

THE INFLUENCE OF FINANCIAL LITERACY AND FINANCIAL BEHAVIOR ON WELMA-MYBCA MUTUAL FUND INVESTMENT DECISIONS

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Abstract

Purpose

This study aims to examine and analyze the effect of financial literacy and financial behavior on mutual fund investment decisions at Wealth Management (WELMA) MyBCA.

Design/methodology/approach

The research method used in this research is quantitative research with a purposive sampling approach. The data analysis technique used is multiple linear regression based on the results of the questionnaire using SPSS 26.0.

Findings

Financial literacy and financial behavior partially or simultaneously have a positive and significant effect on mutual fund investment decisions at WELMA-MyBCA.

Research limitations/implications

The limitations in this study are that BCA Bank customers use WELMA-MyBCA in conducting investment transactions and are millennial generations domiciled in Java Island.

Originality/value

This research is expected to be a policy evaluation of the WELMA feature provided by BCA with a view to assessing the prospects and challenges in investing which are factor in encouraging financial literacy and financial behavior for the millennial generation.

Keywords: Mutual Fund, Financial Literacy, Financial Behavior, Investment Decisions, WELMA.

1. INTRODUCTION

The ease of internet technology can have a positive or negative impact on a person's financial condition. The main causes of financial problems are fear and ignorance, not because of economics, government or rich people (Kiyosaki, 2020). Ignorance about financial knowledge can be misused by someone who is not responsible so that many people become victims of investment fraud under the guise of being tempted by high returns. This was reinforced by an OJK press release in

August 2022 that the Investment Alert Task Force (SWI) found 13 entities that made investment offers without permission and recorded 71 illegal online loans (pinjol) that could potentially harm society. The rise of the type of Financial Technology (Fintech) that provides investment services is also of course a competition for banks in providing investment products. Judging from KSEI data which states that 78.15% of investors still open accounts through selling agents fintech (financial

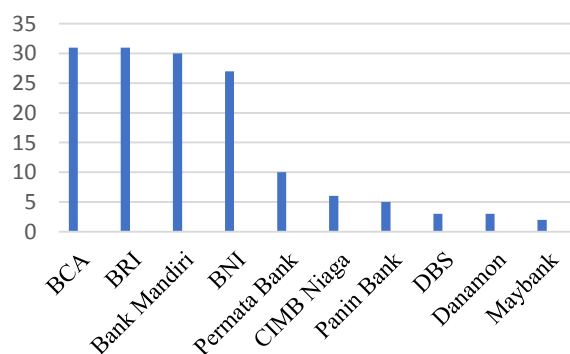
technology) while the rest investing in banking products is still relatively low.

Hilgert's expert findings show that Financial Literacy and Financial Behavior are factors that can influence investment decisions. In theory, someone who has a good understanding of finance will develop positive behavior to apply financial planning in the future so that the level of literacy will increase. According to the OJK (2017) defines financial literacy as a measurement of whether or not everyone is able to manage their finances wisely which is reflected in the attitude and behavior towards financial well-being in the future. The 2022 OCBC Financial Index study explains that 78% of the public does not understand investment products. In the sense that their awareness of the importance of saving and investing has not been matched by applying the right method. It is also evident that only 9% of the younger generation have made more structured investments such as mutual funds, stocks and term savings. Based on the 2022 OJK Millennial Report, it notes that 51.1% of millennial

income is spent on consumptive purposes. Meanwhile, the funds issued for savings amounted to 10.7% and the remaining 2% was used for investment. From these data it shows that the attitude of the millennial generation is that they still spend a lot of their money on consumptive needs rather than saving or investing. Even though investment is very important to be invested early on so that an individual avoids economic difficulties in the future.

Financial problems often occur due to decisions in taking financial action. Suryanto & Rasmini (2018) also stated that financial behavior is the behavior of a person's habits in managing his personal finances. Financial behavior explains that several financial phenomena can be understood using a model in which several investors make investment decisions in accordance with risk and return considerations (Pradikasari & Isbanah, 2018). Arianti (2020) suggests that financial behavior is a person's ability to plan, search, manage, and save funds.

