Equivalent : Journal Of Economic, Accounting and Management
Vol. 4, No. 2, 2026, Page : 3228-3245
Publisher: CV. Doki Course and Training
E-ISSN: 2985-8089 | P-ISSN: 2986-8777

The Effect of Financial Literacy, Risk Perception, and Income on Investment Decisions with Self-Efficacy as an Intervening Variable in Generation Z of Gems GBKP Binjai City

Kristiani Br Ginting, Noni Ardian, Ramadhan Harahap
[1,2,3] Universitas Pembangunan Panca Budi, Medan, North Sumatra
Corresponding email: author@gmail.com,
Author email: noniardian@dosen.pancabudi.ac.id, Ramadhan.rahman41@dosen.pancabudi.ac.id

ARTICLE INFO

Article History
Submission : 09/06/2026
Received : 17/06/2026
Revised : 26/06/2026
Accepted : 03/07/2026

Keywords
Financial literacy,
risk perception,
income,
self-efficacy,
investment decisions.

ABSTRACT

This study aims to analyze the influence of financial literacy, risk perception, and income on investment decisions with self-efficacy as an intervening variable in Generation Z of GBKP Gem Binjai City. This type of research is quantitative with a causal approach using a survey method. The research population is all members of Generation Z of Permata GBKP Binjai City which totals 250 people, with a sample of 71 respondents using the Slovin formula and simple random sampling techniques. Data was collected through a questionnaire with a Likert scale and analyzed using Partial Least Square-Structural Equation Modeling (PLS-SEM) with SmartPLS software. The results of the study show that financial literacy, income, and risk perception do not have a significant direct effect on investment decisions. However, these three variables have a positive and significant effect on self-efficacy, with income having the strongest influence, followed by risk perception and financial literacy. Self-efficacy has been shown to have a positive and significant effect on investment decisions, and plays a role as a full mediator in the relationship between financial literacy and income on investment decisions. The research model has good predictive ability with moderate categories for investment decisions and self-efficacy, and shows excellent predictive relevance.

Introduction

The development of the Indonesian capital market in recent years has shown an increasingly positive trend, marked by an increase in the number of retail investors listed on the Indonesia Stock Exchange (IDX). Data from the Indonesian Central Securities Depository (KSEI) noted that the number of Indonesian capital market investors reached 12.16 million as of December 2023, a significant increase from previous years (KSEI, 2023). Based on IDX data, Generation Z investors dominate the growth of new investors

with a contribution of 37.96% of the total Indonesian capital market investors (Indonesia Stock Exchange, 2023).

Generation Z has unique characteristics that distinguish it from previous generations, namely high technological adaptability, wide access to information through digital platforms, and a tendency to seek financial independence from an early age (Dimock, 2019). However, investment decisions made by this younger generation are not always based on an adequate understanding of financial products and the risks that come with them. Permata GBKP (Persekutuan Muda-Mudi of the Batak Karo Protestant Church) Binjai City is a forum for fostering the young generation of the church which not only focuses on spiritual aspects, but also self-capacity development, including in the social and economic fields. Generation Z is known to have a high level of technological adaptation and wide access to financial information, but still face limitations in financial literacy, risk understanding, and confidence in making financial decisions. This is an important concern considering that improper investment decisions can have an impact on long-term financial well-being.

According to (Tandelilin, 2017) an investment decision is a commitment to a number of funds or other resources that are carried out at this time with the aim of obtaining profits in the future. Investment decisions are considerations made by investors regarding where, when, and how much funds will be allocated into various financial products or instruments with the aim of increasing value or generating income. This is known as the decision-making process in making investments (Budiarto & Susanti, 2017). Financial decisions made by a person include determining the amount of money consumed in each period, the existence of a financial surplus and how the excess is invested, and how financing is carried out for investment and consumption activities (Ardian et al., 2023). Investment decisions are influenced not only by rational economic factors, but also by psychological and social factors that shape investors' perceptions and attitudes towards investments.

