BEHAVIORAL FINANCE FACTORS AND INVESTMENT DECISIONS IN RETAIL: A MODERATION ANALYSIS ACROSS DEMOGRAPHIC SEGMENTS

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Abstract

Young retail investors in the Indonesian capital market often face challenges due to various behavioral finance biases that can negatively impact their investment decisions. This study aims to examine the impact of herding, overconfidence, mental accounting, loss aversion, and bias on the investment decisions of novice retail investors, focusing on the moderating role of demographic factors such as generation, gender, education, and income. Using a quantitative design, data were collected through a structured questionnaire from 254 retail investors, with 246 valid responses analyzed through a regression-based method and moderation analysis using Hayes' PROCESS macro for SPSS. The results indicate that all behavioral finance factors negatively impact investment decisions, with demographic variables significantly moderating this impact. The findings suggest that tailored financial education and advisory services can help young novice investors make more informed and rational investment choices, thereby improving their financial well-being and market participation. The limitations of this study lie in its focus on a specific demographic in Indonesia, while its novelty includes a detailed analysis of the moderating impact of demographics on behavioral finance biases.

Keywords: Investment Decision, Financial Behavior, Moderation Analysis, Retail Investors, Indonesia

INTRODUCTION

Nationally, the number of retail investors in the Indonesian capital market in 2023 reached 9.6 million, as seen from the Single Investor Identification (SID) active in the Indonesian capital market. This figure increased from 8.62 million in 2022, due to increasing investor confidence in the capital market (OJK, 2022). The increase in the number of investors is also driven by various technological advances that allow investors to access various sites and applications quickly (Tahir & Danarsari, 2023). The government continues to strive to facilitate access to the capital market. This is attempted to attract public interest through digital platforms, especially the younger generation (Millennials and Gen Z). However, it is recognized that the level of literacy in the capital market subsector still needs to be improved (Situmorang & Setiawan, 2024).

Retail investors typically require more in-depth financial knowledge or experience than institutional investors (Clark & Monk, 2017) because they have their own goals (retirement, education, housing, and short-term financial goals). Investors can participate in the stock market in various ways, such as buying securities directly through a stockbroker, investing in mutual funds through a securities company or bank, or using online investment applications (Johri et al., 2023; Palmiter, 2021). These various investment methods provide flexibility and convenience, meet the diverse needs and preferences of retail investors, and influence their investment decisions (Zahera & Bansal, 2018).

However, young retail investors often face several challenges related to behavioral finance, which can significantly impact their investment decisions. Previous studies have highlighted that herd behavior is prevalent among young investors, as they tend to follow the actions of their peers or market trends without thorough analysis.(Jiang et al., 2018).Overconfidence is another common problem, where young investors may overestimate their knowledge and skills, leading to risky investment choices (Pikulina et al., 2017). Mental accounting, or the tendency to categorize money irrationally, can lead to suboptimal portfolio management (Estelami, 2016). Loss aversion, the fear of losses over gains, often results in overly conservative strategies that hinder potential growth (Othman, 2024). Finally, bias, a preference for maintaining current conditions, may prevent young retail investors from making necessary adjustments to their investment decisions (Mamidala et al., 2023).

Moderator variables such as generation, gender, education, and income can significantly influence the relationship between behavioral finance factors and investment decisions. Previous research suggests that generational differences play an important role; for example, millennials may exhibit stronger herd behavior than older generations, who may rely more on their analysis (Adielyani & Mawardi, 2020; Rosdiana, 2020). Gender differences also influence investment decisions, with women generally showing higher risk aversion and less confidence than men, which may weaken the propensity towards risky investments (Shaikh et al., 2019; Srijanani & Vijaya, 2018). Education level influences financial literacy, where higher education often correlates with better understanding and management of mental accounting and loss avoidance (Iram et al., 2021). Income level also moderates this relationship, as individuals with higher incomes may exhibit lower bias due to greater access to financial resources and information (Atmaningrum et al., 2021; Rasyid et al., 2018). In this study, we can further explore this moderation effect to investigate the unique characteristics of young retail investors.

