

## Trapped in Lifestyle? How Financial Literacy and Millennial Investor's Psychology Determine Investment Decisions in Indonesia

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### Abstract

*This paper is studying the impact of financial literacy, lifestyle, consumerism, and psychology on Indonesian millennial investors' investment decisions is the goal of this study. 205 respondents who were dispersed over 10 capital market research communities in Indonesia were selected by purposive sampling. The results indicate that investor psychology, lifestyle, and financial literacy have a significant direct effect on investment decisions. However, consumption does not directly influence investment decisions. Additionally, there is no significant relationship between investor psychology and financial literacy. Both consumer behavior and lifestyle strongly affect investor psychology, which in turn shapes investment decisions. While financial literacy does not influence investment choices through investor psychology, lifestyle does have an indirect effect via psychological factors. Moreover, consumptive behavior significantly impacts investment decisions when mediated by investor psychology. The findings highlight the need for financial service providers and investment platforms to design their products and communication approaches in a way that resonates with the psychological characteristics and lifestyles of millennial investors, rather than depending solely on conventional financial education methods.*

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## 1. Introduction

Investment activities around the world have been greatly impacted by economic growth and advances in information technology (Drover et al., 2017). The Indonesian Stock Exchange as an institution that functions to prepare facilities and infrastructure as well as investment instruments has grown rapidly so that investment activities in the Indonesian capital market have become an easily accessible choice and are increasingly in demand by all levels of society including millennials (Wahab et al., 2022). The data from KSIE the number of investors in Indonesia and the high volume and value of transactions on the Indonesian stock exchange. Demographic data shows that the number of investors based on male gender is 62.30% and female 37.70%. While the number of investors based on age shows that the number of investors aged 30 years is 58%, Age 31-40 Years 22.85%, Age 41-50 Years 11.05%, Age 51-60 years 5.29%, and age over 60 years 2.81%. And based on education level High School as much as 63.85%, Associate Degree as much as 6.81%, Bachelor Degree as much as 26.74%, and Master Degree as much as 2.60% (KSIE, 2024)

Individual investment decisions are heavily impacted by their financial knowledge (Pratiwi et al., 2023; Yunita et al., 2021), especially among the millennial generation. This generation, known as the productive age group (Arum, 2023), has great potential in driving the economy through investment (Viana, 2021). However, low levels of financial literacy can result in mistakes in investment decision making (Prasetyo, 2024), which in turn can have a negative impact on their financial well-being (Kuutol & Mbonigaba, 2024).

The phenomenon of high lifestyle and consumer behavior among millennials is also a concern (Astuti, 2020). A lifestyle that tends to be materialistic and excessive consumer behavior can distract attention from the importance of investment as a way to achieve long-term financial stability. In this context, it is important to explore how financial literacy and lifestyle interact with consumer behavior, and how these three factors influence investment decisions (Siregar, 2024).

Investor psychology also plays an important role in the investment decision-making process (Ramashar et al., 2022). Emotional factors, past experiences, and risk perception often influence how individuals view and make investment decisions (Holly et al., 2022). Therefore, understanding the influence of investor psychology on investment decisions is crucial, especially in the context of financial literacy and consumer behavior in the younger generation (Sobari & Tresnawati, 2024).

This study aims to examine the relationship between financial literacy, lifestyle, consumer behavior, and investment decisions, as well as to analyze the role of millennial investor psychology in Indonesia. Thus, it is hoped that this study can provide deeper insights for stakeholders, including the government and financial institutions, in formulating educational programs and policies that can support financial literacy and healthy investment behavior among the millennial generation.



## 2. Literature Review

### Theory of Planned Behavior

as an extension of the Theory of Reasoned Action, explains that an individual's behavioral intention—the primary predictor of actual behavior—is influenced by three key factors: attitude toward the behavior, subjective norms, and perceived behavioral control. These elements collectively shape one's motivation to act, with attitude reflecting personal evaluation, subjective norms representing social influence, and perceived control indicating the perceived ease or difficulty of performing the behavior (Mcarthur et al., 2024).

According to (Ammer, 2022), investment awareness plays a crucial role in helping individuals make informed and effective investment decisions. This underscores the importance of developing and implementing practical strategies to address issues related to low investment awareness. This study contributes to the understanding of factors that influence investment awareness, particularly among the younger generation, such as college students. Moreover, assessing the level of investment awareness offers valuable insights for policymakers, educational institutions, and families in their efforts to enhance young people's investment knowledge and support them in making sound financial decisions.