One of the factors that can influence individuals in developing an investment plan is financial literacy, because financial literacy plays an important role in helping individuals make the right financial decisions (N. M. D. R. Putri & Rahyuda, 2017; Rambe et al., 2025). (Sari & Sari, 2025) said that financial literacy emphasizes a person's ability to manage finances. Complemented by (Lusardi & Tufano, 2015) which says that financial literacy is the ability of individuals to process economic information and make appropriate decisions related to financial planning, wealth accumulation, debt, and retirement. Financial literacy is a person's intelligence or ability to manage finances, which includes the ability to invest and understand various financial instruments related to money management (Sihombing & Sari, 2025). The importance of financial literacy lies in its ability to equip individuals with the knowledge and skills necessary to evaluate investment products, understand risks and returns, and diversify portfolios. The higher the level of financial literacy that an individual has, it will be followed by an increase in the tendency to make decisions in making investments (Landang et al., 2021). This means that the higher the level of financial understanding that an individual has, the wiser their behavior will be in making investment-related decisions (Dewi & Purbawangsa, 2018). The results of this study are in line with research (Putri & Maivalinda, 2025) which states that financial literacy has a positive and significant effect on investment decisions. Meanwhile,

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research conducted by (Prameski & Ristianawati, 2025) states that financial literacy has no effect on investment decisions.

In addition to financial literacy, risk perception also plays a crucial role in shaping investment decisions. Investment always has risks that come from market fluctuations, economic uncertainty, and other factors (Ardian et al., 2024). Risk perception is a bridge between the objective conditions of investment risk and the investor's subjective decisions; A good understanding of the personal risk profile and asset risk is crucial for rational investment decision-making and according to financial objectives. The higher the risk perception, the more likely investors are to choose safer (low risk) assets, while the lower risk perception drives investors to isocratic (high risk) assets (Arrifqi & Putri, 2022). High risk perception can cause investors to choose instruments that are considered safer or even delay investment decisions The higher a person's risk perception (feeling that investment is dangerous/uncertain), the lower his interest or courage to invest. High risk perception tends to lower self-confidence to act, but strong self-confidence can actually lower risk perception; Individuals with high self-confidence feel better able to manage risk, so they tend to worry less or perceive the risk as lower than others, which influences their behaviors such as making decisions or taking self-protective measures. Risk perception is defined as a negative perception of consumers that is comprehensively related to actions based on negative outcomes and the possibility of occurrence (Resa & Andjarwati, 2019). The results of this study are in line with research (Lestari et al., 2022) which states that risk perception has a positive and significant effect on investment decisions. Meanwhile, research conducted by (Pratama et al., 2022) states that risk perception has no effect on investment decisions.

Economic factors in the form of income also cannot be ignored in the analysis of investment decisions. According to Keynes in the theory of consumption behavior, income is the main determinant in a person's ability to save and invest (Mankiw, 2018). According to (Khaeria et al., 2023) Revenue is the result of the sale of goods or services in a certain period. The income in question is the amount of income received by individuals in a certain period, either from work, business, or other sources (Sukirno, 2016). Higher income gives more room to set aside investment funds, increasing investment capacity. This means that the higher a person's income, the better their individual investment decision behavior will be (Dewi & Purbawangsa, 2018). The results of this study are in line with the research (Dwiyanti & Ahmadi, 2024) which states that income has a positive and significant effect on investment decisions. Meanwhile, research conducted by (Nurhayati & Harianti, 2023) states that income has no effect on investment decisions.

However, the relationship between financial literacy, risk perception, and income on investment decisions is not always straightforward. There are psychological factors that can mediate the relationship, one of which is self-efficacy. Self efficacy is a person's belief or belief in his or her own ability to successfully organize and carry out the actions necessary to control events that affect his or her life and achieve set goals, which affect how a person thinks, feels, motivates himself, and behaves (Bandura, 2018). Bandura (1997) defines self-efficacy as an individual's belief in his or her ability to organize and execute the actions necessary to achieve a particular outcome. Self-efficacy refers to an individual's belief in his or her ability to manage finances and make informed investment decisions (Lown, 2011). In essence, self-efficacy encourages investors to act, but financial literacy and knowledge remain essential for rational and successful decision-making in the

capital market (Alhazami & Rahmawati, 2025). The results of this study are in line with the study (Eldiana et al., 2025) which states that self-efficacy has a positive and significant effect on investment decisions. Meanwhile, research conducted by (Fauziah & Kusumawardani, 2024) states that self-efficacy has no effect on investment decisions.

