

## The Influence of Financial Literacy and Risk Tolerance on Investment Decisions for Millennial Generation Civil Servants (PNS)

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### Abstract

*Financial products are becoming more varied and common. The proliferation of financial products requires consumers to choose their assets with greater logic and analysis. The capacity to use different financial skills, such as essential money management (budgeting, spending, savings, loans, and credit), financial planning, and investment knowledge, is also equally important in making investment decisions. Factors that influence investment decisions are financial literacy and risk tolerance. This research aims to determine the influence of financial literacy on investment decision-making and to determine risk tolerance for investment decision-making among PNS working in Jakarta. The theories used by researchers are behavioral financial theory and modern portfolio theory. The method used in this research is quantitative, using a questionnaire distributed to target respondents. The analysis technique used is PLS-SEM. The research results state that (1) Financial knowledge has negative results and does not have a significant effect with a p-value of  $0.080 > 0.05$ , (2) Financial attitude has positive results and has a significant effect with a p-value of  $0.01 < 0.05$ , (3) Financial behavior has negative results and has a significant effect with a p-value of  $0.035 < 0.05$  and (4) Risk tolerance has positive results and has a significant effect with a p-value of  $0.050 = 0.05$ .*

**Keywords:** *Financial literacy, Risk tolerance, Millennial generation civil servants, Investment decisions*

### INTRODUCTION

Financial products in Indonesia are increasingly widespread and diverse. With the emergence of various financial products, people are required to be more analytical and logical when selecting investments. What is no less important for making investment decisions is understanding financial literacy well enough to apply various financial skills such as essential money management (budgeting, spending, saving loans, and credit), financial and retirement planning, and investment knowledge.

The financial literacy of Indonesian society is indexed at 49.68 percent, meaning that out of every 100 people, only 49 people are well-educated in terms of financial literacy. This shows that Indonesian citizens generally do not know the characteristics of the products and services provided by formal financial service institutions, regardless of their level of

understanding of financial literacy. Financial literacy is an essential skill that is linked to community and personal empowerment and well-being, customer protection, and increasing financial inclusion.

According to data from the Indonesian Central Securities Depository (KSEI), there were around 11.5 million individual investors involved in the Indonesian capital market in August 2023. Among them, 57.04% were aged 30 years and under, and 23.27% were aged 31 to 40 years. Based on this data, the number of millennial investors in Indonesia is around 6.6 million people (taking a figure of 57.04% of the total 11.5 million individual investors). When compared with the overall number of millennials in Indonesia, which is around 69.38 million people, the percentage of millennial investors to the overall number of millennials in Indonesia is around 9.5%. This shows that there is still great potential to increase financial and investment literacy among the millennial generation in Indonesia, including those who work as civil servants.

Results from research Loke (2015) shows that financial literacy is a critical intervention strategy in increasing consumers' financial knowledge, but exogenous factors such as cultural differences and socioeconomic factors can also influence the level of financial expertise; this study finds that financial illiteracy cuts across gender and age, but education, ethnicity, gender profession, and the availability of government pensions have a significant influence on the level of financial knowledge.

Similar research was also carried out by Dewi et al. (2020). The results of their study show that financial literacy not only influences the way a person manages and deals with money and financial problems but also has implications for an individual's ability to become a person who understands financial decisions related to investment, financial risk tolerance, savings, loans, and lifestyle choices. In addition, financial literacy has a vital role in influencing financial institutions, such as banks and non-bank financial institutions, in the way they manage their business and the products they offer to depositors and investors.

The young generation that falls into the millennial category (1981-1996) has now penetrated work units in the government system. The State Civil Service Agency (BKN) noted that the number of State Civil Servants (ASN) will be 4.34 million in 2022. It consists of 3.99 million Civil Servants (PNS) and 351,786 Government Employees with Work Agreements (PPPK). Based on generation, the majority of ASN in Indonesia are millennials, with a total of 2.04 million people in 2022.

Seeing the trend found, the growth of the millennial generation in the world of government is increasing, which is in line with the high interest of the younger generation in becoming civil servants (PNS). This could be one of the parameters for measuring the level of individual financial literacy for millennial Civil Servants (PNS). The importance of measuring the level of financial literacy in investment decisions for the millennial generation of civil servants will show that personal financial knowledge influences the millennial generation of civil servants in making the right financial decisions. The millennial generation, who has been appointed as Civil Servants, is an important part of society in large enough quantities to make a significant contribution to the economy. They are an intellectually young generation who will encounter the complexity of financial products, services, and markets.