### Investment Decisions

According to (Musfidah & Aji, 2022) Investment decisions mean choosing the best way to achieve the goal of gaining profit in the future with limited financial resources. Investment decision indicators include various factors that influence individuals or institutions in making investment choices (Nyoman Suprasta, 2020). Some of the main indicators often used are: (1). Fundamental and Technical Analysis: Consider the financial performance of the business, such as revenue, profit, and cash flow. (Wafi et al., 2015), as well as charts and historical data to predict future price movements. (Dongrey, 2022); (2). Risk and Return: Assessing the potential risks associated with an investment and the expected possible returns; (Virlics, 2013) states that risk is an important component of every investment decisions, it is necessary to analyze it as component of investment, and as a subjective factor in investment decision making. (3). Portfolio Diversification: A strategy to reduce risk by investing in various assets or sectors (Jarunde, 2024); (4) Investment Objectives: Determining short-term or long-term goals, such as capital growth, passive income, or capital protection (Haryanto, 2024); (5). Market Conditions: Paying attention to economic, political, and social trends that can affect financial markets (Gowri, 2025).

### Financial Literacy

According to (Nguyen et al., 2022) Financial literacy is a series of awareness, knowledge, skills, attitudes, and behaviors required to make the right financial decisions and achieve financial well-being individual. Financial literacy indicators according to Chen & Volpe (1998) in (Chen, 2021) include several important aspects related to understanding and managing finances, namely: (1). Basic Financial Knowledge: Understanding basic concepts such as return, interest, inflation, and risk; (2). Calculation Ability: Being able to calculate interest, and debt payments, and manage a budget; (3). Debt Management: Understanding how to manage debt, including the use of credit cards and loans; (4). Financial Planning: The



ability to plan short-term and long-term finances, including savings and investments; and (5). Attitude Towards Finance: Having a positive attitude towards financial management and awareness of the importance of financial planning. Financial literacy according to Resona Bank (2021) in (Sekita et al., 2022) states that objective financial literacy consists of savings literacy, risk literacy, insurance literacy, debt literacy, and inflation literacy.

Smart investment requires a good understanding of financial products, risks, and investment strategies (Loebiantoro, 2024) . Investors with good financial literacy can make the right investment decisions (Putra, 2022) . The better the financial literacy of person, the better the investment decisions will be made (Sobari & Tresnawati, 2024) , and vice versa (Yasa et al., 2020) . Research can test the extent to which financial literacy affects investment choices and the results achieved by investors. Financial literacy is included in financial attitudes, behavior, and knowledge (Ribeiro, 2021) . Financial literacy also encourages the consumption of financial information (Kuutol & Mbonigaba, 2024) .

#### H1: Financial Literacy Impacts Investment Decisions

High financial literacy can help investors understand the risks and returns of investments (Baroto, 2024) . This understanding can reduce anxiety (Ruofan Bai, 2023) , and uncertainty (Ribeiro, 2021) , thus affecting investors' psychological attitudes towards investment decisions (Asri Jaya, 2024) . Studies can investigate how financial literacy and psychological elements such as self-confidence and risk tolerance correlate with each other. So the hypothesis of this study is :

#### H2 : Financial literacy Impacts Investor Psychology.

### **Lifestyle**

According to (Kotler & Keller, 2016) A person's opinions, activities, and interests are known as their lifestyle. Daily life describes the "whole person" who interacts with the world around them. Lifestyle indicators according to (Kotler & Keller, 2016) refer to how individuals spend time and money, as well as the values and interests that influence consumer behavior, namely: (1). Activities: Types of activities carried out by individuals, such as hobbies, work, and social activities; (2). Interests: Things that interest consumers, including fashion, technology, sports, and culture; (3). Opinions: Individual attitudes and views on social, political, and economic issues; (4). Values: Principles and beliefs that guide individual behavior and purchasing decisions; (5). Demographics: Factors such as age, gender, education, and income that can influence lifestyle. This is also reinforced by (Astuti et al., 2023) who stated that consumer lifestyle is impacted by three factors, namely activities, interests, and opinions. According to (Laana et al., 2022) a person's lifestyle describes more about how they live, use money, and utilize their time. In the focus of social media, a luxurious lifestyle or hedonism is reflected in appearance, clothing, makeup, environment, behavior, language, movements, and expressions. (Zayyan, 2020).