Based on the overall results of the pre-survey, it can be concluded that low financial literacy, high level of risk, limited income, and lack of self-confidence are suspected to have an effect on a person's low decision to invest. Therefore, the author is interested in conducting a research entitled **"The Influence of Financial Literacy, Risk Perception, and Income on Investment Decisions with *Self-Efficacy* as an Intervening Variable in Generation Z of GBKP Gem Binjai City".**

RESEARCH METHODS

Types and Approaches to Research

This study uses a type of quantitative research with a comparative causal approach. According to (Sugiyono, 2019) quantitative research is a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, quantitative/statistical data analysis with the aim of testing the hypothesis that has been set. The causal approach was chosen because this study aims to examine the influence or cause-effect relationship between independent variables (financial literacy, risk perception, and income) on dependent variables (investment decisions) and intervening variables (self-efficacy).

Population and Sample

Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then drawn conclusions (Sugiyono, 2019). Based on internal data from the Binjai City GBKP Permata community in 2024, the number of members who meet these criteria will reach 250 people. The sampling technique in this study uses probability sampling with a simple random sampling method. This method was chosen because each member of the population has an equal chance of being selected as a sample, thus minimizing bias in sample selection and increasing the representativeness of the sample to the population (Sarstedt et al., 2017). The number of samples in this study was determined using the Slovin Formula with a margin of error of 10% or 0.1. Based on the calculation above, the minimum number of samples needed in this study is 71 respondents.

Data Types and Sources

The type of data used in this study is primary data, namely data obtained directly from respondents through the distribution of questionnaires. The data source came from members of Generation Z of Permata GBKP Binjai City who were research respondents, and supported by secondary data in the form of textbooks, scientific journals, and official documents relevant to the topics of financial literacy, risk perception, income, self-

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efficacy, and investment decisions. The data collection technique in this study was carried out using a closed questionnaire which was compiled based on the indicators of each research variable and measured using the Likert scale, ranging from strongly disagree to strongly agree. The questionnaire was distributed to respondents directly or through online media to obtain relevant and accurate data in accordance with the research objectives.

Data Analysis Techniques

The data analysis technique used in this study is Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the help of SmartPLS software, which was chosen because it is able to analyze the relationships between latent variables simultaneously and is suitable for use in a relatively small sample number. Data analysis includes testing measurement models (outer models) to assess the validity and reliability of instruments, structural models (inner models) to test the influence between variables, and indirect influence analysis to determine the role of self-efficacy as an intervening variable.

Results and Discussion

1. Respondent Description

The respondents in this study were 71 members of Generation Z of Permata GBKP Binjai City who were randomly selected and had age characteristics of Generation Z with diverse educational, occupational, and income level backgrounds.

Table 1. Respondent Characteristics

Features	Category	Number (People)	Percentage (%)
Gender	Male	32	45,1
	Female	39	54,9
Age	17–20 years	28	39,4
	21–25 years	43	60,6
Final Education	High School	40	56,3
	Diploma/S1	31	43,7
Status	Student	44	62
	Worker	27	38
Salary	< Rp2.000.000	35	49,3
	Rp2.000.000 – Rp4.000.000	26	36,6
	> Rp4.000.000	10	14,1
Total		71	100

Based on Table 1, the characteristics of the respondents show that the majority of respondents are women (54.9%), in the age range of 21–25 years (60.6%), with the last education of high school/equivalent (56.3%). In terms of employment status, most of the respondents are students or college students (62%), while the rest have worked or are entrepreneurs (38%). In addition, almost half of the respondents had a monthly income below IDR 2,000,000 (49.3%), indicating that respondents were dominated by young age groups with relatively low to medium income levels.

