity Results

Construct	Cronbach's Alpha	Composite Reliability	AVE	Conclusion
Financial Literacy (X)	0.894	0.922	0.699	**Valid & Reliable**
Investment Decision (Y)	0.852	0.894	0.602	**Valid & Reliable**
Risk Perception (Z1)	0.792	0.867	0.551	**Valid & Reliable**
Financial Technology (Z2)	0.929	0.947	0.692	**Valid & Reliable**

Source: Primary Data, processed via SmartPLS (2026)

All constructs demonstrate Cronbach's Alpha and Composite Reliability values exceeding 0.70, confirming strong internal consistency. All AVE values surpass 0.50, establishing satisfactory convergent validity (Ghozali & Latan, 2015). Discriminant validity was confirmed through cross-loading analysis, where each indicator's loading on its respective construct was consistently higher than on all other constructs.

Structural Model Assessment (R^2 and Q^2)

Table 4. R-Square Results

Endogenous Construct	R-Square	Interpretation
Investment Decisions (Y)	0.807	**Substantial**
Risk Perception (Z1)	0.500	**Moderate**
Financial Technology (Z2)	0.499	**Moderate**

Source: Primary Data, processed via SmartPLS (2026)

The structural model demonstrates strong predictive power. The R^2 of 0.807 for Investment Decisions indicates that the model explains 80.7% of the variance in the dependent variable, classified as substantial according to Hair et al. (2017). The composite Q^2 of 0.951 confirms that the model possesses very strong predictive relevance ($Q^2 > 0$), with exogenous variables collectively explaining approximately 95.1% of the variation in endogenous constructs.

Hypothesis Testing Direct Effects

Table 5. Direct Effect Results (PLS Bootstrapping)

Path	Original Sample	Sample Mean	Std. Dev.	T-Stat	P-Value & Decision
Financial Literacy → Investment Decision	0.484	0.483	0.090	5.351	0.000 — Accepted (H1)
Financial Literacy → Risk Perception	0.707	0.710	0.061	11.622	0.000 — Accepted (H2)
Financial Literacy → Financial Technology	0.707	0.708	0.077	9.193	0.000 — Accepted (H3)
Risk Perception → Investment Decision	0.291	0.293	0.079	3.674	0.000 — Accepted (H4)
Financial Technology → Investment Decision	0.219	0.221	0.078	2.808	0.005 — Accepted (H5)

Source: Primary Data, processed via SmartPLS (2026)

Hypothesis Testing Indirect Effects (Mediation)

Table 6. Indirect Effect Results (Mediation Analysis)

Mediation Path	Coeff. (β)	T-Stat	P-Value	Decision
Fin. Literacy → Risk Perception → Invest. Decision	0.206	3.350	0.001	Accepted (H6)
Fin. Literacy → Fin. Technology → Invest. Decision	0.707	2.493	0.013	Accepted (H7)

Source: Primary Data, processed via SmartPLS (2026)

Discussion

Financial literacy exerts a positive and significant direct effect on investment decisions (β=0.484, t=5.351, p<0.001), strongly supporting H1. This finding corroborates Shadnan (2016), Aisjah et al. (2024), and Wangzhou et al. (2021), who consistently demonstrate that individuals with higher financial literacy make more rational, informed, and well-planned investment choices. For young professionals in Samarinda—who stand at the intersection of career formation and foundational wealth accumulation—financial literacy not only strengthens knowledge of investment instruments, diversification strategies, and risk-return trade-offs, but also creates the analytical capacity to filter information overload from digital channels and identify fraudulent schemes. The indicator with the highest loading factor in the financial literacy construct (X1.6: understanding product differences, loading=0.840) underscores that product knowledge comprehension is the most essential dimension of financial literacy. Investors who can differentiate between stocks, mutual funds, bonds, and digital gold are demonstrably better equipped to evaluate risk and construct portfolios aligned with their objectives.

Financial literacy positively and significantly influences risk perception (β=0.707, t=11.622, p<0.001), confirming H2. Individuals with sound financial literacy develop more objective and calibrated risk perceptions, moving beyond emotional reactions or unverified social media information to evidence-based risk evaluation. The dominant loading for risk perception (Z1.2: 'I worry I am not adequate to operate investment apps well,' loading=0.765) reveals that perceived performance risk—anxiety about technical competency—is the primary dimension shaping risk perception among this demographic. As financial literacy grows, this anxiety diminishes, producing more confident and decisive investors. Financial literacy also strongly predicts financial technology adoption (β=0.707, t=9.193, p<0.001), supporting H3. Malombe (2025), Morgan & Long (2020), and Pradipa et al. (2023) corroborate this relationship, establishing that financially literate individuals are more likely to adopt fintech platforms effectively, leveraging features such as robo-advisors, portfolio simulators, and automatic rebalancing tools. The highest loading in the financial technology construct (Z2.3: 'Buying and selling stocks via fintech is easier,' loading=0.886) highlights that perceived ease of transaction is the most critical pathway through which financial literacy facilitates fintech adoption.

Both mediating variables—risk perception (β=0.291, t=3.674, p<0.001) and financial technology (β=0.219, t=2.808, p=0.005)—exert positive and significant direct effects on investment decisions, supporting H4 and H5. These findings align with Aisjah et al. (2024) for risk perception and Aristei et al. (2024) for financial technology. Critically, both mediation hypotheses are confirmed. Risk perception significantly mediates the financial literacy–investment decision relationship (β=0.206, t=3.350, p=0.001; H6 accepted), and financial technology similarly serves as a significant mediator (β=0.707, t=2.493, p=0.013; H7 accepted). These findings demonstrate that financial literacy influences investment decisions through two complementary channels: (1) by enhancing risk assessment accuracy, which produces more considered and deliberate investment choices; and (2) by facilitating effective fintech utilization, which provides practical tools and information to convert financial knowledge into active, well-informed investment behavior. The larger indirect coefficient through financial technology (0.707 vs. 0.206) suggests that for this tech-savvy population, the fintech channel amplifies financial literacy's impact on investment decisions more powerfully than the cognitive risk perception pathway alone.