Lifestyle can impact investment decisions through spending preferences and long-term orientation (Wijaya & Florid, 2024) . The better the spending preferences that are long-term



oriented, the better the investment decision making will be, and vice versa (Bayu Bastian et al., 2022) . This study aims to examine how a more investment-focused lifestyle can result in better investment decisions and vice versa. The hypotheses proposed in this study are:

H3: Lifestyle Impacts investment decisions.

Individual lifestyle, including consumption patterns and values, can affect investor psychology (Arifiana & Mardikaningsih, 2024) . A controlled lifestyle can increase investor confidence (Cahyani et al., 2024) . Research can explore how a consumptive or frugal lifestyle can impact decision making (Abdul Malik, 2025) , as well as emotions that arise in the context of investment (Annapurna & Basri, 2024) . So the hypothesis of this study is:

H4 : Lifestyle Impacts Investor Psychology.

### **Consumer Behavior**

According to (Nasse, 2021) consumer behavior emphasizes various attitudes, choices, actions, and basic motivations of consumers in the market. Indicators of consumer behavior developed by Lina & Rosyid, 1997 in (Anggraini, 2023) include various factors that influence a person's decisions and actions in buying, namely: (1). Motivation: Reasons that drive consumers to buy, such as needs, desires, or emotions; (2). Perception: How consumers understand and interpret information about products and brands; (3). Experience: Previous experience with a product or brand that influences future purchasing decisions; (4). Attitude: Consumers' positive or negative attitudes towards a particular product, brand, or category; (5). Social Reference: Influence from friends, family, or social groups on consumption decisions; (6). Availability of Information: Consumer access and understanding of information related to products or services. Consumptive behavior can affect investment decisions by shifting focus from investment to spending (Aulia et al., 2024) . The wiser an investor is in refraining from diverting investment funds to spending, the better the investment decisions they make (Andrea Perez, 2021) . Research can explore the relationship between consumption levels and the ability to invest, as well as its impact on investment portfolios. So the hypothesis of this study is:

H5 : Consumptive Behavior Impacts Investment Decisions

Excessive consumer behavior can cause financial stress that affects investor psychology (Simonse et al., 2024) . Research can examine how unplanned consumer behavior can trigger anxiety (Cahyani et al., 2024) and reduce investors' ability to make rational decisions in investing (Annapurna & Basri, 2024) . So the hypothesis of this study is:

H6 : Consumptive Behavior Impacts Investor Psychology.

### **Investor Psychology**

Modern portfolio theory and the Capital Asset Pricing Model (CAPM) assume that investors always act rationally in making stock investment decisions. With this assumption, their decisions are based on considerations of risk and return (Virlics, 2013). In forming a stock





portfolio, rational investors focus on maximizing returns and minimizing risk. However, because investors are not completely rational, various psychological principles influence their behavior in the capital market, financial theory eventually began to use psychological concepts to explain investor behavior. Therefore, psychology investigates human behavior and shows that each person's unique characteristics influence their investment decisions. (Vergara-fern et al., 2023).

In the work of Kahneman and Tversky (2000), two psychologists who are famous for their research on decision-making and economic behavior, there are several important indicators of investor psychology, namely: (1). Prospect Theory: Kahneman and Tversky developed this theory which suggests that investors do not always act rationally. They tend to feel the negative impact of losses more than equivalent gains, known as “loss aversion.” (2). Cognitive Bias: They identified various cognitive biases that influence investment decisions (Mahmood et al., 2024), such as Confirmation Bias: Seeking information that supports existing views, while ignoring conflicting information (Soprano et al., 2024); and Overconfidence: Excessive confidence in one's ability to make the right investment decisions (Salis et al., 2024); (3). Framing Effect: The way information is presented can influence decisions. For example, investors may react differently to potential gains and losses depending on how the situation is phrased (Candraningrat et al., 2018); (4). Attitudes toward Risk: Investors are often inconsistent in their attitudes toward risk, depending on the context. In situations where they face potential gains, they may be more adventurous, but more cautious when facing the risk of loss (Almansour et al., 2023); (5). Emotional Influence: Emotions such as fear and greed can significantly influence investment decisions (Sutejo, 2023). Investors often make decisions based on feelings rather than rational analysis. (Siloam & Gunawan, 2023) found that there was a simultaneous influence of emotional intelligence on investment decisions.