Most Popular Bank to Invest



Source: Processed data (2023)

Figure 1. The Most Popular Banks to Invest in Indonesia in 2022

Based on a survey conducted by Populix in 2022, one of the types of banks that the Indonesian people are most interested in investing in is BCA.

Bank BCA has provided the WELMA feature available on the MyBCA application to make it easier for its customers to make investment transactions.

Table 1. Top 10 Custodian Banks with the Largest Mutual Funds Under Management (in trillion rupiah)

No.	Custodian Bank	Managed Funds
1	PT. Bank HSBC Indonesia	99,24
2	Standard Chartered Bank	76,94
3	Citibank	64,01
4	Bank Central Asia, Tbk	48,94
5	Deutsche Bank	46,76
6	Bank CIMB Niaga, Tbk	40,45
7	Bank DBS Indonesia	34,4
8	Bank Mega, Tbk	27,28
9	Bank Negara Indonesia (Persero) Tbk	22,83
10	Bank Mandiri (Persero) Tbk	20,61

Source: OJK, processed by Bareksa (2023)

Based on data according to the Financial Services Authority, BCA is also ranked fourth as the largest mutual fund managed fund depository bank worth IDR 48.94 trillion with the main competitors of foreign banks, namely Bank HSBC Indonesia, Standard Chartered Bank and Citibank which are in the top 3 ranking for the largest number of mutual fund managed funds. BCA launched a feature on the MyBCA application known as the Wealth Management Feature or commonly abbreviated as WELMA which is a feature for investing. In this case, several investment products are offered, such as mutual funds, bonds and SBN in the primary and secondary markets. The types of mutual funds available in the WELMA feature are money market mutual funds, fixed income mutual funds and equity mutual funds.

Money market mutual funds are types of mutual funds that are issued

with a maturity of no more than one year and/or have a maturity of less than one year which will be invested in money market instruments such as deposits, Government Debt Certificates (SUN), Bank Indonesia Certificates (SBI), Bonds, Sukuk and the like. Fixed income mutual funds are a type of mutual fund that invests at least 80% in the form of debt securities such as bonds or sukuk issued by corporations and governments and 20% in other market instruments with maturities of more than one year. The third mutual fund available in the WELMA feature is an equity mutual fund which places 80% of its portfolio in the form of shares and the rest can be allocated in the form of cash or deposits. Types of money market mutual funds have a low risk with modest returns while fixed income mutual funds tend to provide stable returns with a moderate level of risk, which is higher than money market mutual funds but lower than stock

mutual funds. In addition, stock mutual funds have a high risk but also have the potential to generate large returns.

According to the BCA website, the number of investors has tripled, where 81.5% are dominated by millennials aged 40 and under. Based on the demographic data of Individual Investors according to KSEI in 2023, it is explained that the age of less than 30 years is the biggest contributor in making investments where this age is in the category of generation Z and the millennial generation. KSEI data related to the distribution of investors in 2023 also shows that most of the investors are in Java Island with a total SID of 69.02% and total assets of 3,836.25 trillion. Based on the description of the phenomenon and the existence of research gaps from previous research, the author wants to examine and prove the relevance of these problems to the facts that occur in the field regarding how much financial knowledge and financial behavior of the millennial generation has for mutual fund investment decisions on the WELMA-MyBCA platform.

2. LITERATURE REVIEW

2.1 Financial Literacy

Based on Law Number 21 of 2011, the Financial Services Authority is clearly given the authority to provide financial education to the people of Indonesia. According to the Financial Services Authority, financial literacy is the level of knowledge, skills, and public confidence regarding financial institutions and the products and services provided. The Indonesian Financial Literacy National Strategy (SNLKI) in OJK (2017) provides improvements to financial literacy on three indicators that can be measured, namely knowledge, skills and beliefs which will ultimately be reflected in the behavior of managing finances effectively and efficiently for the future.

Based on a statement from the DEFINIT-SEADI-OJK Indonesian National Strategy for Financial Literacy, the level of community financial literacy is classified into four levels, namely:

1. Well Literate (has a literacy level > 80%)

A person can be said to be in the well literate category if he knows and understands all financial products and services, benefits and risks, as well as rights and responsibilities related to financial products and services, and has skills in utilizing financial products and services.