In contrast to previous studies, researchers want to know whether the millennial generation among civil servants currently understands the importance of financial literacy in determining the appropriateness of placing their funds for investment purposes and to analyze the influence of financial literacy on investment decisions of millennial generation civil servants. Why does this research focus on the millennial generation among civil servants? This is interesting because the civil servant profession is much sought after by young people, plus the profession of being a civil servant is a profession that promises a future, according to some people, because it has a guarantee of old age (pension).

Fitriarianti (2018) revealed that financial literacy does not influence investment decisions. This is because the research found that financial literacy obtained results of  $0.070 > 0.05$  and also revealed that there is no positive influence between financial literacy and investment decisions Dewi et al., (2020). conducted research showing that risk tolerance does not influence financial decisions Seraj et al., (2022). Based on this research gap, researchers want to carry out an in-depth analysis by combining the two variables and testing whether there is an influence between financial literacy and risk tolerance on investment decision-making. The novelty of this research can be seen from the research subjects, which are more focused on the millennial generation, which works as civil servants.

It is hoped that understanding financial literacy will enable them to carry out the good financial management, manage a steady income to improve their daily welfare and maximize retirement benefits by investing. So, the aims of this research are (1) to determine the influence of financial literacy on investment decision-making and (2) to determine risk tolerance for investment decision-making among Millennial Generation civil servants who work in Jakarta.

### **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

Nofsinger (2001) states that financial behavior involves the examination of how individuals behave in financial situations. More specifically, it includes the study of how psychology influences decision-making in the realms of finance, business, and financial markets. The two concepts explained clearly emphasize that financial behavior is a way to explain how individuals invest or carry out financial relationships that influence psychological aspects. Financial behavioral studies explore the interactions of the human brain in facing the challenges of making economic decisions.

Financial behavior is reflected in the actions of individuals who exhibit both supportive and detrimental behavior (Woodyard, 2013). Positive financial behavior involves managing cash, establishing savings for emergencies, wise credit management, as well as planning long-term goals, such as retirement preparation, risk management through insurance, and legacy planning. In contrast, detrimental financial behaviors include wastefulness, reliance on employer retirement plans, and avoiding talking about finances. According to Xiao (2008), financial behavior refers to the way individuals manage their finances.

Zahwa & Sukarno (2023) show that financial knowledge, financial behavior, financial attitudes, age, and employment significantly influence investment decisions. Meanwhile, risk tolerance, gender, and income do not significantly influence investment decisions. Dewi et al. (2020) show that financial literacy, behavior following the masses, and risk tolerance have a significant influence on investment decisions. Seraj et al. (2022) show that financial literacy and overconfidence have a positive effect on investment decisions. Research conducted by Princess & Hamidi (2019) shows that financial literacy and risk tolerance have an insignificant positive effect on investment decisions.

### **RESEARCH METHOD**

Data collection was carried out by distributing questionnaires in 3 Ministries and 2 Non-Ministerial Government Institutions. Respondents are asked to fill out a survey form that begins

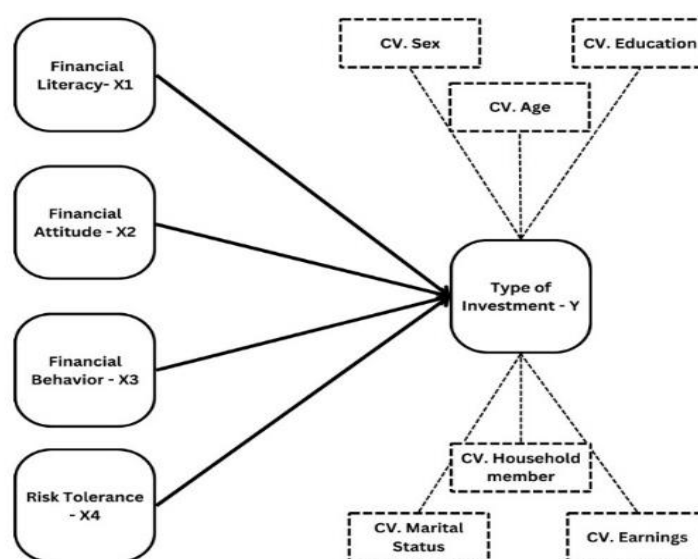
with self-identification and describes the control variables using Google Forms on a predetermined sample of respondents. Data collection techniques consist of literature studies and questionnaires consisting of multiple-choice questions, scales, and a risk tolerance scale.