Investor psychology, including emotions and cognitive biases (Sun et al., 2023) , can influence investment decisions (Xie, 2024) . The better the investor's psychology, the more rational they are in making investment decisions (Bakar et al., 2016) . Research can examine how psychological factors such as fear affect decision making (Ady, 2018) , as well as the investment risks taken (Lubis et al., 2015) . Anxious people tend to save money and avoid investment, perceive high risk and low control and return, while individuals with high Extroversion, Independence, and Self-Control are more likely to invest (Gambetti & Giusberti, 2019) . So the hypothesis of this study is:

H7: Investor Psychology Impacts Investment Decisions.

Financial literacy can improve investor psychology (Baroto, 2024) , which in turn influences investment decisions (Yuliani & Nurwulandari, 2023) . Research can analyze how increasing financial literacy can reduce irrational psychological biases that can influence investment decisions (Putra, 2022) . So the hypothesis of this study is:

H8 : Financial Literacy Impacts Investment Decisions Through Investor Psychology.

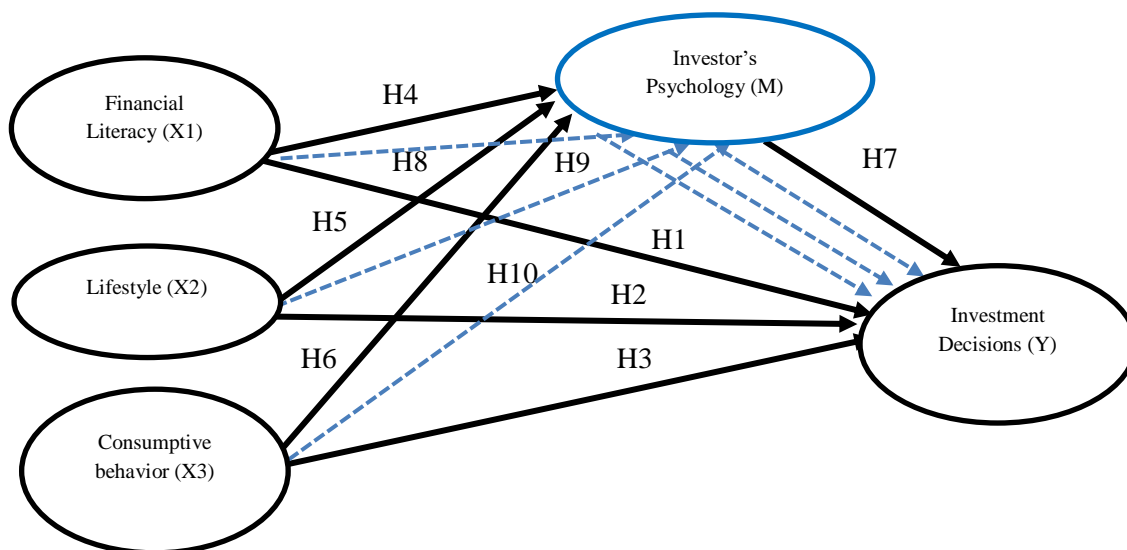


A healthy and planned lifestyle can affect investor psychology (Cahyani et al., 2024), which then has an impact on investment decisions (Bakar et al., 2016). Research can examine how a positive lifestyle can increase self-confidence and optimism, which results in better investment choices. Therefore, the hypothesis of this study is:

H9 : Lifestyle Impacts Investment Decisions Through Investor Psychology.

Consumptive behavior can affect investor psychology (Simonse et al., 2024). Increased financial stress that interferes with decision making (Xie, 2024). Research can explore how excessive consumptive behavior can lead to suboptimal investment decisions through the psychological impacts it causes (Cahyani et al., 2024). So the hypothesis of this study is:

H10 : Consumptive Behavior Impacts Investment Decisions Through Investor Psychology.