The purpose of this study is to examine the effects of important behavioral finance factors—herding, overconfidence, mental accounting, loss aversion, and sta bias—on novice investors' investment decisions and to analyze how these relationships are moderated by demographic variables such as generation, gender, education, and income. Specifically, this study aims to: (1) Investigate the direct effects of behavioral finance factors on investment decisions among novice investors; (2) Assess how generational differences (millennials vs. older generations) influence the impact of these behavioral finance factors; (3) Explore gender-specific variations in the relationships between behavioral finance factors and investment decisions; (4) Examine the role of educational background (high school, undergraduate, postgraduate) in moderating these relationships; and (5) Analyze the moderating effect of income level (low, middle, upper) on the relationships between behavioral finance factors and investment decisions.

REVIEW OF LITERATURE

Behavioral finance has evolved significantly since the 1970s and established itself as a leading paradigm in the 1980s. Behavioral finance has made both theoretical and empirical

contributions to understanding how individuals behave during financial and investment decision-making (Iram et al., 2021). This study focuses on analyzing the impact of psychosocial behavior on investors' financial decisions. The financial sector continues to debate the irrationality of certain financial and economic decisions made during investment. These irrational decisions are often rooted in cognitive and behavioral errors, which form the core of behavioral finance (Ogunlusi & Obademi, 2021). Behavioral finance explores how individuals make economic decisions in the real world (Puaschunder, 2020). According to Zahera and Bansal (2018), Investors tend to act irrationally while making investment decisions, despite having adequate information and understanding of the market, which is essential for sound investment. Mittal (2019) further explains that behavioral finance describes how investor psychology influences financial decisions.

Herding in financial decisions refers to the tendency of investors to imitate the actions of a broader group or follow prevailing market trends, often without conducting their own analysis or due diligence (Qasim et al., 2019). This behavior may be driven by the belief that the collective knowledge of the majority is superior or the fear of missing out on profitable opportunities (Setiawan et al., 2018). While herding can sometimes lead novice investors to profitable market opportunities, it often produces negative results due to the lack of independent analysis and the potential for irrational market behavior (Başarir & Yilmaz, 2019). For novice investors, herding can have both positive and negative impacts on their investment decisions. Herding can encourage novice investors to enter the market, increasing their exposure to investment opportunities that they might otherwise overlook. Novices may make decisions that they would otherwise be prepared to make independently, potentially yielding profits in a rising market by following the actions of more experienced investors. However, the negative effects of herding can contribute to the formation of asset bubbles, where the prices of securities increase beyond their intrinsic value. When these bubbles burst, novice investors may suffer significant losses (Shiller, 2003). Novice investors who follow the herd may neglect proper risk assessment and diversification, leading to poor investment decisions if the herd's choices are based on speculative or irrational factors. Herding can push security prices to unsustainable levels, resulting in overvaluation (Hon et al., 2021). When

the market corrects itself, those who follow the herd without adequate analysis may face huge losses (Cakan et al., 2019).

Previous research in behavioral finance has extensively explored the concept of overconfidence, highlighting its significant impact on investment decisions. Overconfidence refers to the tendency of investors to overestimate their knowledge, abilities, and accuracy of information, leading to excessive confidence in their predictive abilities (Yin et al., 2019). Overconfidence can encourage greater market participation and assertiveness among novice investors, but its negative effects often outweigh its positive effects. The tendency to over-trade, underestimate risks, and ignore professional advice generally leads to poorer investment decisions (Pikulina et al., 2017). The positive effect of overconfidence on investment decisions can encourage novice investors to actively participate in the stock market, thereby gaining more experience and potentially reaping financial benefits from investments. Overconfident investors are often more decisive, which can benefit fast-moving markets where quick decisions are sometimes needed to capitalize on opportunities (Hoffmann & Post, 2016). One of the most documented negative effects is overtrading. Overconfident investors tend to trade more frequently, incur higher transaction costs, and often earn lower net returns than less active investors.(Inghelbrecht & Tedde, 2024). Overconfidence can lead to underestimating risks, resulting in investments that must be adequately diversified (Phan et al., 2018). This bias increases the exposure of an investment portfolio to market volatility and asset-specific risks (Adiputra, 2021). Studies have shown that overconfident investors typically perform worse over time. Their overestimation of their ability to predict market movements often leads to suboptimal investment choices and financial losses. Overconfident investors are more likely to ignore the financial advice and insights of others, including professional advisors, which can further exacerbate their tendency to make poor decisions (Piehlmaier, 2022).