2. Evaluation of Measurement Models (Outer Model)

The evaluation of the measurement model is carried out to assess the quality of research instruments through testing convergent validity, discriminant validity, and construct reliability to ensure that all indicators are able to measure research variables validly and consistently.

a. Validitas Convergence

Convergent validity is a test that aims to find out the extent to which indicators in one construct are able to correlate with each other and actually measure the same variable; The test was carried out by looking at the loading factor value of each indicator (≥ 0.70) and Average Variance Extracted (AVE) (≥ 0.50), where the indicator was declared valid if it met these criteria based on the results of data processing using SmartPLS.

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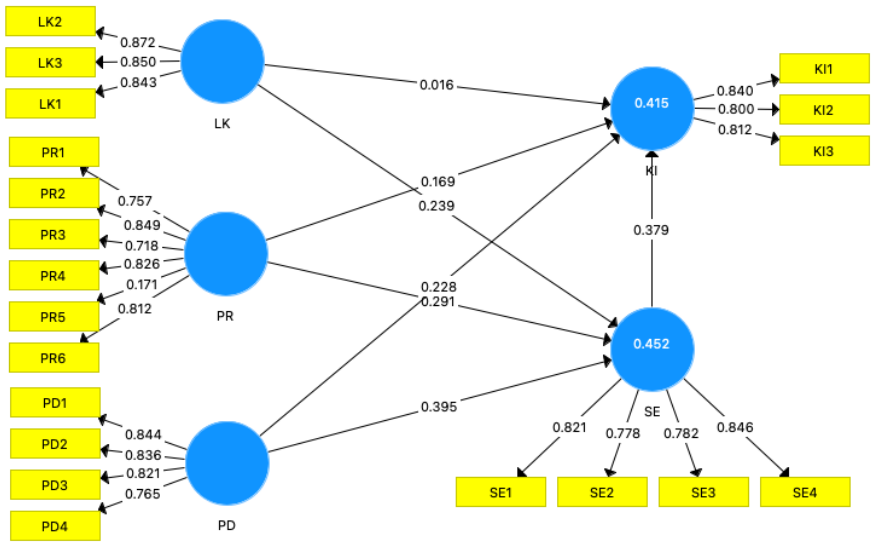

Figure 1. Outer Model 1

Figure 1. Outer Model 1 shows that almost all indicators have a loading factor value above 0.70 so that it is declared valid, but the PR5 indicator in the risk perception variable has a value of 0.171 (< 0.70) so that it does not meet the convergent validity and must be eliminated from the model so that the quality and accuracy of the measurement of the research construct can be improved.

Table 2. Outer Loading Value After Elimination

	KI	LK	PD	PR	SE
KI1	0,841				
KI2	0,799				
KI3	0,812				
LK2		0,872			
LK3		0,850			
PD1			0,844		
PD2			0,835		
PD3			0,821		
PD4			0,765		
PR1				0,776	
PR2				0,859	

PR3				0,730	
PR4				0,834	
PR6				0,803	
SE1					0,821
SE2					0,779
SE3					0,782
SE4					0,846
LK1		0,843			

Based on Table 3. The above shows that all indicators in the variables of investment decision, financial literacy, income, risk perception, and self-efficacy have an outer loading value above 0.70 after elimination, so that all indicators are declared valid in measuring the research construct.

b. Discriminatory Validity

Discriminant validity is a test that aims to ensure that a construct is unique and completely different from other constructs; The test is carried out by comparing the square root value of each construct with the correlation between constructs (Fornell–Larcker criteria) or by looking at the cross loading value, where the indicator is declared valid if it has the highest correlation value in the construct it is measured compared to other constructs.