**Population and Sample**

Before carrying out optimal selection, it is necessary to determine the population first. A population is defined as an area that consists of objects/subjects that have certain characteristics that researchers use to study and draw conclusions. From the population results, the target is chosen as the source, which is often called the sample.

**Data Analysis Techniques**

In this research, the analytical analysis method is used when a multiple linear regression model is used; different linear regressions have a linear relationship to the dependent variable. Multiple linear regression can be implemented using structural equation modeling software, namely SmartPLS. It is a statistical software widely used in path models. Path model processing can be modeled in a larger number of samples than the original sample using the bootstrapping method. The processing output is in the form of a beta regression coefficient with a standard error for each item that has been standardized. The advantage of the PLS model is that it does not require the assumption of data normality. Multiple linear regression is designed using an independent path model. The framework that is used in this research can be seen in Figure 1 below.

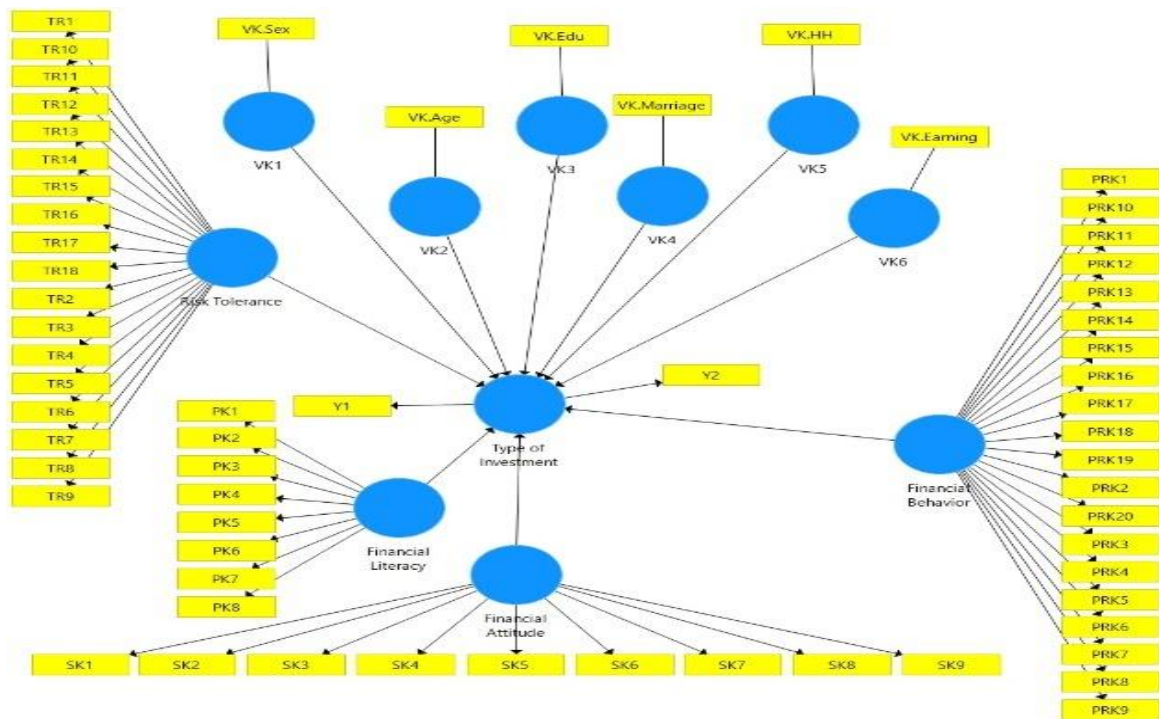


**Figure 1**  
**Framework Model**  
 (Source: Data Processing, 2023)

**RESULT AND ANALYSIS**

**Results**

PLS construct testing begins with the fulfillment of the indicator/proxy loading values for each latent variable. The determination of the threshold value varies in various previously published studies, such as Hair et al., 2017 which argue that a value of 0.7 is assumed to correspond to the commonality of a proxy with a minimum of a proxy (yellow) being able to explain 50% (0.72) of a latent variable (blue) is called the average variance extracted from the items, so that the value 0.7 is used as the threshold. However, in a newly developed construct, the value of 0.7 is not an absolute threshold (Hair et al., 2017). The main idea of outer loading is to assess the commonality of a variable by extracting its mean-variance. Values between 0.4 and 0.7 can be given a special note with the main condition that the mean value of the construct variance (AVE) is not low with values in that range (Henseler et al., 2015; Sarstedt et al., 2017). Figure 2 shows the original model.