Source: Data Processed by Author

**Figure 1 Conceptual Framework**

### 3. Research Methods

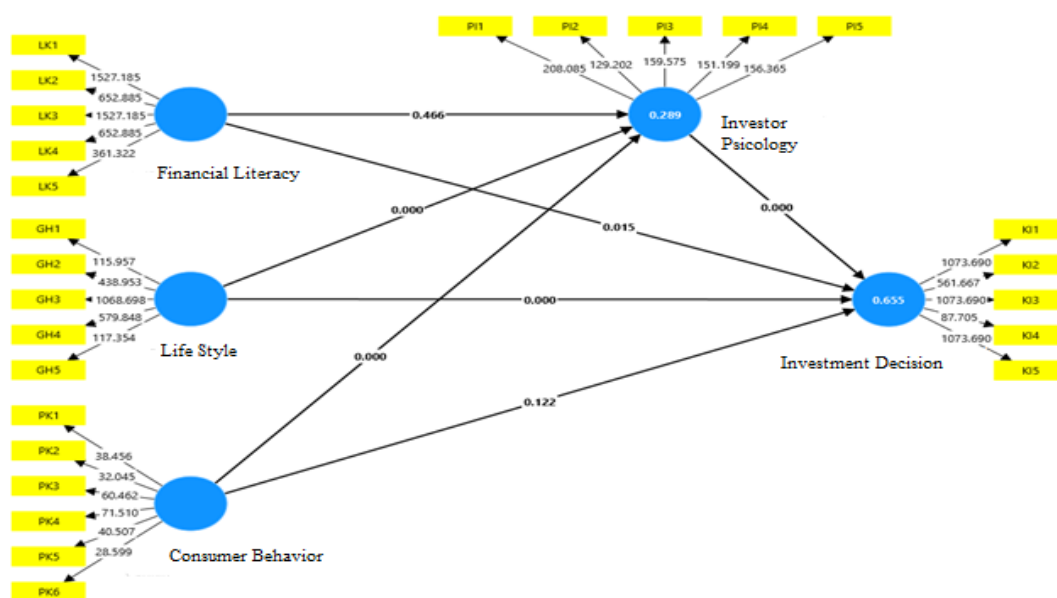
This study uses a quantitative approach to explain the influence of financial literacy, lifestyle, and consumption behavior on investment decisions mediated by the psychological conditions of investors. Data were collected through questionnaires sent via WhatsApp groups of capital market study groups at universities collaborating with the Indonesia Stock Exchange. This study involved 205 investors aged under 30 years, which is completing the questionnaire from October to December 2024. Using statistical methods with the SmartPLS4 program. The causality or influence relationship model is used. The way exogenous variables affect



endogenous variables, either directly or indirectly, is through the influence of intervening variables.

## 4. Results

The results of the data analysis produced a structural equation path diagram output as shown in Figure 2 below:



Source: SmartPLS4 output, 2025

**Figure 2 Full Model Path Diagram**

### Convergent Validity

The additive factor value for each construct indicator can be used to assess convergent validity, which is based on the principle that construct measures should be highly correlated. The RoT for assessing convergent validity is that the additive factor value should be more than 0.70. (Hamid & Anwar, 2019). The loading factor value of each construct item can be presented in the following table 1:

**Table 1 Convergent Validity**

Variables	Path	Lifestyle	Investment Decision	Financial Literacy	Consumptive Behavior	Investor Psychology
Lifestyle	LS1	0.969				
	LS2	0.994				
	LS3	0.996				
	LS4	0.995				
	LS5	0.966				





Variables	Path	Lifestyle	Investment Decision	Financial Literacy	Consumptive Behavior	Investor Psychology
Investment Decisions	ID1		0.997			
	ID2		0.996			
	ID3		0.997			
	ID4		0.964			
	ID5		0.997			
Financial Literacy	FL1			0.999		
	FL2			0.998		
	FL3			0.999		
	FL4			0.998		
	FL5			0.997		
Investor Psychology	IP1					0.965
	IP2					0.947
	IP3					0.974
	IP4					0.971
	PI5					0.973
Consumer Behavior	CB1				0.905	
	CB2				0.884	
	CB3				0.900	
	CB4				0.937	
	CB5				0.891	
	CB6				0.804	

Source: SmartPLS4 output, 2025

Based on the table above, can be seen that the loading factor value of statement items is > 0.70, so it can be concluded that statements are declared convergently valid.

### Discriminant Validity

The principle of discriminant validity refers to the idea that different construct measurements should not be highly correlated. To determine the discriminant validity with reflective indicators, a cross loading value greater than 0.70 is needed to test the model. The discriminant validity of this model is sufficient if the AVE root for each construct is greater than the correlation between the construct and other constructs in the model (Hamid & Anwar, 2019) . The *Cross Loading value* of each construct item can be presented in the following table 2:

**Table 2 Discriminant Validity**

	Lifestyle	Investment Decision	Financial Literacy	Consumer Behavior	Investor Psychology
<b>Lifestyle</b>	<b>0.984</b>				
<b>Investment Decision</b>	0.704	<b>0.990</b>			
<b>Financial Literacy</b>	0.746	0.653	<b>0.998</b>		
<b>Consumer Behavior</b>	0.301	0.440	0.586	<b>0.888</b>	
<b>Investor Psychology</b>	0.464	0.652	0.423	0.395	<b>0.966</b>

Source: SmartPLS4 output, 2025



Based on the table, the square root of the AVE for each construct exceeds its correlations with other constructs, indicating that all variables demonstrate adequate discriminant validity.

