

The Influence of Financial Self-Efficacy and Peer Influence Regarding Investment Decisions on Financial Assets: Comparative Gen Z in Mataram and Surabaya with Risk Tolerance As a Moderating Variable

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Abstract

This study examines the influence of financial self-efficacy and peer influence on Gen Z financial asset investment decisions in Mataram and Surabaya, with risk tolerance as a moderating variable, amidst low financial literacy (38%) and the dominance of young investors. The objective is to analyze causal relationships and cross-regional comparisons. Using a comparative explanatory quantitative approach with PLS-SEM, the Gen Z investor population (17-28 years old) was purposively snowball-sampled (260 respondents). The 5-point Likert questionnaire instrument was analyzed via SmartPLS (outer/inner model, MRA, PLS-MGA). The results show that financial self-efficacy has a significant effect ($t=8.914$, $p=0.000$), peer influence is weakly significant ($t=1.896$, $p=0.029$), but risk tolerance does not moderate ($p>0.05$); the model explains 66.9% of the variation. Conclusion: Strengthening self-efficacy for rational Gen Z decisions across regions.

INTRODUCTION

Investment decisions in financial assets such as stocks, mutual funds, bonds, and crypto among Indonesia's Gen Z continue to increase, as reflected in the dominance of the under-30 age group in Single Investor Identification data (KSEI, 2023). Easy access through fintech platforms encourages their participation, despite national financial literacy remaining low at 38% (OJK, 2022) and the volatility of high-risk assets like crypto reaching a 70% decline in 2022 (Sulistiyawati, 2023). This phenomenon aligns with the findings of Sapira et al. (2025) who demonstrated the significant influence of financial self-efficacy and peer influence on the financial decisions of the younger generation, where psychological-social factors also shape responses to market information and risks (Hidayat et al., 2023).

In Surabaya, with its more advanced digital ecosystem, exposure to the online investment community is higher than in conservative Mataram, creating regional variations in Gen Z investment behavior (Ferdiansyah, 2025). Financial self-efficacy, which is the confidence in managing finances and risks, is a key determinant driving more rational and targeted investment decisions (Che Hassan et al., 2024). Meanwhile, peer influence from peers, influencers, and digital communities often triggers impulsive herding, particularly around crypto trends (Shahzadi et al., 2025).

The fundamental research problem lies in the misalignment between the surge in Gen Z participation and the quality of informed investment decisions, triggered by fluctuations in financial self-efficacy and the dominance of peer influence that prioritizes group trends over risk-return analysis (Ramadhianto et al., 2025). Empirical evidence confirms the positive influence of self-efficacy on investment (Sekarlars et al., 2025), but herding and social pressure often deviate from the rational model, particularly in regions with disparate access to technology such as Mataram and Surabaya (Frimayasa et al., 2025).

Risk tolerance, as a moderator, helps explain this variation, with individuals with high risk tolerance preferring high-yielding assets, while those with low risk tolerance tend to lean toward safe instruments (Sulistiyawati, 2023). Recent studies confirm its positive relationship with Gen Z portfolio preferences (Hidayat et al., 2023), although its moderating role on self-efficacy and peer influence remains inconsistent in the Indonesian context (Che Hassan et al., 2024).

This study aims to analyze the influence of financial self-efficacy and peer influence on Gen Z's financial asset investment decisions in Mataram-Surabaya, as well as examine the moderating effect of risk tolerance. The urgency arises from the risk of impulsive behavior amidst low literacy (OJK, 2022), while the novelty lies in the cross-city comparative model that integrates all three variables, surpassing previous studies limited to a single region (Sapira et al., 2025; Ferdiansyah, 2025).

METHODS

This study adopted a quantitative approach with a comparative explanatory design to examine the causal relationship between financial self-efficacy and peer influence on financial asset investment decisions among Gen Z in Mataram and Surabaya, as well as the moderating role of risk tolerance. This type of quantitative research was chosen because it allows for numerical measurement of variables through hypothesis testing, as explained by Sugiyono (2021), who emphasized this approach to empirically explain relationships between variables. The comparative explanatory design facilitates the analysis of differences in influence between regional groups without making location a causal variable, in line with Sudaryono (2021), who recommends this type of design for complex behavioral finance studies. The research locations included Mataram City (West Nusa Tenggara) and Surabaya City (East Java) for the period 2025 to completion, selected purposively due to the differences in their digital-economic ecosystems (Sugiyono, 2020). This approach is supported by Emzir (2021) in educational and social research methodology, which emphasizes location selection based on contextual relevance.