2. Sufficient Literate (has a literacy level of 60-80%)

A person is included in sufficient literacy if he has knowledge of institutional financial services such as service products and the benefits that will be obtained when using these products.

3. Less Literate (has a literacy level of 30-60%)

Someone is in the less literate category when he only knows financial products and services without knowing the benefits and risks that will be faced.

4. Not Literate (has a literacy level <30%)

Not literate means that a person does not have knowledge and trust in financial service institutions and their products and services, and does not have the skills to utilize financial products and services

2.2 Financial Behavior

Someone with good financial behavior will be responsible for using the money they have, such as making a financial budget, being able to control spending, investing, and paying obligations on time (Nababan and Sadalia, 2014). Financial behavior can be seen in one of the financial theories

to see future opportunities (prospect theory). According to Mutawally and Asandimitra (2019), prospect theory describes the involvement of an individual in making a decision when conditions are uncertain. In this theory, there are several indicators that can be measured including: a person's attitude in separating his money into several portfolios (mental accounting), an attitude of a tendency to avoid losses (loss aversion) and an attitude in avoiding some behaviors that make him uncomfortable (regress aversion).

2.3 Investment Decisions

Investment decisions are a form of sacrificing one's funds to obtain profits with a value greater than the current amount of funds sacrificed (Ilham, 2020). Tandelilin (2017) explains that when investors make an investment decision they will go through five stages, namely starting with determining investment objectives and then determining investment policies regarding the distribution of funds owned to be grouped into several portfolios. Furthermore, selection of portfolio strategy, asset selection and portfolio formation. The last stage is measuring and evaluating portfolio performance whether it is as expected. The success or failure of a person in making an investment can be measured in several ways including the level of profit in investing (return), the level of loss that can be avoided (risk) and the rate of return on funds issued over the time period sacrificed (the time factor).

2.4 Hypotesis

H1: Financial Literacy partially has a positive and significant effect on mutual fund investment decisions at WELMA-MyBCA.

H2: Financial Behavior partially has a positive and significant effect on mutual fund investment decisions at WELMA-MyBCA.

H3: Financial Literacy and Financial Behavior simultaneously influence mutual fund investment decisions at WELMA-MyBCA.

3. RESEARCH METHODS

In this study using primary data obtained directly from distributing questionnaires to Bank BCA customers who use the WELMA feature. The questionnaire used in this study is a closed questionnaire, where this questionnaire only focuses on the research sample. The type of research used is quantitative research. Questionnaire results were processed using SPSS version 26 with multiple linear regression analysis. The variables in this study include financial literacy (X1), financial behavior (X2) and investment decisions (Y). 100 Respondents were selected using the non-probability sampling method which did not provide opportunities for the entire population to be sampled using a purposive sampling approach. The specific criteria used as samples in this study are the millennial generation who are BCA Bank customers who have used the WELMA feature to invest in mutual funds and are domiciled in Java.

4. FINDINGS

4.1 Result

Questionnaire results obtained 100 respondents who became the sample in this study. Of the total respondents, the results showed that the majority of respondents in this study were male. This is in accordance with data from KSEI regarding the demographics of Individual Investors for 2023 which states that 62.85% of investors in Indonesia are male. The average age of the respondents is in the age range of 27-30 years and the majority live in DKI Jakarta.

The test results of the data instrument on the distribution of items from the variable questions on the questionnaire

show that this research is said to be valid and reliable.