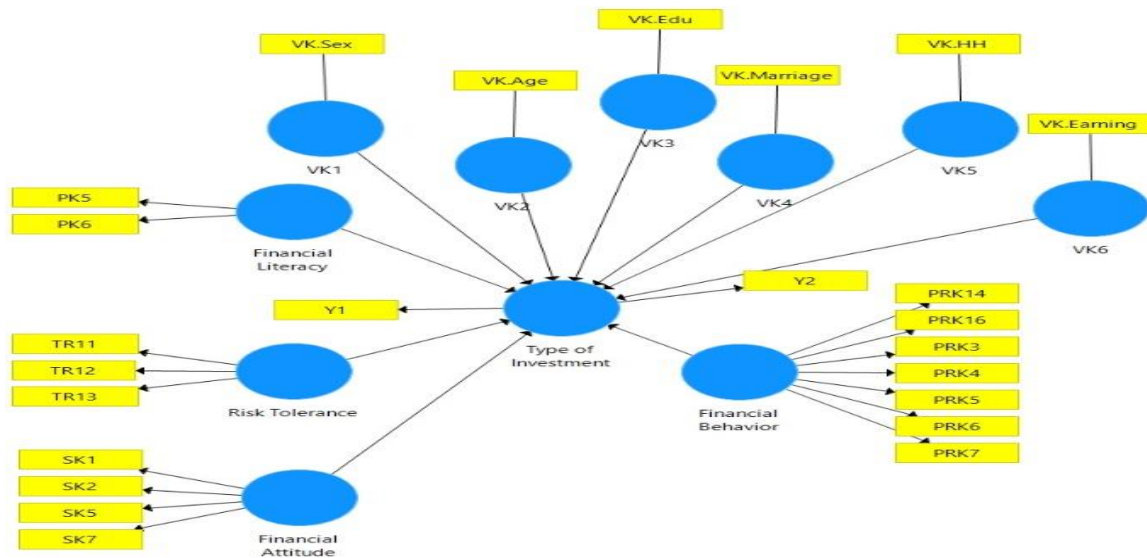


**Figure 2**  
**Original Model**  
(Source: Data Processing, 2023)

The image above is an original model based on the survey items used to collect data. Cross-check validity and the reliability of the model within the items for each variable must be



tested to ensure that the variance of an item can explain the latent variance according to the minimum standard of ~50%. Results from the test are shown in Figure 3 below.



**Figure 3**  
**Results From Tested Validity And Reliability**  
 (Source: Data Processing, 2023)

Construct validity and reliability testing are presented in Table 1. Based on this table, the valid and reliable criteria have been met for all variables with an AVE value of more than 0.5 and composite reliability with a value of more than 0.7, which indicates that the instrument has a construct, as shown in Figure. The three above have met the reliability requirements.

Table 1.  
 Construct Revision

Category	Cronbach' Alpha	Rho_A	Composite Reliability	AVE
Determining the Type of Investment	.942	.942	.972	.945
Financial Knowledge	.250	.265	.722	.569
Behavioral Finance	.861	.835	.884	.524
Financial Attitude	.725	.736	.812	.523
Risk Tolerance	.705	1.112	.806	.587

Source: Data Processing, 2023

R-squared ( $R^2$ ) values were calculated to assess the amount of variance explained by endogenous constructs in the structural model. The  $R^2$  value indicates the predictive power of the model. It is important to note that  $R^2$  values can range from 0 to 1, with higher values indicating a greater amount of variance explained by the independent constructs in the model

(Fessler et al., 2020). However, it should be noted that large or small percentages of the R-squared value are not a limitation of the goodness of a construct or as a predictive model for human behavior but rather to measure the magnitude of the proportion or effect of one variable on other variables (KC et al., 2020). The variance that can be explained by the independent variables Financial Knowledge, Behavioral Finance, Financial Attitude, and Risk Tolerance is 17.1% of the dependent variable determining the type of investment. This shows that >80% of the variance explains the determination of the kind of investment other than the independent variable in this study.