Table 3. Fornell–Larcker

	KI	LK	PD	PR	SE
KI	0,817				
LK	0,261	0,855			
PD	0,500	0,268	0,817		
PR	0,416	0,094	0,323	0,802	
SE	0,592	0,400	0,557	0,439	0,807

Berdasarkan Tabel 4 (Fornell–Larcker), nilai akar kuadrat AVE pada masing-masing konstruk, yaitu keputusan investasi (0,817), literasi keuangan (0,855), pendapatan (0,817), persepsi risiko (0,802), dan self-efficacy (0,807), lebih besar dibandingkan nilai korelasi dengan konstruk lainnya, sehingga dapat disimpulkan bahwa seluruh variabel penelitian telah memenuhi kriteria validitas diskriminan.

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Tabel 4. Heterotrait-Monotrait Ratio (HTMT)

	KI	LK	PD	PR	SE
KI					
LK	0,332				
PD	0,610	0,320			
PR	0,489	0,119	0,376		
SE	0,729	0,487	0,660	0,501	

Based on Table 5, the correlation value between constructs shows that each variable, namely financial literacy, income, risk perception, and self-efficacy, has a lower relationship compared to the ability of each construct to explain its own variables, so that overall the model still meets the criteria of discriminant validity based on the Fornell–Larcker approach.

c. Construct Reliability

Construct reliability is a test that aims to determine the level of consistency and reliability of an indicator in measuring a latent variable; the test is carried out by looking **at** the values of Composite Reliability and Cronbach's Alpha, where a construct is declared reliable if it has **a value of ≥ 0.70**, which indicates that the indicators in the construct are consistent and reliable.

Tabel 5. Composite Reliability dan Cronbach's Alpha

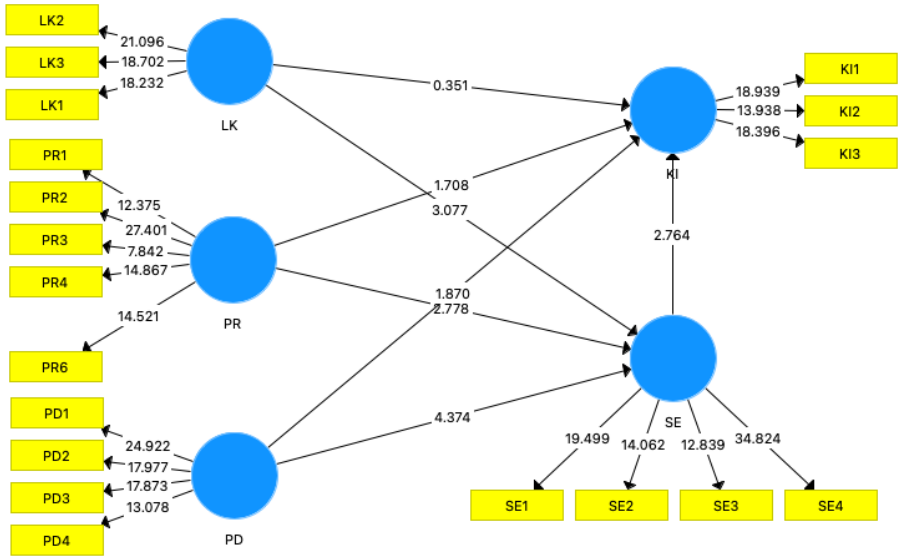
	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
KI	0,753	0,858	0,668
LK	0,816	0,891	0,731
PD	0,834	0,889	0,667
PR	0,862	0,900	0,643
SE	0,823	0,882	0,652

Based on Table 6, all research constructs have Cronbach's Alpha and Composite Reliability values above 0.70 and Average Variance Extracted (AVE) values above 0.50, so it can be concluded that all variables, namely investment decisions, financial literacy,

income, risk perception, and self-efficacy, have met the reliability and validity criteria of constructs.

3. Evaluation of Structural Models (Inner Model)

Structural model evaluation was carried out to assess the relationship between latent variables in the research model by looking at the R-Square (R^2) value as a measure of the ability of independent variables to explain endogenous variables, as well as the path coefficient value to determine the direction and strength of influence between variables tested through the bootstrapping procedure in SmartPLS to determine the significance of the relationship in the research model.



