

**THE EFFECT OF FINANCIAL KNOWLEDGE LEVEL,
EXPERIENCED REGRET, AND GENDER ON STUDENT INTEREST
IN SECURITIES INVESTMENT (Study at Faculty of Economics
Student Yogyakarta State University)**

***PENGARUH TINGKAT PENGETAHUAN LITERASI KEUANGAN,
EXPERIENCED REGRET, DAN GENDER PADA MINAT INVESTASI
SAHAM MAHASISWA (Studi Pada Mahasiswa Fakultas Ekonomi Universitas
Negeri Yogyakarta)***

Midelita Qory Astika

*Program Studi Akuntansi, Universitas Negeri Yogyakarta
midelitaulia@gmail.com*

Ratna Candra Sari

*Staf pengajar Program Studi Akuntansi Universitas Negeri Yogyakarta
ratna_candrasari@uny.ac.id*

Abstract : The Effect of Financial Knowledge Level, Experienced Regret, and Gender on Student Interest in Stock Investment. This study aims to examine the effect of financial knowledge level, experienced regret, and gender on student interests in securities investment. Type of this research is quantitative research. The study sample was 58 respondents of the Faculty of Economics, Yogyakarta State University students. Samples were taken using purposive sampling technique. The data analysis technique uses descriptive analysis. The analytical technique used in this study is logistic regression. The results of this research showed that only experienced regret affected student interest in securities investment. Financial knowledge and gender variables do not affect student interest in securities investment.

Keywords : Financial Knowledge, Experienced Regret, Gender, Securities Investment

Abstrak : *Pengaruh Tingkat Pengetahuan Keuangan, Experienced Regret, dan Gender pada Minat Investasi Saham Mahasiswa.* Penelitian ini bertujuan untuk menguji pengaruh tingkat pengetahuan keuangan, experienced regret, dan gender pada minat investasi saham mahasiswa. Jenis penelitian ini merupakan penelitian kuantitatif. Sampel penelitian ini adalah 58 responden mahasiswa Fakultas Ekonomi Universitas Negeri Yogyakarta. Sampel diambil menggunakan teknik purposive sampling. Teknik analisis data menggunakan analisis deskriptif. Teknik analisis yang digunakan dalam penelitian ini adalah regresi logistik. Hasil penelitian menunjukkan bahwa hanya experienced regret yang berpengaruh terhadap minat investasi saham mahasiswa. Variabel tingkat pengetahuan keuangan dan gender tidak berpengaruh terhadap minat investasi saham mahasiswa.

Kata kunci : *Pengetahuan Keuangan, Experienced Regret, Gender, Investasi Saham*

PROBLEM BACKGROUND

In 2018, the Chairman of the Board of Commissioners of Otoritas Jasa Keuangan (OJK), Wimboh Santoso, mentioned the number of communities that forced into illegal investments because of their lack of financial knowledge. The survey conducted in 2017 by OJK regarding the general public's level of literacy and understanding of finance backed this statement. This survey's result demonstrated that only about 29.7% of Indonesians had excellent finance knowledge. The results imply that small numbers of Indonesians understand finance. The low financial knowledge level correlates with the rise in the number of victims of illegal investment.

Financial knowledge is an important aspect of one's life because it is a useful tool that allows one to make the right financial decisions (Putra et al., 2016). Byrne (2007) found that low financial knowledge would lead to making the wrong decisions and causing bias in achieving welfare when age is no longer productive. Financial knowledge becomes essential for individuals so they would not be wrong in making financial decisions (Margaretha and Pambudhi, 2015). Financial knowledge is very important for individuals to prevent them from making the wrong financial decisions in the future.

Students are expected to have a high level of financial knowledge to be able to manage their finances properly at an early stage.

Indonesian Stock Exchange (IDX) stated that the investment interest of the Indonesian in securities investment is still low compared to Southeast Asia countries, such as Singapore and Malaysia. In addition to being a victim of fraud, people lack knowledge about investment. Otoritas Jasa Keuangan (OJK) assume that there are still many people who do not want to invest in the securities sector because of the low level of Financial knowledge or understanding related to the capital market. Based on data from the Indonesia Stock Exchange (IDX) as of September 2017, there were 555 companies successfully going public. However, the number of the company will not have a significant effect on increasing the number of investors, investment consciousness itself must be improved (Tandio, 2016). According to previous research, the lack of information and knowledge about the capital market was the main problem of the lack of progress in the Indonesian capital market.