Table 2.  
R-Square Test

	<b>R-Square</b>	<b>R-Square Adjusted</b>
Invest Type	.171	.119

Source: Data Processing, 2023

Conversely, to determine the goodness of the model, the F-square test is performed. Whether the latent variable predictor has a weak, medium, or large influence at the structural level can be identified by looking at the F-square values of 0.02, 0.15, and 0.35. The results of the F-square test show that the model studied in this research is included in the weak category.

Table 3.  
F-Square Table

	<b>Invest Type</b>
Knowledge Finance	.031
Behavior Finance	.052
Attitude Finance	.096
Risk Tolerance	.049

Source: Data Processing, 2023

The parameter coefficient values and T statistical significance values will be used to assess the significance of the influence between variables in the next test. This will be done using the bootstrapping method.



Table 4.  
T-test and Hypothesis Regression

Path value before any control	Original Sample (O)	CI 97.5%	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
PK→PJI	-.166	,084	.104	1,605	,110
PRK→PJI	-.242	,032	.107	2,257	,025
SK→PJI	.320	,414	,083	3,839	,000
TR→PJI	.194	,325	.116	1,680	.095*
Path value after control	Original Sample (O)	CI 97.5%	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
PK→PJI	-.170	,034	,097	1,759	.080*
PRK→PJI	-.235	,003	,110	2,128	,035
SK→PJI	.313	,450	,094	3,318	,001
TR→PJI	.214	,383	.108	1,977	,050

Source: Data Processing, 2023

Based on the before and after path coefficient models, there is no significant change due to the presence of control variables in the two path models tested. Negative associations are seen in the financial knowledge and behavior variables towards determining the type of investment, as well as positive associations in the financial attitude and risk tolerance variables towards determining the type of investment.

**H1:** The Influence of the Level of Financial Knowledge (FK) of Millennial Generation Civil Servants on Determining the Type of Investment Selected. The association between these two variables is negative with a  $\beta$  coefficient value of -0.17, which indicates that the contribution of knowledge provides negative feedback on determining the type of investment by 17%. However, the calculated T value is 1.759 or <1.96, and the p-value is 0.08, indicating that there is no significance in the association of these variables. This hypothesis rejects the null hypothesis. It should be noted that the significance value is still acceptable, assuming an error of 10%.

**H2:** The Influence of Financial Attitudes (FA) of Millennial Generation Civil Servants on Determining the Type of Investment Selected. The association between these two variables is positive with a  $\beta$  coefficient of 0.313, which indicates that the contribution of financial behavior provides positive feedback on determining the type of investment of 31.3%. Furthermore, the calculated T value is 3.318 or >1.96, and the p-value is 0.001, indicating that there is significance in the association of these variables. This hypothesis does not reject the null hypothesis, so financial attitudes can positively influence the determination of the type of investment.