A large body of research in behavioral finance has explored the concept of mental accounting and its influence on investment decision-making (Huda et al., 2023). Mental accounting describes the cognitive process by which individuals categorize, evaluate, and track their financial activities in separate mental accounts rather than considering them as part of a cohesive financial strategy. On the positive side, mental accounting can help novice

investors manage their finances by creating separate accounts for different financial goals, such as retirement, education, and emergency funds. This behavior can encourage disciplined saving and budgeting habits (Mahadevi & Asandimitra, 2021). By categorizing funds for specific purposes, novice investors may find it easier to set and achieve financial goals, which can lead to a sense of accomplishment and increased motivation to continue investing (Santi et al., 2019). On the downside, mental accounting can lead to irrational decision-making (Konstantinidis & Katarachia, 2015). For example, novice investors may treat money differently depending on its source or intended use, rather than making decisions based on the overall financial picture. This can result in suboptimal investment choices (Thaler, 1985). Mental accounting can cause investors to adopt inconsistent risk management strategies. They may take excessive risk with certain accounts while being too conservative with others, leading to an unbalanced portfolio that is out of line with their risk tolerance and overall financial goals (Shafir & Thaler, 2006). Beginning investors may allocate funds inefficiently across different mental accounts, prioritizing short-term gains or specific goals over long-term financial health. This can hinder their ability to achieve comprehensive financial growth. Mental accounting can prevent investors from recognizing synergies and the benefits of diversification across their portfolios. By viewing investments in isolation, they may miss opportunities to optimize their overall financial strategy (Muehlbacher & Kirchler, 2019).

Previous research in behavioral finance has also explored the concept of loss aversion in its entirety, revealing significant insights into its impact on investment decisions. Loss aversion in Prospect Theory describes an individual's tendency to prefer avoiding losses to obtaining equivalent gains (Iram et al., 2021). This loss aversion is usually stronger than the pleasure derived from the same gain, leading to risk-averse behavior. For novice investors, loss aversion can have a negative impact on their investment decisions. One significant impact is the tendency to hold on to losing investments for too long, hoping for a turnaround rather than cutting losses and reallocating funds to more promising opportunities (Siegel, 2021). This behavior, known as the disposition effect, can lead to substantial financial setbacks as investors miss out on potential gains elsewhere (Richards et al., 2017). In addition, loss aversion can cause novice investors to avoid riskier and potentially more profitable investment opportunities (Zhang et al., 2021). This conservative approach can

result in a portfolio that is overweighted in low-risk, low-return assets, which can hinder long-term growth and wealth accumulation. Such a cautious attitude may provide short-term comfort but can be detrimental to achieving financial goals such as retirement or major purchases. On the other hand, loss aversion can have some positive aspects (Ainia & Lutfi, 2019). This can encourage careful consideration and due diligence before making investment decisions, potentially preventing hasty or speculative actions. Novice investors benefit from this heightened sense of caution, which encourages them to seek out more information and advice, thereby becoming more informed. However, the negative consequences of loss aversion often outweigh these benefits. By focusing too much on avoiding losses, novice investors may miss significant growth opportunities, fail to diversify their portfolios adequately, and ultimately achieve lower returns (Feunou et al., 2019).