Gambar 2. Inner Model (Bootstraping)

a. R-Square Test (R^2)

The R-Square test is used to find out how much an independent variable is capable of explaining endogenous variable variations, where the R^2 value closer to 1 indicates the model's predictive ability is improving.

Table 6. R-Square Test (R^2)

	R Square	R Square Adjusted
KI	0,417	0,386
SE	0,452	0,430

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Based on Table 7, the R-Square value shows that the variables of financial literacy, risk perception, and income are able to explain 41.7% of the variation in investment decisions (KI) and 45.2% of the variation in self-efficacy (SE), while the rest is explained by other variables outside the research model, indicating that the structural model in this study has a fairly good predictive ability in explaining the phenomenon of investment decisions and self-efficacy in Generation Z of GBKP Gems Binjai City.

b. Uji Effect Size (f^2)

The effect size test was used to determine the amount of contribution of each independent variable to the endogenous variable, with the criteria of f^2 values of 0.02 (small), 0.15 (medium), and 0.35 (large).

Table 7. Test Effect Size (f^2)

	KI	LK	PD	PR	SE
KI					
LK	0,002				0,121
PD	0,059				0,236
PR	0,042				0,134
SE	0,133				

Based on Table 8, the results of the effect size (f^2) test showed that financial literacy had a very small influence on investment decisions (0.002) and small on self-efficacy (0.121), income had a small to moderate effect on investment decisions (0.059) and medium on self-efficacy (0.236), risk perception had a small effect on investment decisions (0.042) and self-efficacy (0.134), while self-efficacy had a small influence on investment decisions (0,133).

c. Uji Predictive Relevance (Q^2)

The Q^2 test (Q-square) or also called the Stone-Geisser Q-square test aims to assess the predictive ability of a research model. According to Hair et al. (2017), the Q^2 value is used to measure how well the observation value is produced by the model and also the estimation of its parameters. A Q^2 value greater than zero ($Q^2 > 0$) indicates that the model has good predictive relevance, while a Q^2 value ≤ 0 indicates that the model has no predictive relevance (Ghozali & Latan, 2015). The calculation of the Q^2 value in this study uses the following formula:

$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)$$

Description:
Q^2 = Predictive Relevance
R_1^2 = R Square for the first endogenous variable (Self-Efficacy)
R_2^2 = R Square for the second endogenous variable (Investment Decision)

Based on the results of the R^2 test in Table 7, it is known that:
R^2 Self-Efficacy (R_1^2) = 0,452
R^2 Investment Decision (R_2^2) = 0,417

So the calculation of the value of Q^2 is as follows:

$$Q^2 = 1 - (1 - 0{,}452)(1 - 0{,}417)$$
$$Q^2 = 1 - (0{,}548)(0{,}583)$$
$$Q^2 = 1 - 0{,}319$$
$$Q^2 = 0{,}681$$

The results of the calculation show that the Q^2 value is 0.681 or 68.1%. This value is much greater than zero ($Q^2 > 0$), that the research model has excellent predictive relevance. In other words, 68.1% of the data variation can be explained by the research model, while the remaining 31.9% is explained by other variables outside the model. According to the criteria of Hair et al. (2017), the Q^2 value of 0.681 is included in the high category, which means that this research model has strong predictive ability in explaining the phenomenon of investment decisions in Generation Z of GBKP Gems in Binjai City.

d. Uji Path Coefficient

The path coefficient test aims to find out the direction (positive or negative) and the strength of influence between latent variables in the research model, so as to describe the causal relationship that occurs.