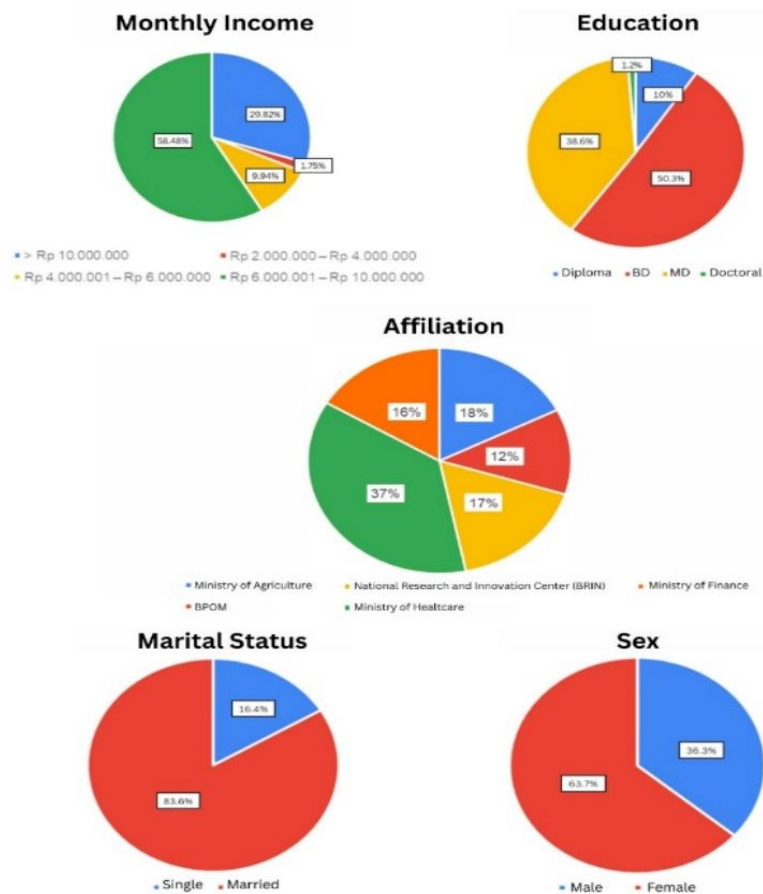
**H3:** The Influence of Financial Behavior (FB) of Millennial Generation Civil Servants on Determining the Type of Investment Product Selected. The association between these two variables is negative with a  $\beta$  coefficient value of -0.235, which indicates that the contribution of financial attitudes providing negative feedback on determining the type of investment is 23.5%. Furthermore, the calculated T value is 2.128 or  $>1.96$ , and the p-value is 0.035, indicating that there is significance in the association of these variables. This hypothesis rejects the null hypothesis. Here, it can be seen that financial behavior negatively influences the determination of the type of investment.

**H4:** The Influence of Risk Tolerance (RT) of Millennial Generation Civil Servants on Determining the Type of Investment Product Selected. The association between these two variables is positive with a  $\beta$  coefficient of 0.214, which indicates that the contribution of risk tolerance provides positive feedback on determining the type of investment of 21.4%. The p-value of 0.080 indicates that the risk tolerance variable is still acceptable within the tolerable error range of 10%.

### *Discussion*

The samples were collected from millennial employees at ministries and institutions' offices. The data shows that salaries of IDR 6,000,000 to IDR 10,000,000 dominate the sample (58.5%), followed by samples with income  $>$  IDR 10,000,000 (34%). This number shows that the average sample has an income that is greater than the standard regional income (UMR DKI Jakarta 2023), namely IDR 4,901,798. Then, based on educational background, the majority of the sample were bachelor's degree graduates (50.3%), followed by a higher stratum, namely a master's degree, at 38.6%. The education distribution figures show that the majority of the sample comes from academics. Furthermore, marital status shows that 83.6% of the sample is married. Finally, samples with female gender dominate (62.6%) of the samples studied in this study.

The factors mentioned above have a significant role in the context of determining the type of investment. Income and marital status are very close to a person's risk profile when investing. Then, gender and education were influenced in determining the desired form of investment. For example, someone who tends to have financial freedom will have a safe investment risk profile. Another example is women's interest in investing in gold rather than other products.



**Figure 4**  
**Sociographic Factors**  
 (Source: Data processing, 2023)

Test crosstab carried out on financial behavior. The financial knowledge variable is assessed in the form of a true-false statement so that the average value of this variable ranges from 0 – 1 while the other variables are 1 – 5. In general, financial attitudes have the highest average across all sociodemographic characteristics. This value is then followed by the financial behavior variable, tolerance risk, and then determining the type of investment with the lowest average score. Then, men appear to perform better than women in overall financial behavior. Men tend to be more aggressive in managing their finances than women. However, women tend to be more aggressive tend to be protective in terms of financial behavior (Fessler et al., 2020). In terms of openness, women tend to be more flexible, so in terms of accumulated financial behavior, men have better independence (Aydin & Akben Selcuk, 2019). Another influence is marital status. Marital status determines the financial expenditure ratio. Someone who is married will be more protective and try to understand everything related to finances so they can

manage expenses according to family needs. Marital status and income tend to be closely related. With the increasing risk to finances for married people, income status and amount of income also influence a person's financial behavior (Talwar et al., 2021). The differences in portions and risks faced due to these two factors can encourage someone to be more defensive and try to understand financial matters fully. Lastly, educational background factors influence the rate of information received from a financial perspective. However, this background is closely related to the time frame a person lives in. For example, the development of the crypto market and massive stock trading have only been felt in the last decade, supported by the rapid pace of IT development. Someone with a higher educational background, such as a master's or doctoral degree, may experience financial development in different sociodemographic conditions from samples with a lower educational background or in the context of the time tending to be young, prime, and capable in certain platforms that support their financial behavior better.