### Reliability Test

The reliability test of the instrument is used to prove the accuracy, consistency, and precision of construct measurement. To find out the reliability of a construct with reflective indicators, you can use two events: composite reliability and Cronbach's alpha. The composite reliability value must be greater than 0.70. (Hamid & Anwar, 2019) . Table 3 below shows the composite reliability values and Cronbach's alpha:

**Table 3 Reliability**

Path	Cronbach's alpha	Composite reliability	Composite reliabilit	Average variance extracted	Information
Lifestyle	0.992	0.992	0.993	0.968	Reliable
Investment Decision	0.995	0.995	0.996	0.981	Reliable
Financial Literacy	0.999	0.999	0.999	0.997	Reliable
Consumer Behavior	0.947	0.975	0.957	0.788	Reliable
Investor Psychology	0.982	0.990	0.986	0.933	Reliable

Source: SmartPLS4 output, 2025

Based on the information in table 3 above, where all variables have *Cronbach's alpha* and *Composite reliability values*  $> 0.70$ , then all variables are declared reliable.

### Structural Model Evaluation

A structural model that connects latent variables. According to (Hamid & Anwar, 2019) that If the Independent Variable is more than 2, then the evaluation of the structural model uses the following provisions: If the R Square value is more than 0.67, then the model is considered Strong; if the value is 0.33 less than 0.67, then the model is moderate; and if the value is 0.19 more than 0.33, then the model is considered Weak. The following table shows the results of the evaluation of the structural model (inner model) with R-Square:

**Table 4 R-Square**

Path	R-square	R-square adjusted	The Power of Influence
Investment Decision	0.655	0.648	Strong
Investor Psychology	0.289	0.278	Weak

Source: SmartPLS4 output, 2025

With the adjusted R-Square value of the investment decision variable of 0.648, it can be concluded that the model is considered Strong because the variables of financial literacy, lifestyle, consumer behavior, and investor psychology are able to explain the investment



decision variable by 64.8%. On the other hand, the adjusted R-Square value of the investor psychology variable of 27.8 % indicates that the variables of financial literacy, lifestyle, and investor consumer behavior are able to explain the investment decision variable by 64.8%.

### Effectiveness Measure (F-Square)

A measure that shows how much influence the independent variable has on the dependent variable in a regression model or a small square structural equation model (PLS-SEM). According to (Hamid & Anwar, 2019) , a value below 0.02 indicates a small effect; a value between 0.02 and 0.15 indicates a moderate effect; and a value above 0.35 indicates a large effect. Table 5 below shows the results of the evaluation of the structural model (inner model) with F-Square:

**Table 5 Effect Size (F-Square)**

Path	Investment Decision	The Power of Influence	Investor Psychology	The Power of Influence
Financial Literacy	0.021	Currently	0.108	Currently
Lifestyle	0.166	Currently	0.003	Small
Consumptive Behavior	0.012	Small	0.084	Currently
Investor Psychology	0.286	Currently		

Source: SmartPLS4 output, 2025

As shown in Table 5, the influence of each independent variable on the dependent variables is as follows: financial literacy has a path coefficient of 0.021 on investment decisions, indicating a moderate effect. Lifestyle influences investment decisions with a coefficient of 0.166, also classified as moderate. In contrast, the influence of consumer behavior on investment decisions is 0.012, reflecting a small effect. Investor psychology demonstrates a moderate effect on investment decisions, with a coefficient of 0.286. Regarding the factors influencing investor psychology, financial literacy shows a moderate effect (0.108), lifestyle exhibits a small effect (0.003), and consumer behavior has a moderate effect (0.084). These findings highlight the varying degrees of influence exerted by each variable on both investment decisions and investor psychology.