Based on the survey conducted by IDX, Nielsen, and University of Indonesia in 2017, it was known that students have the potential to become securities investors. Students are one of the primary target objects

of the Indonesia Stock Exchange (IDX) in capturing new investors by establishing investment galleries in every university. Creating investment galleries is expected to increase new investors among students. Student knowledge about securities investment can be taken from formal education in lectures to non-formal education such as securities investment conference.

Various factors can affect a person's preferences in investment, external and internal factors such as financial knowledge level, experienced regret, and gender. Investor preference is closely related to interest in securities investment. Securities investment requires consideration, calculation, and analysis to ensure that investment got the benefit. Every investor has considerations because they have different financial knowledge level and experienced regret. Smart investors can manage finances well and deep insight to achieve the desired goals in managing finances.

Besides knowledge of financial management, experienced regret significantly affects an investor's investment decisions (Putra et al., 2016). Previous researchers also mentioned that someone who has experienced in loss or bad in investing would make them more courageous in making investment decisions. Investment decisions

are closely related to one's interest in the type of investment, and new investor tends to have a bad experienced that is getting a loss. It happens because of the lack of knowledge of investors or is the first time investors invest in securities. Bad experienced by investors can be taken into consideration whether to keep investing in securities or not. Therefore besides financial knowledge, experience regrets affect investor interest in securities investment.

In addition to the factors above, other factors affect the interest in securities investment. Women and men have different special conditions, both physically and psychologically (Erna, 2011). According to Bayyurt (2013), Women have low confidence in investment than men. Bruce and Johnson (1994) prove that women's tendency to take risks is lower than men; they say that women show a lower tendency to take risks than men. Men and women have different investment strategies; men tend to choose risky investments while women are leaning toward less risk (Ibrahim et al., 2008). This result is in line with the research conducted by Rahadjeng (2011) that interest has gender implications; integrating a gender perspective in investment in the capital market becomes unavoidable. Women have a different perspective from men in their tendency to

invest because of the various functions and roles that women carry.

Different from previous research, the purpose of this research wanted to examine the effect of financial knowledge, experienced regret, and gender on student interest in securities investment. The research subjects assessed the financial knowledge level expected to be informed about student financial knowledge. In the experienced regret variable, researchers can assess how bad investors' experiences are considered influential to interest in securities investment in the future. Gender in this research shows whether women and men have different mindsets in the interest of securities investment. Hinz et al. (1997) found that most women invest a minimum risk portfolio available when given alternative retirement choices.

Based on the description of the background above, the researcher was interested in conducting research entitled "**The Effect of Financial Knowledge Level, Experienced Regret, and Gender on Student Interest in Securities Investment.**"

RESEARCH METHOD

Type of Research

This research is quantitative because the data used in this research are in the form

of numbers and data analysis is done using statistics. The quantitative research method is a research approach that based on the philosophy of positivism, which is a school of philosophy that states natural science as the only source of actual knowledge, knows no speculation, and all based on empirical data. Research data in the form consist of numbers and data analysis using statistics (Sugiyono, 2015).

Place and Time Research

This research will be conducted at Yogyakarta State University (UNY). The time for conducting this research is October 2018 – March 2019.

Research Subject

The population in this research were S1 Economics students in UNY. The technique used in sampling in this study is by using a purposive sampling technique with several criteria and there are 58 students were collected in this research.

Techniques and Instruments Data Collection

The data used in this study are primary data. The technique used to collect data in this study uses an online questionnaire that is packed with Google form features. The questionnaire is a way of collecting data by

giving a set of written questionnaires to respondents to answer (Sugiyono, 2015). The online questionnaire contains a statement regarding financial knowledge, experienced regret, and gender. The research instrument used in this study was a closed questionnaire, so respondents only needed to provide a checklist (√) on the alternative answers provided.