The research results show that, with a coefficient of  $-0.17$ , there is a negative relationship between financial knowledge and determining the type of investment among millennial generation civil servants. This coefficient shows the relationship between the independent variable, namely financial knowledge, and the dependent variable, determining the type of investment. Thus, the coefficient of  $-0.17$  indicates that every one-unit increase in financial knowledge will reduce  $p$ . That is, the higher a person's financial knowledge, the lower the probability of choosing a certain type of investment. Someone with high financial knowledge will have many considerations before choosing a financial product or investment. For example, they will know the advantages and disadvantages of a product, but it is unlikely that they will choose the wrong product or institution to support their investment activities. On the other hand, someone with a high level of financial knowledge will have the ability to read the financial reports of the company they are investing in so they can assess whether the company can provide an appropriate return for investors. Otherwise, they will not invest in the company they are targeting.

The calculated T value of  $1.759$  is smaller than  $1.96$ , and the p-value of  $0.08$  indicates that this relationship is not significant at the 95% confidence level but is still acceptable at the 90% confidence level (assuming an error of 10%). A T-statistics value that is smaller than  $1.96$  indicates that there is no significant influence between the independent variable and the dependent variable at the 95% confidence level. However, at a 90% confidence level, the relationship is still acceptable. The causal factors may vary depending on the specific context

of the statistical analysis performed. These factors can include sample size, data diversity, and the complexity of the relationships between the variables studied. More in-depth and contextual research is needed to determine the specific causal factors.

In the context of theory, these results may seem at odds with the common understanding that better financial knowledge will help individuals make better investment decisions. However, a potential explanation for this result could be other factors that have more influence on determining the type of investment; the first factor such as individual risk preferences, financial goals, or macroeconomic conditions, there is the possibility of bias in data collection, the second factor is the tendency of respondents not to fill out the questionnaire properly. Carefully, that is, filling out the research instrument form carelessly if faced with many questions (De Bortoli et al., 2019), as well as filling out time according to the work schedule, which can also disturb the concentration of the sample also acts as a civil servant (KC et al., 2020), the third factor is differences in the interpretation or understanding of what is meant by "financial knowledge" and "determining the type of investment". For example, someone may have good financial knowledge but choose not to invest in certain types of investments due to personal reasons or preferences.

Financial knowledge has a very important role in determining the right type of investment. Without a sufficient understanding of financial aspects such as risk, return, liquidity, and personal financial goals, a person can make unwise investment decisions. Knowledge of basic concepts such as diversification, timing, and fundamental analysis is also key in determining the appropriate type of investment. For example, someone with a good understanding of finance will understand that long-term investments such as shares or property can provide greater wealth growth potential compared to savings in the bank. (Balagobei & Prashanthan, 2021).

Additionally, understanding risk and how to manage it will also influence investment choices, with someone who has a high-risk tolerance leaning more towards high-risk investments such as technology stocks. At the same time, those who are more conservative may choose more stable bonds or mutual funds. Financial knowledge also helps individuals understand how investments can be integrated with their long-term financial goals. With a good understanding of personal finance, a person can set clear financial goals, such as a comfortable retirement, a child's education, or the purchase of a home, and then choose the appropriate types of investments to achieve those goals. (Gallery, Gallery, et al., 2011; Gallery, Newton, et al., 2011).

In a study conducted by researchers, it was found that knowledge had a negative association with determining the type of investment. This is reflected in the sample answers to the problems given related to investment. This is not by the theories or studies that are generally known and used as a basis in this scope. However, it should be noted that other factors can influence this variable when determining the type of investment. For example, individuals who invest in bonds must have more knowledge regarding macroeconomic conditions. In contrast, people who invest in stocks or risky assets such as gold must know global economic dynamics (Fessler et al., 2020).

The data shows that financial attitudes have a positive association with determining the type of investment. This is in line with the general factors that are used as the basis for studying factors that influence determining the kind of investment. An individual's financial attitude is an important factor in determining the type of investment to choose. This attitude includes a person's personal view of money, risk, and their financial goals. Individuals with conservative financial attitudes may tend to choose more stable and low-risk investments, such as bonds or money market mutual funds. They may be uncomfortable with the high price fluctuations that often occur with stocks or other high-risk investments. Conversely, those with a more aggressive financial attitude may be more open to higher-risk investments with the potential for higher returns, such as stocks or alternative investments. (Talwar et al., 2021).