Relevant studies in behavioral finance have extensively examined bias, which refers to the preference to maintain one's current situation or decision rather than make a change, even when the change may produce a better outcome (Mamidala et al., 2023). This bias can have a significant impact on novice investors' investment decisions, often resulting in negative consequences. The bias can cause novice investors to stick with their initial investment choices, even when market conditions or personal circumstances change. This reluctance to change their investment portfolio can prevent them from taking advantage of new opportunities or adjusting their strategies in response to evolving financial goals (Wu, 2016). For example, novice investors may continue to hold underperforming assets instead of reallocating their funds to more promising investments, leading to suboptimal portfolio performance. Another negative effect of the bias is the failure to diversify. Novice investors may stick to familiar assets or investment strategies, avoiding new or unfamiliar options that could improve their portfolio's risk-return profile (Dean et al., 2017).

This study confirms the findings of previous studies on the influence of behavioral financial factors and individual investment decisions in retail with some demographic moderators. A theoretical model has been adapted to examine the relationship of variables, as depicted in Figure 1.

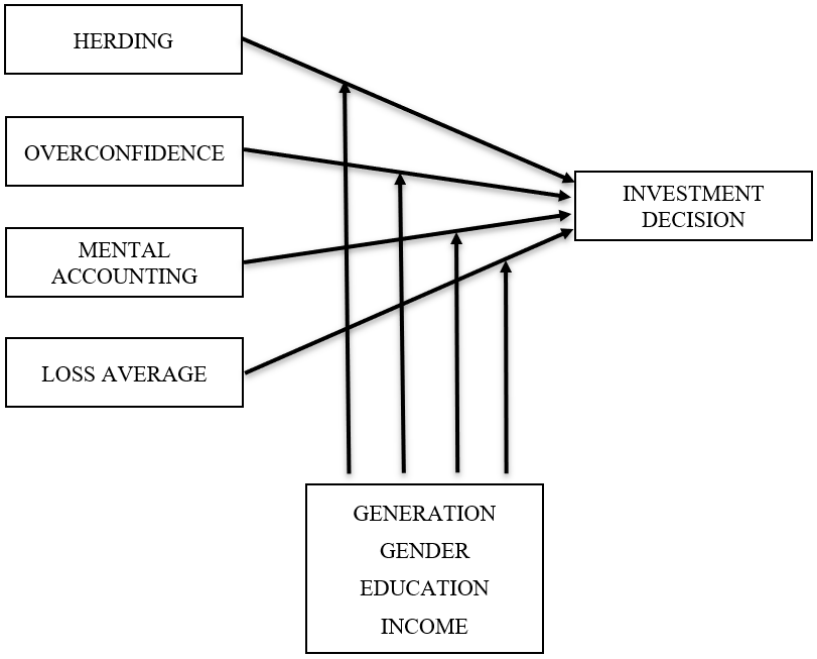

Figure 1.
Theoretical Model

The main hypothesis of this model is:

H1: Herding has a negative influence on the investment decisions of novice investors.

H2: Overconfidence has a negative impact on novice investors' investment decisions.

H3: Mental accounting has a negative impact on novice investors' investment decisions.

H4: Loss aversion has a negative effect on the investment decisions of novice investors.

Additional hypotheses consider the moderating effects of generational differences, gender, educational background, and income level that moderate the relationship between each independent and dependent variable.

RESEARCH METHOD

The sample of this study consists of retail investors in Indonesia who have an active Single Investor Identification (SID) number and are included in the millennial and Generation Z groups. Initially, 318 participants were selected. However, 8 (eight) samples were eliminated due to lack of variance, so the final sample size became 310 participants, which were used for estimation in the model.

Data were collected using a structured questionnaire. The questionnaire was divided into two main sections: (1) the Demographic Information section containing information on

participants' generation (millennials or Generation Z), gender, education level, and income; (2) the Behavioral Financial Factors and Investment Decisions section included 25 items (scale 1 to 5): 4 of which were dedicated to measuring herding, overconfidence, mental accounting, loss aversion,

Data analysis was conducted using a regression-based approach and moderation analysis to explore the relationship between behavioral finance factors and investment decisions and the moderating effects of demographic variables. Hayes' PROCESS macro for SPSS (Hayes, 2017) is used to conduct moderation analysis, which allows for a comprehensive examination of how generation, gender, education, and income level influence the impact of behavioral finance factors on novice investors' investment decisions.