Tabel 8. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
LK -> KI	0,034	0,041	0,096	0,351	0,726
LK -> SE	0,268	0,269	0,087	3,077	0,002
PD -> KI	0,225	0,222	0,121	1,870	0,062
PD -> SE	0,393	0,396	0,090	4,374	0,000
PR -> KI	0,175	0,184	0,103	1,708	0,088
PR -> SE	0,287	0,296	0,103	2,778	0,006
SE -> KI	0,376	0,370	0,136	2,764	0,006

Based on the results of the Path Coefficient test in Table 9, the influence of each variable can be described as follows:

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The Effect of Financial Literacy on Investment Decisions shows a path coefficient value of 0.034 with a t-statistics value obtained of only 0.351 < 1.96, with a p-value of 0.726 which is greater than the significance level of 0.05. These results show that financial literacy does not have a significant effect on investment decisions in Generation Z of Permata GBKP Binjai City. This means that even though Permata GBKP members have knowledge of financial and investment concepts, this knowledge does not directly encourage them to make investment decisions without self-confidence. Financial knowledge may not be strong enough to drive investment actions if it is not accompanied by confidence in one's ability to manage the investment itself. In research (Waluyo & Maria, 2019); (Ananda et al., 2024), (Syahfitri et al., 2026) financial literacy can be summarized as a person's ability to manage funds to achieve economic security in the future, based on short-term and long-term decisions, so that better financial management can be realized.

The effect of Financial Literacy on Self-Efficacy showed a path coefficient value of 0.268 with t-statistics of 3.077 > t-table of 1.96, with p-values of 0.002 < 0.05. These results show that financial literacy has a positive and significant effect on self-efficacy in Generation Z of Permata GBKP Binjai City. This means that the higher a person's level of financial literacy, the higher his confidence in his ability to manage his finances and make the right investment decisions. These results support research (Farrell et al., 2016) that found that financial literacy is a significant predictor of financial self-efficacy.

The Effect of Income on Investment Decisions shows a path coefficient value of 0.225 with t-statistics of 1.870 < t-table of 1.96, with a p-value of 0.062>0.05. These results show that income does not have a significant effect on investment decisions in Generation Z of GBKP Gem Binjai City. The availability of income or surplus funds alone is not enough to encourage Generation Z of Permata GBKP Binjai City to make investment decisions, without strong self-confidence and sufficient knowledge about how to invest, they prefer to save money in the form of conventional savings which are considered safer.

The Effect of Income on Self-Efficacy shows a path coefficient value of 0.393 with a t-statistics obtained of 4.374, much greater than the critical value of 1.96, with a p-value of 0.000 which is much smaller than the significance level of 0.05. These results show that income has a positive and significant effect on self-efficacy with the most dominant influence in Generation Z of Permata GBKP Binjai City. A person with a higher income level tends to have stronger self-confidence in their ability to manage their finances and make investment decisions. Adequate income provides a sense of financial security and the freedom to experiment with various financial instruments, thereby increasing confidence in the financial domain as part of their financial planning.

The Effect of Risk Perception on Investment Decisions shows a path coefficient value of 0.175 with a t-statistics 1 of 1.708 < 1.96, with a p-value of 0.088 > 0.05. These results show that risk perception does not have a significant effect on investment decisions in Generation Z of GBKP Gem Binjai City. Permata members' subjective assessment of investment risk, whether in the form of market risk, liquidity risk, or risk of loss, does not directly affect their decision to invest or not, even if a person has a good perception of

investment risk (understanding that risk is part of the investment), it is not enough to motivate them to invest. Risk perception influences internal psychological aspects (self-efficacy) more than directly influences behavioral decisions, given the values of prudence and stewardship emphasized in church teaching.

The effect of Risk Perception on Self-Efficacy showed a path coefficient value of 0.287 with t-statistics of 2.778 > 1.96, with p-values of 0.006 < 0.05. These results show that risk perception has a positive and significant effect on self-efficacy in Generation Z of GBKP Gem Binjai City. This means that the better a person's knowledge of investment risks and the higher their tolerance for uncertainty, the higher their confidence in making financial decisions. These results are in line with research (Aren & Zengin, 2016) which found that proper risk perception can increase investor confidence. Risk is manageable and not something to be avoided completely, providing a greater sense of control and ability thus increasing confidence that they are able to manage investments wisely despite the uncertainty of having knowledge of the risks of investing.