Past financial experiences can also greatly influence a person's attitude towards investing. Individuals who have experienced large losses in previous investments may have a more cautious attitude and tend to choose safer investments. On the other hand, those who have achieved large returns on investments may be more inclined to take greater risks. This is known as greed, which includes a person's attitude towards the investment they make, which can hurt investment behavior (Aydin & Akben Selcuk, 2019).

Financial education also plays an important role in shaping financial attitudes. People who have a good understanding of financial concepts, such as risk and return, diversification, and asset allocation, may be better equipped to make smart investment decisions. They may also be better able to manage emotions related to market fluctuations and make decisions based on facts and analysis. Individuals with conservative values may be more inclined to maintain their financial security and choose investments that align with these values (Shaji, 2022). In contrast, those with more progressive views about money and wealth may be more open to higher-risk investments to achieve more ambitious financial goals (Gallery Gallery et al., 2011). The current financial situation can also influence financial attitudes. Someone experiencing

financial difficulties may be more inclined to choose investments that provide greater stability and liquidity. On the other hand, those who already have financial stability may be more willing to take risks to achieve greater capital growth (Aydin & Akben Selcuk, 2019).

Millennial generation civil servants have a negative relationship between financial behavior and determining the type of investment, with a coefficient of -0.235, which means that every one-unit increase in financial behavior will reduce the determining type of investment by 23.5%. We found that there is a significant relationship between the two variables at the 95% confidence level because the calculated T value of 2.128 is greater than 1.96, and the p-value is 0.035, which indicates that this relationship is significant at the 95% confidence level. If the calculated T value is greater than the T table value, in this case 1.96 for a 95% confidence level, then the null hypothesis is rejected. Thus, we have enough evidence to state that there is a significant relationship between these two variables.

Individual financial behavior plays an important role in determining the appropriate type of investment. Financial behavior includes habits, decisions, and actions that influence how a person manages their money and assets. This factor involves aspects such as habits, discipline, the ability to control emotions, as well as the tendency to make rational investment decisions (Kaiser et al., 2022).

Individuals who have good financial behavior will be better able to stick to their long-term investment plans. They will remain calm in the face of market fluctuations and will not be tempted to take impulsive actions when the market experiences volatility (De Bortoli et al., 2019). Financial behavior reflects how individuals respond to financial situations and manage their finances daily. In the context of determining the type of investment, financial behavior can have a significant impact.

For example, someone with impulsive financial behavior may be prone to unplanned or rash investment decisions. They can be tempted to buy or sell assets based on momentary emotions without considering the long-term consequences of those decisions. In contrast, individuals with more structured and disciplined financial behavior may be more inclined to follow a long-term investment plan (Hastings & Mitchell, 2020). They may have a regular budget, follow their planned asset allocation, and be less affected by temporary market changes. The courage to invest at times when the market is low, without being tempted to sell when the market panics, is also an example of wise financial behavior in investment (Omoruyi & Ilaboya, 2019).



The association between these two variables is positive with a  $\beta$  coefficient of 0.214, which indicates that the contribution of risk tolerance provides positive feedback on determining the type of investment of 21.4%. Furthermore, the calculated T value is 1.98 or  $>1.96$ , and the p-value is 0.05, indicating that there is significance in the association of these variables. This hypothesis can accept the null hypothesis so that risk tolerance can influence determining the type of investment positively.

### CONCLUSION

Based on the research results, it is concluded that (1) financial knowledge does not have a significant influence and tends to be negative in determining the type of investment in millennial generation civil servants. (2) financial attitudes have a significant positive influence on determining the type of investment in millennial generation civil servants. (3) Financial behavior has a significant influence and tends to be negative in determining the type of investment in millennial generation civil servants. (4) risk tolerance shows a significant positive influence on determining the type of investment in millennial generation civil servants.

Suggestions that can be given to academics are to carry out longitudinal research, conduct comparative research in other countries or regions, and conduct in-depth interviews. Suggestions for millennial generation civil servant investors are to increase financial literacy, change financial attitudes and behavior, and consider risk tolerance. The government can improve financial education, consider sociodemographic factors, and provide pension guarantees.

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