The primary data collection instrument was an online questionnaire based on a 5-point Likert scale (1=strongly disagree to 5=strongly agree), compiled from operational definitions of variables such as financial self-efficacy (Bandura, 1997; Hidayat et al., 2023), peer influence (Kelman, 1974; Martaningrat & Kurniawan, 2024), risk tolerance, and investment decisions, with two main parts: respondent identity and variable indicators. The data collection technique via online survey via Google Form is effective for tech-savvy Gen Z, as Fincham (2008) and DeVellis (2016) emphasized the construct clarity and content validity of Likert instruments. Secondary data from OJK reports, KSEI, and literature enriched the analysis (Cooper & Schindler, 2014). The analysis technique used SEM-PLS via SmartPLS for the outer model (convergent validity AVE >0.50, discriminant HTMT <0.85, reliability CR >0.70), inner model (R-square, f-square, Q-square), MRA moderation (Baron & Kenny, 1986), hypothesis testing (t-statistic >1.96, p <0.05), and PLS-MGA for group comparison with MICOM invariance (Hair et al., 2021; Ghozali, 2021). The PLS approach is suitable for medium samples and moderation models (Creswell & Creswell, 2023).

The population includes all Gen Z (aged 17-28 years) in Mataram and Surabaya who have invested in financial assets (stocks, mutual funds, bonds, crypto), as a generalization of subjects with specific characteristics (Sugiyono, 2020). The sample was calculated using the Lemeshow et al. (1990) formula for an infinite population: $n = Z^2 p(1-p)/d^2$ ($Z=1.96$ for 95%, $p=0.5$, $d=0.10$), resulting in a minimum of 96 respondents/city or 192 in total, with purposive-snowball sampling based on age, domicile, and investment experience criteria (Etikan et al., 2016; Hair et al., 2019). This non-probability method is effective for hard-to-reach targets such as young investors (Sudaryono, 2021; Riyanto & Hermawan, 2020).

The research procedure began with a literature review and questionnaire development, followed by online distribution via social media/investment communities, data cleaning (missing values, outlier Z-score >3), Likert coding, and Sturges interval categorization ($k=1+3.3\log n$, $I=R/k$ with a range of 4 for a scale of 1-5, interval 0.80: very low 1.00-1.80 to very high 4.21-5.00). The analysis continued with descriptive analysis (mean, SD), PLS-SEM, MRA (pure/quasi moderator), hypothesis (bootstrapping 5,000 subsamples), and PLS-MGA for the Mataram-Surabaya comparison (Hair et al., 2021). Ethics were maintained through informed consent and anonymity (Sugiyono, 2021; Emzir, 2021; Creswell & Creswell, 2023).

RESULTS

Research Data

In this study, information was obtained directly from respondents, namely 260 Gen Z respondents in Mataram and Surabaya who invest in financial assets. The data collected is as follows:

Table 1. Respondent Characteristics

Category	Amount	Percentage
	Age	
17 to 20 years old	40	15.4%
21 to 24 years old	189	72.7%

Category	Amount	Percentage
25 to 28 years old	31	11.9%
Total	260	100%
Gender		
Man	60	23.1%
Woman	200	76.9%
Total	260	100%
Current domicile		
Mataram City	141	54.2%
Surabaya City	119	45.8%
Total	260	100%
Last education		
High School/Vocational School/Equivalent	138	53.1%
Diploma (D3)	8	3.1%
Bachelor degree	110	42.3%
Postgraduate (S2/S3)	4	1.5%
Total	260	100%
Work		
Student	166	63.8%
Private sector employee	61	23.5%
Entrepreneur/Businessman	19	7.3%
ASN	7	2.7%
Other	7	2.7%
Total	260	100%
Investment Experience (can choose more than one)		
Share	152	58.5%
Mutual Funds	97	37.3%
Bond	42	16.2%
Digital Assets (Cryptocurrency)	81	31.2%
Total	372	143.2%
Investment Period		
< 1 Year	173	66.5%
1-2 years old	61	23.5%
>2 years	26	10%
Total	260	100%
Average Allocation of Funds for Investment per Month		
< Rp. 500,000	165	63.5%
Rp. 500,000 – Rp. 1,000,000	51	19.6%
>Rp. 1,000,000	44	16.9%
Total	260	100%