RESULTS AND DISCUSSION

The study results reveal the profile of respondents based on generation (cohort), gender, education, and income level, which are also moderator variables in the model, as presented in Table 1.

Table 1.
Respondent Profile

Generation	Frequency	Percentage
A thousand years	128	41.3
Generation Z	182	58.7
Total	310	100.0

Gender	Frequency	Percentage
Man	180	58.1
Woman	130	41.9
Total	310	100.0

Education	Frequency	Percentage
Senior High School	122	39.4
Bachelor	170	54.8
Passed	18	5.8
Total	310	100.0

Income	Frequency	Percentage

Lower	85	27.4
Middle	152	49.0
Higher	73	23.5
Total	310	100.0

Table 1 shows that the sample consisted of 41.3% of millennials and 58.7% of Generation Z participants, indicating a higher representation of younger investors. In terms of gender, males constituted 58.1% of the sample, while females comprised 41.9%. In terms of education level, the majority of respondents had a bachelor's degree (54.8%), followed by those with a high school education (39.4%) and a small number of graduates (5.8%). This distribution indicates a relatively well-educated sample, with most respondents having at least a high school diploma. The income levels of the respondents varied, with 27.4% in the low-income group, 49.0% in the middle-income group, and 23.5% in the high-income group. This distribution indicates a diverse economic background in the sample, providing a broad perspective on how income level can moderate the impact of behavioral finance factors on investment decisions. This demographic information can provide an overview of the characteristics of the sample, setting the stage for further analysis of how these moderator variables influence the relationship between behavioral finance factors and investment decisions among novice investors.

Table 2 displays a summary of the model, highlighting the coefficient of determination (R-squared) for the total effect.

Table 2.
Model Summary

Model	R	R Square	Adjusted R Squared	Standard Error of Estimate
1	.634 a	.402	.392	2.254

a. Predictors: (Constant), X1, X2, X3, X4

The R square value of 0.402 is a significant finding, indicating that approximately 40.2% of the variance in novice investors' investment decisions can be explained by the combined effects of behavioral finance factors (herding, overconfidence, mental accounting, and loss aversion) and moderator variables (generation, gender, education, and income). This suggests that although the model captures most of the factors influencing investment decisions, there are other variables and influences not accounted for in the model that contribute to the remaining 59.8% of the variance. Thus, the R square value reflects a

moderate level of explanatory power, underscoring the importance of the identified factors in shaping investment behavior among novice investors.

Table 3.
Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Signature.
1	Regression	1037.040	4	207,408	40,832	.000 million
	Remainder	1544.198	304	5,080		
	Total	2581.239	309			

a. Dependent Variable: Y

b. Predictors: (Constant), X1, X2, X3, X4

Table 3 provides the results of the Analysis of Variance (ANOVA) for the regression model, which includes the five behavioral finance factors as predictors of investment decisions. The F value is 40.832, which is significantly high—the F statistic tests whether at least one predictor regression coefficient is different from zero. A high F value indicates that the overall regression model is statistically significant in this context. The Sig. (p-value) is 0.000, less than the typical alpha level of 0.05. The p-value indicates that the regression model is statistically significant, meaning that there is a very low probability that the observed relationships occurred by chance. In other words, the predictors (herding, overconfidentiality, mental accounting, and loss aversion) significantly influence novice investors' investment decisions. The regression model, which includes the behavioral finance factors, significantly explains the variance in investment decisions among novice investors, as evidenced by the high F value and very low p-value.

Table 4.
Coefficient

Model		Unstandardized Coefficient		Standard Coefficient		
		B	Standard Error	English	T	Signature.
1	(Constant)	6,947	.918		7,568	.000
	X1	-.149	.056	-.140	-2.644	.009
	X2	-.199	.055	-.194	-3.617	.000
	X3	-.241	.055	-.243	-4.386	.000
	X4	-.138	.059	-.131	-2.333	.020

Table 4 presents the coefficient estimates for the regression model, including unstandardized and standardized coefficients, along with the t-statistic and p-value (Sig.) for each predictor variable.