Table 2. Validity Test Results

Variable	Dimension	Indicator	r-count	r-table	Information	
Financial Literacy (X1)	Knowledge	X1.1	0.799	0.196	Valid	
		X1.2	0.790	0.196	Valid	
		X1.3	0.802	0.196	Valid	
		X1.4	0.811	0.196	Valid	
	Skills	X1.5	0.764	0.196	Valid	
		X1.6	0.723	0.196	Valid	
		X1.7	0.778	0.196	Valid	
		X1.8	0.805	0.196	Valid	
	Beliefs	X1.9	0.826	0.196	Valid	
		X1.10	0.704	0.196	Valid	
		X1.11	0.645	0.196	Valid	
		X1.12	0.778	0.196	Valid	
Financial Behavior (X2)	Mental Accounting	X2.1	0.798	0.196	Valid	
		X2.2	0.785	0.196	Valid	
	Loss Aversion	X2.3	0.786	0.196	Valid	
		X2.4	0.841	0.196	Valid	
		X2.5	0.765	0.196	Valid	
		X2.6	0.674	0.196	Valid	
	Regret Aversion	X2.7	0.786	0.196	Valid	
		X2.8	0.753	0.196	Valid	
		X2.9	0.800	0.196	Valid	
		X2.10	0.717	0.196	Valid	
	Investment Decisions (Y)	Return	X2.11	0.781	0.196	Valid
			X2.12	0.779	0.196	Valid
Y.1			0.712	0.196	Valid	
Y.2			0.733	0.196	Valid	
Risk		Y.3	0.715	0.196	Valid	
		Y.4	0.757	0.196	Valid	
		Y.5	0.785	0.196	Valid	
		Y.6	0.773	0.196	Valid	
The Time Factor		Y.7	0.826	0.196	Valid	
		Y.8	0.807	0.196	Valid	
		Y.9	0.764	0.196	Valid	
		Y.10	0.718	0.196	Valid	
		Y.11	0.789	0.196	Valid	
		Y.12	0.689	0.196	Valid	

Source: Data processed using SPSS 26.0 (2023)

Validity test is used to find out the truth of the data collected with the

actual data. After the data has been said to be valid, this research can be

continued with the next test which is a reliability test.

Table 3. Reliability Test Results

Variable	<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha Standar</i>	Information
Financial Literacy	0.935	0.60	Reliable
Financial Behavior	0.938	0.60	Reliable
Investment Decisions	0.931	0.60	Reliable

Source: Data processed using SPSS 26.0 (2023)

The reliability test is used to assess the consistency of the respondent's answers when repeated testing is carried

out. The results of the reliability test showed that the three variables were reliable.

Table 4. Normality Test Results Using One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.18826588
Most Extreme Differences	Absolute	.060
	Positive	.049
	Negative	-.060
Test Statistic		.060
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Data processed using SPSS 26.0 (2023)

After testing the data instruments, the next step is to test the classical assumptions which consist of the normality test, multicollinearity test and heteroscedasticity test. In this study, a normality test was carried out using one

sample Kolmogorov-Smirnov which obtained an asymp sig value. worth 0.200 where the value is greater than 0.05. Therefore, the data can be said to have been normally distributed.

Table 5. Results of the Multicollinearity Test and the Glacier Test

Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized		Standardized	T	Sig.	Tolerance	VIF
	Coefficients		Coefficients				
B	Std. Error	Beta					
1 (Constant)	3.326	1.207		2.754	.007	.204	4.895
Financial Literacy	-.010	.052	-.043	-.194	.847	.204	4.895
Financial Behavior	-.005	.052	-.023	-.102	.919		

a. Dependent Variable: ABRESID

Source: Data processed using SPSS 26.0 (2023)

The results of the multicollinearity test show that there is no intercorrelation between the independent variables, namely between financial literacy and financial behavior where the statistical data shows the Variance Inflation Factor value < 10, namely 4.895 and the tolerance value > 0.10, which is 0.204. Statistical results also showed that there were no symptoms of heteroscedasticity in this study when tested using the glacier test with a sig value > 0.05, which was 0.847 for the financial literacy variable

and 0.919 for the financial behavior variable.

Multiple linear regression analysis is used to determine and analyze the relationship between the independent variables consisting of Financial Literacy (X1) and Financial Behavior (X2) on the dependent variable, namely Investment Decision (Y). This test was conducted to see the effect of each independent variable whether it is positively or negatively related to the dependent variable.