Measurements in Financial Knowledge variables in this research use a numeric scale with 1 for correct answers and 0 for wrong answers. Measurements on experienced regret variables, gender, and securities investment interest in this research used dummy variables, in gender variables using point 1 for women and 0 for men. Experienced regret variables using point 1 for those who have experienced regrets on securities investment and point 0 for those who have never experienced regret on a securities investment. Measurements on the variable interest in securities investment are point 1 for respondents who have an interest in securities investment and point 0 for respondents who have no interest in securities investment

Validity and Reliability of Instruments

Validity is a measure of an instrument that aims to test the validity of the instrument. Validity indicates that testing measures what

should be measured (Jogiyanto, 2008). In this research, to test the validity carried out by statistical techniques biserial correlation formula between scores of items with a total score provided that if the value of $r_{count} > r_{table}$ then the statement item is declared valid.

Instrument reliability testing shows the extent to which the instrument can provide consistent measurement results if measurements are made repeatedly. Test instruments are said to be trustworthy if they provide consistent results when tested many times. In this research to conduct reliability tests carried out by calculating the Reliability Coefficient (KR-21):

1. If $r_{count} > r_{table}$, then the measuring instrument is reliable
2. If $r_{count} < r_{table}$, then the measuring instrument is not reliable

Based on the results of the reliability test, the results obtained that the instrument of financial knowledge questionnaire is reliable.

RESULT AND DISCUSSION

Logistic Regression Analysis

a. Overall Fit Test Model

Iteration	-2 Log likelihood
Step 0	79.783

Step 1	47.394
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The table provides information about -2 Log Likelihood from the initial model in each iteration. At the end of the iteration, -2 LogLikelihood from the initial model is 79.783 for step 0. The table above provides information about -2 Log Likelihood from the final model in each iteration. At the end of the iteration, -2 LogLikelihood from the final model is 47.394 for step 1. Decreasing the value of -2 Log Likelihood shows a suitable regression model, or in other words, H_0 accepted the model hypothesis is fit with data.

b. The coefficient of Determination (Nagelkerke R Square)

Step	Nagelkerke R Square
1	0,573

output above shows the coefficient of determination of the model. According to $R^2_{\text{nagelkerke}} = 0,573$, this shows that 57.3% of the interest in securities investment can be explained by Financial Knowledge level, experienced regret, and gender while the remaining 42.7% is affected by other variables outside of this research.

c. Hosmer and Lemeshow Test

Step	Sig.
1	0,559

Based on table sig show value 0,559 which bigger than 0.05 it means H_0 is accepted. With a 95% confidence level, it can believe that the logistic regression model used has been sufficiently capable of explaining the data and can be continued for further analysis.

d. Hypothesis Test

	B	Sig.
Financial Knowledge	-0.259	0,150
Experienced Regret	-3.572	0,000
Gender	.054	0,942
Constant	3.987	0,038

The table shows the results of a partial test using logistic regression analysis tool, the significance of the influence of each of these variables can be seen in the table above and has significance as follows:

$$\ln [p / 1-p] = 3.987 - 3.572X$$

1. Based on table 13 p-value of Financial Knowledge $0,150 > 0.05$, it said that the first hypothesis rejected. The Financial Knowledge regression coefficient is negative at -0.259 stating that the Financial Knowledge variable has a negative effect on student interest in securities investment.

2. Based on table 13 p-value of experienced regret $0,000 < 0.05$ it said that the second hypothesis accepted. The experienced regret regression coefficient is negative at -3.572 stating that the experienced regret variable has a negative effect on student interest in securities investment.

3. Based on table 13 p-value of gender $0,942 > 0.05$ it said that the third hypothesis rejected. The gender regression coefficient is positive at $0,054$ stating that gender variable has a different positive effect on student interest in securities investment.

Discussion

This research aims to examine the effect of financial knowledge level, experienced regret, and gender on the interest of securities investment in the Students of the Faculty of Economics, Yogyakarta State University. Based on the results of the analysis, the discussion of this research is as follows:

The first hypothesis proposed by researchers there is a positive effect on financial knowledge level on student interest in securities investment. The first hypothesis is proven by the results of testing logistic regression analysis showing the sig variable financial knowledge shows p-value $0,150 > 0,05$. The result indicates that the first

hypothesis was rejected. The financial knowledge regression coefficient is negative at -0.259 stating that the financial knowledge variable has a negative effect on student interest in securities investment. The results of this research are consistent with the results of research conducted by I Putu Santika Putra et al. (2015). This research title is the effect of the level of financial knowledge, experienced regret, and risk tolerance on the selection of investment type shows financial knowledge does not significantly affect decision making in securities investment.