### Direct Effect

To test the hypothesis, the T statistic value is compared with the t-critical value of 1.96, with a probability value (P Value) of less than 0.05. Table 6 below shows an overview of the hypothesis test:

**Table 6 Path Coefficient**

Path	Original sample	Sample mean	Standard deviation	T statistics	P values	Information
Financial Literacy -> Investment Decision	0.155	0.148	0.064	2,433	0.015	Significant
Lifestyle -> Investment Decision	0.390	0.395	0.052	7,564	0,000	Significant



Path	Original sample	Sample mean	Standard deviation	T statistics	P values	Information
Consumptive Behavior -> Investment Decision	0.085	0.094	0.055	1,548	0.122	Not Significant
Financial Literacy-> Investor Psychology	-0.080	-0.076	0.110	0.729	0.466	Not Significant
Lifestyle-> Investor Psychology	0.430	0.424	0.100	4,304	0,000	Significant
Consumer Behavior -> Investor Psychology	0.312	0.309	0.064	4,903	0,000	Significant
Investor Psychology -> Investment Decisions	0.372	0.371	0.055	6,725	0,000	Significant

Source: SmartPLS4 output, 2025

According to the t-test decision criteria, a significant effect between an independent and dependent variable is indicated when the t-statistic exceeds 1.96 or the p-value is less than 0.05. Based on these criteria and the Path Coefficient results, financial literacy has a positive and significant direct effect on investment decisions, with an initial sample value of 0.155, a t-statistic of 2.433, and a p-value of 0.015. Similarly, lifestyle shows a positive and significant influence on investment decisions, indicated by an initial sample value of 0.390, a t-statistic of 7.564, and a p-value of 0.000. In contrast, consumptive behavior does not have a significant direct impact on investment decisions, as reflected by an initial sample value of 0.085, a t-statistic of 1.548, and a p-value of 0.122. Furthermore, financial literacy does not significantly affect investor psychology, with an initial sample value of -0.080, a t-statistic of 0.729, and a p-value of 0.466. Conversely, lifestyle and consumptive behavior both exhibit positive and significant effects on investor psychology, with initial sample values of 0.430 and 0.309, t-statistics of 4.304 and 4.903, and p-values of 0.000 respectively. Finally, investor psychology has a positive and significant effect on investment decisions, as shown by an initial sample value of 0.371, a t-statistic of 6.725, and a p-value of 0.000. These results suggest that financial literacy and lifestyle significantly influence investment decisions, while consumptive behavior does not, and that lifestyle, consumptive behavior, and investor psychology play significant roles in shaping investment behavior.

### Indirect Effect

Indirect effect is when the independent variable influences the independent variable through the mediating variable. Hypothesis testing is done by comparing the t-statistic value with the critical t-value of 1.96, with a probability value (P Value) of less than 0.05.

**Table 7 Path Coefficient**

Path	Original sample	Sample mean	Standard deviation	T statistics	P values	Information
FL-> IP -> ID	-0.030	-0.029	0.043	0.698	0.485	Not Significant
LS -> IP-> ID	0.160	0.156	0.043	3,736	0.000	Significant
CB-> IP -> ID	0.116	0.114	0.027	4.264	0.000	Significant

Source: SmartPLS4 output, 2025



An indirect (mediated) effect between the independent and dependent variables is considered significant if the t-statistic exceeds 1.96 or the p-value is below 0.05. This study evaluated mediation effects based on these criteria using the Path Coefficient table. The mediation effect of investor psychology on the relationship between financial literacy and investment decisions was found to be non-significant, with an initial sample value of -0.030, a t-statistic of 0.698, and a p-value of 0.485. This indicates that investor psychology does not mediate this relationship, which remains a direct positive effect, thus characterizing partial mediation. Conversely, investor psychology significantly mediates the relationship between lifestyle and investment decisions, as evidenced by an initial sample value of 0.160, a t-statistic of 3.736, and a p-value of 0.000. Given that lifestyle also has a direct positive effect on investment decisions, this reflects partial mediation as well. Similarly, investor psychology significantly mediates the effect of consumptive behavior on investment decisions, with an initial sample value of 0.116, a t-statistic of 4.264, and a p-value of 0.000. However, since consumptive behavior does not have a significant direct effect on investment decisions, this suggests that investors with greater financial knowledge tend to make better investment choices, highlighting the critical mediating role of investor psychology in this context. This shows that investors who know a lot about finance tend to make better investment decisions. This study is in line with research by (Putra, (2022) ; Yuliani & Nurwulandari, (2023) ; Sobari & Tresnawati, (2024) . Lifestyle directly influences investment decisions in a positive way. This shows that people who live a more organized lifestyle and consider their finances tend to make better investment decisions. This study is in line with research by (Adu K. Bonna, (2019) ; Bayu Bastian et al., (2022) ; Wijaya & Florid, (2024) .