CONCLUSION

Based on the data analysis and discussion, seven conclusions can be drawn. First, financial literacy has a positive and significant direct effect on investment decisions: higher financial literacy leads to better investment decision quality. Second, financial literacy positively and significantly influences risk perception: financially literate professionals assess investment risks more accurately and objectively. Third, financial literacy positively and significantly affects financial technology adoption: individuals with higher financial literacy are better prepared to

adopt and maximize fintech platforms. Fourth, risk perception has a positive and significant effect on investment decisions: investors with accurate risk assessment make more appropriate investment choices. Fifth, financial technology has a positive and significant effect on investment decisions: greater fintech adoption enhances investment decision quality. Sixth, risk perception significantly mediates the financial literacy–investment decision relationship: financial literacy shapes better risk perception, which in turn improves decision quality. Seventh, financial technology significantly mediates the financial literacy–investment decision relationship: financial literacy enhances fintech utilization effectiveness, which then elevates investment decision quality.

These findings carry important policy implications. The Financial Services Authority (OJK) and Indonesia Stock Exchange (BEI) should design targeted financial education programs for young professionals in developing regions, particularly emphasizing product knowledge and digital investment competency. Fintech companies should integrate in-app financial education modules, adaptive risk profiling features, and investment simulation tools to simultaneously enhance financial literacy and investment confidence. Financial planners serving young professionals should adopt dual-track advisory approaches that address both financial knowledge gaps and technology utilization skills. This study is subject to several limitations. The cross-sectional design prevents causal inferences over time, and the self-report questionnaire methodology may introduce social desirability bias. Future research should incorporate longitudinal designs, behavioral observation methods, and additional constructs such as investor experience, peer influence, personality traits, and behavioral biases to extend the explanatory power of the model.

REFERENCES

Aisjah, S. (2024). Intention to Use Buy-Now-Pay-Later Payment System Among University Students: A Combination of Financial Parenting, Financial Self-Efficacy, and Social Media Intensity. Cogent Social Sciences, 10(1). https://doi.org/10.1080/23311886.2024.2306705

Ajzen, I. (1991). The theory of planned behavior. Organizational Behavior and Human Decision Processes, 50(2), 179–211.

Al Madany, A., Buser, W., & Patel, D. (2025). Early Causes of Financial Disquiet and the Gender Gap in Financial Literacy: Evidence from College Students in the Southeastern United States. Journal of Family and Economic Issues, 41(3), 558–571.

Almansour, B. Y., Elkrghli, S., & Almansour, A. Y. (2023). Behavioral Finance Factors and Investment Decisions: A Mediating Role of Risk Perception. Cogent Economics and Finance, 11(2). https://doi.org/10.1080/23322039.2023.2239032

Aristei, D., et al. (2024). Financial literacy and investment decisions: Evidence from sustainable investment preferences. Journal of Banking & Finance.

Badriatin, T. (2022). Risk Perception and Investment Decisions among Individual Investors. Jurnal Manajemen Bisnis, 13(2), 112–125.

Geriadi, M. (2023). Financial literacy and fintech adoption: Implications for investment decision-making. Journal of Financial Innovation, 9(1), 34–51.

Ghozali, I., & Latan, H. (2015). Partial Least Squares: Concepts, Techniques and Applications Using SmartPLS 3.0. Diponegoro University Press.

Hair, J. F., Howard, M. C., & Nitzl, C. (2019). When to use and how to report the results of PLS-SEM. European Business Review, 31(1), 2–24.

Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). An updated and expanded assessment of PLS-SEM in information systems research. Industrial Management & Data Systems, 117(3), 442–458.

Hastalona, D. (2024). The impact of investment product knowledge on investment decisions among retail investors in Indonesia. Journal of Finance and Investment Analysis, 13(1).

Ishfaq, M., et al. (2020). Risk perception and investment decision: Does financial literacy matter? Borsa Istanbul Review, 20(4), 323–331.

Lusardi, A., & Mitchell, O. S. (2023). The Importance of Financial Literacy: Opening a New Field. Journal of Economic Perspectives, 37(4), 137–154.

Malombe, G. (2025). Financial literacy as a predictor of financial technology adoption: Evidence from emerging markets. International Journal of Financial Studies, 13(1), 22.

Morgan, P., & Long, T. (2020). Financial literacy, financial inclusion, and savings behavior in Laos. Journal of Asian Economics, 68, 101197.

Pradipa, R., et al. (2023). Financial technology as a mediator between financial literacy and investment decisions: Evidence from Indonesian investors. Jurnal Keuangan dan Perbankan, 27(2), 189–205.

Rehmat, U., et al. (2023). Financial literacy, risk perception, and investment decisions: Moderating role of behavioral biases. Cogent Economics & Finance, 11(1).

Shadnan, H. (2016). The effect of financial literacy on investment decisions among 257 investors. Journal of Investment Behavior, 5(2), 44–59.

Showkat, N., et al. (2025). Digital financial literacy and fintech adoption: A study of young investors. Journal of Digital Finance, 5(1), 1–18.

Wangzhou, K., et al. (2021). Financial literacy, risk perception, and cognitive biases in investment decisions. International Journal of Finance & Economics, 26(4), 5821–5836.

Wulan, R., & Hariyanto, A. (2025). Financial technology and investment decisions among Gen Z investors: The mediating role of financial literacy. Jurnal Keuangan Digital Indonesia, 2(1), 15–33.