Source: Processed primary data, 2026

Based on the results of variable data collection Financial Self-Efficacy(X1), Peer Influence (X2), Investment Decisions on Financial Assets (Y), and Risk Tolerance (Z) show the assessments given by respondents as follows:

1. Financial Self-Efficacy(X1)

Table 1. Description of Variable X1

Code	Statement Items	Mean	Category
X1.1	I am able to manage my personal finances well.	3.92	Tall
X1.2	I can make a financial plan according to my needs.	3.94	Tall
X1.3	I am able to face the possibility of losses in investments.	3.61	Tall
X1.4	I remain calm when the investment value decreases.	3.49	Tall
X1.5	I am confident in choosing my own investment instruments.	3.80	Tall
X1.6	I feel capable of making investment decisions without relying on others.	3.66	Tall
X1.7	I consistently save or allocate funds for investment.	3.71	Tall
X1.8	I am disciplined in following the financial plan that I have made.	3.80	Tall
The average of variable X1		3.74	Tall

Source: Processed primary data, 2026

Table 2 shows that the Financial Self-Efficacy variable (X1), measured by eight statement items, showed an average score of 3.74, categorized as high. This finding indicates that overall, respondents demonstrated a high level of confidence in managing their finances and making investment decisions on financial assets.

2. Peer Influence(X2)

Table 2. Description of Variable X2

Code	Statement Items	Mean	Category
X2.1	I consider my friends' suggestions in investing to align with them.	3.50	Tall
X2.2	I always follow my friends' advice when making investment decisions.	3.18	Enough
X2.3	I am interested in investing in the assets that my friend also chose.	3.37	Enough
X2.4	I feel more confident choosing the same investment as my friend.	3.25	Enough
X2.5	I am confident that my friend's investment strategy is the right choice.	3.11	Enough
X2.6	My friends' views influence how I judge whether an investment is good or bad.	3.37	Enough
X2.7	My friend's investment experience made me understand more about how to invest.	3.71	Tall
X2.8	I often discuss investing with my peers.	3.73	Tall
The average of the variable X2		3.40	Enough

Source: Processed primary data, 2026

Based on Table 3, the description of the Peer Influence variable (X2), the overall average is 3.40, categorized as moderate. This result indicates that, in general, the impact of peers on respondents' investment decisions is moderate, meaning that respondents do not rely entirely on friends but still consider their perspectives when making investment decisions on financial assets.

3. Investment Decisions on Financial Assets (Y)

Table 4. Variable Description Y

Code	Statement Items	Mean	Category
Y1.1	I choose investment instruments that provide greater profit opportunities.	3.96	Tall
Y1.2	I invest to gain wealth growth.	3.88	Tall
Y1.3	I assess the risks before deciding to invest.	3.97	Tall
Y1.4	I understand the consequences of each investment instrument.	3.97	Tall
Y1.5	I make investment decisions based on information analysis.	3.86	Tall
Y1.6	I don't make impulsive investments without consideration.	3.87	Tall
Y1.7	I consistently allocate a portion of my income for investment.	3.88	Tall
Y1.8	I try to be consistent in my long-term investment plans.	3.85	Tall
Average of variable Y		3.88	Tall

Source: Processed primary data, 2026

Based on Table 4, the Investment Decision variable for Financial Assets (Y), measured by eight statement items, showed an average value of 3.88, which is in the high category. These results indicate that overall, respondents demonstrated logical, structured, and long-term goal-focused investment decision-making behavior in financial assets.