1. A negative B value indicates that herding has a negative effect on investment decisions. The t statistic of -2.644 with a p-value of 0.009 indicates that this effect is statistically significant at the 1% level.
2. Overconfidence has a negative impact on investment decisions, with a significant impact as indicated by the t-statistic of -3.617 and p-value of 0.000.
3. Mental accounting also has a negative impact on investment decisions. The t statistic of -4.386 and the p-value of 0.000 indicate that this effect is highly significant.
4. Loss aversion has a negative effect on investment decisions. The t statistic of -2.333 with a p-value of 0.020 indicates that this effect is significant at the 5% level.

Table 5 presents the moderation effect of each moderator in the relationship between the independent variable and the dependent variable (investment decision).

Table 5.
Moderation Effect

Interaction	T Statistics	P Value	Influence
X1*Coh	-2.236	0.026	Moderated
Generation X1	-2,360	0.019	Moderated
X1*Education	2.403	0.017 years	Moderated
X1*Inc	-2.281	0.023	Moderated

Interaction	T Statistics	P Value	Influence
X2*Coh	-2,070	0.039	Moderated
Generation X2	-2.387	0.018	Moderated
X2*Education	1,710	0.088	No Moderation
X2*Inc	-2,526	0.012	Moderated

Interaction	T Statistics	P Value	Influence
X3*Coh	-2.335	0.020	Moderated
Generation X3	-2,491	0.013	Moderated
X3*Education	1,969	0.050	Moderated
X3*Inc	-2,034	0.043 years	Moderated

Interaction	T Statistics	P Value	Influence

X4*Coh	-2.467	0.014 years	Moderated
Generation X4	-2,510	0.013	Moderated
X4*Education	1,895	0.059 years	No Moderation
X4*Inc	-1.636	0.103	No Moderation

Table 5 shows the moderating effect of each demographic variable on the relationship between the independent variables (behavioral finance factors) and the dependent variable (investment decisions). This table highlights whether the interaction effects between behavioral finance factors and demographic variables (generation, gender, education, and income) are statistically significant.

1. Herding (X1): All moderator variables (group, gender, education, and income) significantly moderate the relationship between herding and investment decisions.
2. Overconfidence (X2): Group, gender, and income significantly moderate the effect of overconfidence, whereas education does not.
3. Mental Accounting (X3): All moderator variables significantly moderate the influence of mental accounting.
4. Loss Aversion (X4): Group and gender significantly moderate the effect of loss aversion, but education and income do not.

Discussion

The results show that all behavioral finance factors studied (herding, overconfidence, mental accounting, loss aversion, and bias) have a negative impact on the investment decisions of novice retail investors in Indonesia. This has significant implications for understanding the investment behavior of this demographic group and for designing interventions to improve their decision-making process.

1. Herding behavior causes investors to tend to follow the actions of others rather than making decisions independently based on their own analysis. This behavior can result in poor investment choices and market inefficiencies.(Adielyani & Mawardi, 2020). Herding if accompanied by mature analysis will have a positive impact on investment decisions, but if not, it tends to have a negative impact.(Rosdiana, 2020). Financial education programs should focus on developing individual analytical skills and encouraging independent decision-making to reduce the impact of herding.(Rasyid et al., 2018).

2. Overconfident investors overestimate their knowledge and ability to predict market movements, leading to excessive trading and risk taking.(Pikulina et al., 2017). Overconfidence can result in frequent trading, higher transaction costs, and potential losses.(Adiputra, 2021). Investment training should address the dangers of overconfidence and emphasize the importance of humility and continuous learning in investing.(Badola et al., 2023).
3. Mental accounting causes investors to treat money differently depending on its source, intended use, or other subjective criteria, which can lead to suboptimal allocation of resources.(Iram et al., 2021). This bias can prevent investors from making rational financial decisions and achieving a well-diversified portfolio.(Konstantinidis & Katarachia, 2015). Educational efforts should aim to make investors aware of mental accounting and promote strategies for viewing money as a fungible resource.(Muehlbacher & Kirchler, 2019).
4. Loss aversion causes investors to avoid selling assets at a loss, potentially holding on to losing investments for too long.(Ainia & Lutfi, 2019). This behavior can result in missed opportunities for better investments and poor overall portfolio performance.(Zhang et al., 2021). Financial advisors and educational programs should emphasize the importance of cutting losses and rebalancing portfolios periodically.