Table 6. Results of Multiple Linear Regression Analysis

Model	Coefficients ^a					F	Sig.
	Unstandardized		Standardized	T	Sig.		
	Coefficients		Coefficients				
B	Std. Error	Beta					
1 (Constant)	6.082	2.059		2.954	.004	225.754	.000 ^b
Financial Literacy	.211	.089	.224	2.368	.020		
Financial Behavior	.654	.088	.702	7.432	.000		

a. Dependent Variable: Keputusan Investasi

Source: Data processed using SPSS 26.0 (2023)

Based on the results of the analysis of hypothesis testing data in table 2.1, the t-value shows a positive number of 2.368 and a significance value of 0.020

<0.05, which indicates that financial literacy significantly influences mutual fund investment decisions. The hypothesis test on the Financial

Behavior variable shows a positive value of 7.432 with a significance value of $0.000 < 0.05$. This proves that Financial Behavior has a significant effect on mutual fund investment decisions. The table above also shows a positive number for the calculated f value, which is 225.754 with a significance value of $0.000 < 0.05$. The data means that Financial Literacy and Financial Behavior simultaneously can influence mutual fund investment decisions.

4.2 Discussion

Financial Literacy is defined as evidence of financial awareness, financial knowledge, skills, attitudes and behaviors needed to make the right financial decisions (Widiyati et al., 2018). In research conducted by Rikziana & Kartini (2017) also assumes that Financial Literacy is a factor that can influence one's investment decision-making in managing finances based on the knowledge one has. Based on the results of the regression analysis for the Financial Literacy variable, it shows that there is a positive relationship of 0.211. This positive value proves that if the Financial Literacy variable increases, mutual fund investment decisions will also increase. From these results it can be concluded that the H1 hypothesis is accepted, which means that the Financial Literacy variable has a significant positive influence on mutual fund investment decisions at WELMA-MyBCA. This shows that the more users know about mutual fund investment products at WELMA and have the skills to invest and are confident about investing, the more likely they are to make mutual fund investment decisions at WELMA-MyBCA.

Hilgert, Horgart and Beverly (2013) argue that financial behavior will appear when someone manages their finances and how they already have goals for investing in the future. The

interaction of absorbed financial information will be implemented in the form of real behavior when you want to make an investment decision (Rizkiana & Kartini: 2017). This statement has been proven by the results of data analysis tests which show that the H2 hypothesis is accepted, which means that the Financial Behavior variable has a significant positive influence on mutual fund investment decisions at WELMA-MyBCA. The results of the research conducted by this researcher are in accordance with the research conducted by Landang, et al. (2021) which states that Financial Behavior shows a positive influence on investment decisions.

The results of this study state that H3 is accepted, which means that Financial Literacy and Financial Behavior simultaneously have a positive and significant effect on mutual fund investment decisions at WELMA-MyBCA. This is proven based on the results of the f test that has been carried out, which obtained a calculated f value of 225.754. Financial behavior based on good literacy will have a major impact on each individual to increase financial management responsibility so that it is expected to avoid financial crises. Someone who has optimal financial knowledge will be seen in behavior and attitudes in making investment decisions.

5. CONCLUSION(S)

Based on the test results conducted on 100 WELMA-MyBCA mutual fund investor respondents, the following conclusions can be drawn. First, Financial Literacy has a partial and significant effect on mutual fund investment decisions at WELMA-MyBCA, and has a unidirectional positive relationship. This shows that the more users know investment products and have investment skills and are confident in themselves, it can

encourage someone to make mutual fund investment decisions in the WELMA MyBCA feature. The better the knowledge and ability of an investor in managing finances, the more effective any decisions taken will be because investors with good financial literacy will carry out investment planning in advance so that investors can avoid risk of loss and maximize returns. Second, Financial Behavior has a partial and significant effect on mutual fund investment decisions at WELMA-MyBCA and has a unidirectional positive relationship. This indicates that good financial behavior will be reflected in a directed financial budgeting process both in the short and long term by investing in WELMA-MyBCA. Financial behavior will form a habit of managing one's finances so that planning for the future and achieving goals will be more easily realized so that it can influence investment decisions because they will think that current work results must be allocated for investment so that in old age they feel safe. Third, Financial Literacy and Financial Behavior simultaneously have a positive and significant effect on mutual fund investment decisions at WELMA-MyBCA. This means that when a person's Financial Literacy and Financial Behavior is higher, it will increase the decision to invest in mutual funds. However, if the level of financial literacy possessed by someone is not implemented properly, it can raise doubts about making an investment decision. Therefore, someone who has a good understanding of Financial Literacy will develop positive behavior to apply financial planning in the future so that investment decisions will also increase.

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