The second hypothesis proposed by researchers there is a positive effect of experienced regret on student interest in securities investment. The second hypothesis was proven by the results of the analysis on experienced regret test shows the sig value of variable X2 $0,000 < 0,05$ which means that the hypothesis is accepted. It concluded that experienced regret variable has a significant effect on student interest in securities investment or the second hypothesis is accepted. The experienced regret regression coefficient is negative at -3.572 stating that the experienced regret variable has a negative effect on student interest in securities investment. The results of this research are consistent with the results of research conducted by I Putu Santika Putra et al.

(2015). This research title is the effect of the level of Financial Knowledge, experienced regret, and risk tolerance on the selection of investment type shows that only experienced regret factors have a significant positive effect on investment decision making.

The third hypothesis proposed by researchers there is different interest in securities investment between men and women. The results of the analysis on gender test shows the p-value of X_3 $0,942 > 0,05$. It concluded that gender variable does not affect the student interest in securities investment or the third hypothesis was rejected. The gender regression coefficient is positive at $0,054$ stating that gender variable does not affect student interest in securities investment. The results of this research are consistent with the results of research conducted by Thimothis Tandio and A. A. G. P. Widanaputra (2016). The research entitled The Effect of Capital Market, Return, Risk Perception, Gender and Technology Progress Training on Student Investment Interest. The results of the research conducted by Thimothis Tandio and A. A. G. P. Widanaputra (2016) are risk perception variables, gender and technological advances that do not significantly affect investment interest.

The fourth hypothesis there is an effect of Financial Knowledge level, experienced regret and gender simultaneously on student interest in securities investment. Based on the results of the logistic test regression analysis, the variables that affect student interest in securities investment is experienced regret variables. Financial Knowledge and gender variables do not affect student interest in securities investment. It concluded that Financial knowledge level, experienced regret and gender not simultaneously affect student interest in securities or fourth hypothesis was rejected.

CLOSING

Conclusions

Financial literacy is the ability to use knowledge and skills to manage financial resources effectively to achieve financial prosperity. Research result shows that financial knowledge level not affected student interest in securities investment. Although there is no effect between financial knowledge level and student interest in securities investment, it is expected that students' interest in securities investment is high. The results of this study proved that when students who have an interest in securities investment joined the Capital Markets Study Group FE UNY, after joining

the student will get learning about securities investment. It shows that they do not need to have a high level of financial knowledge to start investing in securities.

Experienced regret is experienced by someone that causes the person to be sorry or disappointed in making investment decisions or even accepting the risk of results from previous investment decision making. Research result shows that experienced regret affected student's interest in securities investment. Students who have experienced regret in securities investment tend not to be interested in securities investment than who never had before. Experienced regret is expected to be used as a lesson for investors because experienced regrets in securities investment cannot be avoided.

Gender is the differentiation of roles, positions, responsibilities, and division of labor between men and women determined by the community based on the nature of women and men who are deemed appropriate according to norms, customs, beliefs or habits. Research result shows that men and women does not have a different interest in securities investment. Women and men have the same chance in securities investment. There was no tendency for men to be more interested in securities investment or women

not interested in securities investment and vice versa. Women or men tend to have similarities in the interests of securities investment.

Suggestion

1) For further researchers

Can increase the number of research variable to determine the variables that affect student interest in securities investment. In this research only reveals experienced regret variables that affect student interest in securities investment. Many variables can affect student interest in a securities investment except independent variables in this research. The further researcher makes questions about financial knowledge focus on the topic, so there are no ambiguous questions.

2) For students of the Faculty of Economics,
Yogyakarta State University

To increase the financial knowledge level in order to be able to manage finances well from an early age. Financial management early would bring future benefits. One of the ways for financial management to generate profits in the future is a securities investment. The Faculty of Economics of Yogyakarta State University always supports the activities of students to study in the field of capital markets by providing Capital Market Investment Gallery facilities in collaboration

with the Indonesia Securities Exchange (IDX).

3) For the Faculty of Economics, Yogyakarta State University

To increase student interest in securities investment through cognitive and practical learning in the classroom. This is based on the results of research with a limited number of samples because students of the Faculty of Economics, Yogyakarta State University who have a securities account are still few.

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