The negative impact of these behavioral biases suggests that novice investors tend to make decisions that are not in line with optimal investment strategies. To address this issue, financial education and advisory services should be tailored to specifically target these biases. Investment outcomes for novice retail investors can be improved, leading to more informed and rational investment decisions, and ultimately, better financial well-being.

Moderation effect analysis provides insight into how demographic factors influence the relationship between behavioral finance bias and investment decisions. Each behavioral finance factor can be interpreted as follows:

1. The effect of herding on investment decisions is significantly moderated by cohort (generation), gender, education, and income. This suggests that the extent to which herding influences investment decisions varies across demographic groups. In this case, younger or higher-income investors may engage in herding behavior differently than older

or lower-income investors.(Elizabeth et al., 2020). Financial education programs should be tailored to address herding behavior across demographic segments. Tailored interventions can help reduce the herding effect, taking into account the specific characteristics and vulnerabilities of each group.(Mehmood et al., 2024).

2. The relationship between overconfidence and investment decisions is significantly affected by group, gender, and income, but not by education. These results suggest that although overconfidence affects investment decisions, its impact is influenced by the generation, gender, and income level of investors, but not necessarily by their educational background. Efforts to reduce overconfidence in investment decisions should focus on demographic factors such as age, gender, and income.(Renerte et al., 2020)In this study, young or male investors require a different educational approach than older or female investors to effectively reduce self-confidence.
3. All moderator variables (group, gender, education, and income) significantly affect the effect of mental accounting on investment decisions. That is, the impact of mental accounting on investment behavior varies significantly, depending on these demographic factors. Programs to improve investment decision making should consider the different ways in which different demographic groups engage in mental accounting.(Beatrice et al., 2021). Customized financial education can help investors of all backgrounds understand the pitfalls of mental accounting and encourage more rational decision-making.
4. Generation and gender significantly moderate the impact of loss aversion on investment decisions, while education and income do not. This suggests that investors' generation and gender influence their propensity to avoid losses and their impact on investment choices, but not their education or income levels. Addressing loss aversion in investment education should focus primarily on generational and gender differences.(Dawson, 2023). Younger or female investors may exhibit different levels of loss aversion, and understanding these nuances may help develop more effective educational interventions.

CONCLUSION

This study investigates the impact of various behavioral finance factors—herding, overconfidence, mental accounting, loss aversion, and bias—on the investment decisions of

novice retail investors in Indonesia. The study focuses on the moderating effects of demographic variables such as generation, gender, education, and income. The main results reveal that all behavioral finance factors negatively affect investment decisions, highlighting the detrimental effects of these biases on novice investors. Moderation analysis shows that demographic factors significantly moderate these relationships. Specifically, all demographic variables significantly moderate the herding effect. For overconfidence, group, gender, and income are significant moderators, while education is not. All demographic variables moderate mental accounting, while the effect of loss aversion is moderated by group and gender but not by education or income.

This study makes a novel contribution by providing a detailed understanding of how different demographic factors influence the relationship between behavioral financial biases and investment decisions among young novice investors in Indonesia. This nuanced perspective is important for developing targeted financial education and advisory programs that address the specific needs and characteristics of different demographic groups. The implications of these findings are significant for young novice investors in Indonesia. Financial education programs should be tailored to address specific behavioral biases that are prevalent among different demographic groups. Younger investors or those with higher incomes may require different strategies to reduce herd behavior than older or lower-income investors. Similarly, programs aimed at reducing overconfidence should consider generational and gender differences. Young novice investors can make more informed and rational investment decisions by recognizing and addressing these biases, ultimately improving their financial well-being and market participation with the help of financial education and advisory services.

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