Consumptive behavior does not directly affect investment decisions significantly with a positive relationship direction. This also shows that, even though everyone behaves consumptively, it is not enough to influence their investment decisions; this is in line with economic theory which states that increased consumption is correlated with decreased investment. The results of this study are very interesting and interesting to study further about consumptive behavior. This study is in line with (Aulia et al., 2024) ; (Andrea Perez, 2021) . Financial literacy does not have a significant impact on investment psychology directly, but has a negative impact on its relationship. This indicates that a good understanding of finance is not always directly proportional to a positive attitude or emotion towards investment, which means that even though investors know the profit opportunities in investment, investors still feel hesitant and uncertain in making decisions to invest. This study is in line with the findings of (Baroto, 2024) ; (Ruofan Bai, 2023) ; (Ribeiro, 2021) ; (Asri Jaya, 2024)

Lifestyle directly has a big influence on investor psychology by forming a positive relationship. This also shows that a healthy and planned lifestyle can increase the confidence and positive attitude of investors. This study is in line with the research findings (Arifiana & Mardikaningsih, 2024) ; (Cahyani et al., 2024) ; (Annapurna & Basri, 2024) ; (Abdul Malik, 2025) . Consumptive behavior has a direct positive impact on investor psychology and shows that more consumptive investors also have a more optimistic view of investment. This study is in line with the results of research conducted by (Simonse et al., 2024) ; (Cahyani et al., 2024) ; (Annapurna & Basri, 2024) .



Investor psychology directly influences investment decisions in a positive way, showing how important the psychological aspect is in investment decision making. A positive attitude of investors can help make better investment decisions. This study is in line with the results of research (Bakar et al., 2016) ; (Ady, 2018) ; (Gambetti & Giusberti, 2019) . Indirectly, financial knowledge does not affect the relationship between investor psychology and negative investment decisions. This shows that financial literacy is not enough to improve investment decisions if investor psychology does not support it. This study is in line with research by (Baroto, 2024) ; (Yuliani & Nurwulandari, 2023) ; (Putra, 2022) .

A person's lifestyle indirectly has a major impact on its positive relationship with investment decisions mediated by investor psychology. This suggests that investor psychology can be improved with a positive lifestyle, which will ultimately help them make good investment decisions. This study is in line with previous studies (Cahyani et al., 2024) ; (Bakar et al., 2016) . Since consumer behavior indirectly influences investor investment decisions, this suggests that although consumer behavior indirectly influences investment decisions, attitudes and psychology resulting from consumer behavior can also contribute to investor decision making. This study is in line with previous studies . (Simonse et al., 2024) ; (Xie, 2024) .

## **5. Conclusion and Suggestion**

The empirical findings of this study indicate that financial literacy exerts a significant direct effect on investment decisions among millennial investors. Similarly, lifestyle demonstrates a positive and statistically significant influence on investment decision-making. In contrast, consumptive behavior does not exhibit a significant direct impact on investment decisions. Regarding psychological constructs, financial literacy does not significantly affect investor psychology, whereas both lifestyle and consumptive behavior have significant positive effects on the psychological disposition of millennial investors.

Furthermore, investor psychology serves as a significant mediator, positively influencing investment decisions. However, financial literacy does not significantly mediate investment decisions through investor psychology, and notably, the direction of this indirect relationship is negative. In contrast, both lifestyle and consumptive behavior have significant and positive indirect effects on investment decisions when mediated by investor psychology. These results underscore the differentiated roles of financial literacy, lifestyle, and consumptive behavior in shaping both the psychological orientation and investment decisions of millennial investors. Among these factors, lifestyle and psychological disposition emerge as the most influential determinants in the investment behavior of Indonesia's millennial cohort.

From a practical perspective, the findings suggest that financial institutions and investment platforms should design targeted strategies both in product development and communication, that align more closely with the psychological profiles and lifestyle characteristics of millennial investors. Relying solely on traditional approaches to financial education may be insufficient to engage this demographic effectively. Theoretically, this study contributes to the growing body of literature in behavioral finance by highlighting the mediating role of





investor psychology and identifying lifestyle and consumerism as critical, yet underexplored, variables within investment decision-making models. These insights point to the importance of incorporating non-financial behavioral factors into theoretical frameworks that aim to explain and predict investor behavior.

From a policy standpoint, the findings advocate for a more holistic approach to investor education, one that extends beyond technical financial knowledge to include behavioral and psychological dimensions. Educational institutions and financial regulators are encouraged to develop comprehensive programs that not only enhance financial literacy but also address the underlying psychological and lifestyle factors that influence investment decisions among young investors

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