The Effect of Self-Efficacy on Investment Decisions shows a path coefficient value of 0.376 with t-statistics of 2.764>1.96, with p-values of 0.006 < 0.05. These results show that self-efficacy has a positive and significant effect on investment decisions in Generation Z of GBKP Gem Binjai City. Confidence is an important psychological factor in encouraging a person to really make investment decisions. A person who has strong belief in their ability to understand investment products, analyze opportunities, and manage risk will be more courageous and more likely to take the plunge into investing than those who have knowledge but lack confidence in their own abilities.

Tabel 9. Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
LK -> SE -> KI	0,101	0,100	0,050	2,008	0,045
PD -> SE -> KI	0,148	0,150	0,071	2,064	0,039
PR -> SE -> KI	0,108	0,108	0,056	1,937	0,053

The Indirect Influence of Financial Literacy on Investment Decisions through Self-Efficacy obtained an original sample value of 0.101 which shows that there is a positive indirect influence of financial literacy on investment decisions through self-efficacy mediation. The t-statistics value obtained was 2.008>1.96, with p-values of 0.045<0.05. These results show that self-efficacy significantly mediates the relationship between financial literacy and investment decisions in Generation Z of Permata GBKP Binjai City. This means that financial literacy does not automatically encourage a person to invest, but rather must first increase their self-confidence in their ability to manage

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investments. Good financial knowledge will increase confidence in the financial domain, and it is this self-confidence that then becomes a direct driver for the decision to invest.

The Indirect Influence of Income on Investment Decisions through Self-Efficacy obtained an original sample value of 0.148, which is the largest indirect influence coefficient among the three independent variables, which indicates the positive indirect influence of income on investment decisions through self-efficacy mediation. The t-statistics value obtained was 2,064.>1.96, with p-values of 0.039<0.05. These results show that self-efficacy significantly mediates the relationship between income and investment decisions in Generation Z of Permata GBKP Binjai City. This means that adequate income does not automatically make a person make investment decisions, but through a psychological pathway where the income first increases their self-confidence that they are able to manage their finances well and make the right investment decisions. A person with a higher income feels more empowered and financially confident, and it is this belief that ultimately drives them to actually invest, not simply because they have more money.

The Indirect Effect of Risk Perception on Investment Decisions through Self-Efficacy, obtained an original sample value of 0.108 which shows the positive indirect influence of risk perception on investment decisions through self-efficacy mediation. The t-statistics value obtained was 1.937<1.96, with p-values of 0.053>0.05. These results suggest that self-efficacy does not mediate the relationship between risk perception and investment decisions. Investment risk is understood as the potential for uncertainty and **potential financial loss**, so when someone assesses that an investment has a high level of risk, it directly raises doubts and caution in decision-making. A person will focus more on the possibility of loss than on the belief in his own abilities.

Conclusion

Based on the results of data analysis using the SEM-PLS method with the help of SmartPLS, it can be concluded that financial literacy, income, and risk perception do not have a significant direct effect on investment decisions in Generation Z of Permata GBKP Binjai City. These results show that Generation Z's investment decisions are not solely determined by financial knowledge levels, income conditions, or risk assessments, but are influenced by other factors that are more psychological.

The results of the study also show that financial literacy, income, and risk perception have a positive and significant effect on self-efficacy, which means that the better the financial understanding, the higher the income, and the stronger the perception of risk, the higher the individual's self-confidence in managing and making financial decisions. However, increasing self-efficacy is not always able to drive investment decisions directly.

Self-efficacy has been proven to have a positive and significant effect on investment decisions, so individual confidence is an important factor in encouraging Generation Z to make investment decisions. The results of the mediation test showed that self-efficacy significantly mediated the influence of financial literacy and income on investment decisions, but did not significantly mediate the influence of risk perception on investment decisions. This confirms that in conditions of uncertainty and potential

financial losses, investment decisions are determined more by the risk assessment itself than by the level of confidence.

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