4. Risk Tolerance(Z)

Table 5. Description of Variable Z

Code	Statement Items	Mean	Category
Z1.1	I am willing to choose high risk investments for the opportunity of greater returns.	3.56	Tall
Z1.2	I am willing to invest in assets with high fluctuations if the potential profit is large.	3.60	Tall
Z1.3	I am not too worried about experiencing temporary losses in investments.	3.50	Tall
Z1.4	Investment losses did not immediately stop me from investing.	3.66	Tall
Z1.5	I remain calm even though the value of my investments goes up and down in the short term.	3.69	Tall
Z1.6	Changes in investment prices do not immediately encourage me to sell the assets I own.	3.77	Tall
Z1.7	I weigh the risks and rewards before investing.	3.95	Tall
Z1.8	I understand that high potential returns usually come with high risks.	4.06	Tall
Average of variable Z		3.72	Tall

Source: Processed primary data, 2026

Table 5 shows that the Risk Tolerance (Z) variable, assessed through eight items, had an average of 3.72, categorized as high. This indicates that respondents overall have a high level of risk tolerance when faced with uncertainty and investment variation.

Table 3. Descriptive Statistics

Variables	Financial Self-Efficacy(X1)	Peer Influence(X2)	Investment Decisions on Financial Assets (Y)	Risk Tolerance(Z)
N (number of data)	260	260	260	260
Mean	3.74	3.40	3.88	3.72
Median	4	3	4	4
Mode	4	3	4	4
Maximum	5	5	5	5
Minimum	1	1	1	1
Range	4	4	4	4
Standard Deviation	0.85	0.94	0.81	0.88

Source: Processed primary data, 2026

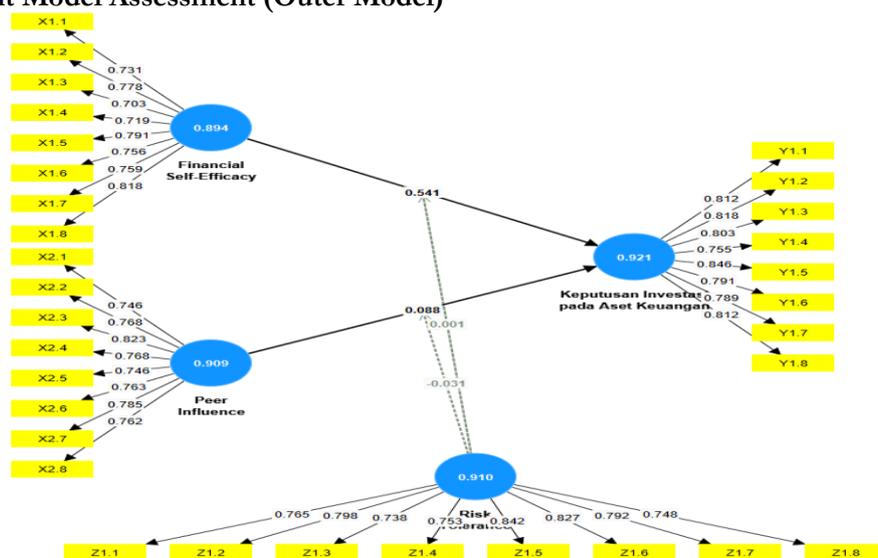
Overall, the results of these descriptive statistics indicate that the research data is ready to proceed to the analysis and hypothesis testing stage in accordance with the research objectives.

Research Analysis and Results

Data analysis method using Structural Equation Modeling(SEM) based on Partial Least Square (PLS) or PLS-SEM, SmartPLS 4 software. The test is carried out in two stages, namely the measurement model (outer model) to assess the validity and reliability of the indicators, and the structural model (inner model) to test the relationship between variables.

This study includes four variables, namely financial self-efficacy and peer influence as independent variables, investment decisions on financial assets as the dependent variable, and risk tolerance as a moderating variable, which were assessed using 32 statement items. Moderated Regression Analysis (MRA) in PLS-SEM was used to test the moderating variables. Meanwhile, Multi-Group Analysis (MGA) was used to compare two regions, namely Mataram City and Surabaya City. This analysis does not aim to test causal hypotheses based on region, but rather to find differences in the strength of the relationship between variables in each group of regions.

Measurement Model Assessment (Outer Model)



Picture1. Outer Model

Source: Processed primary data, 2026

Figure 1 shows the results of the measurement model estimation (outer model) which shows the relationship between indicators and latent constructs, namely Financial Self-Efficacy, Peer Influence, Investment Decisions on Financial Assets, and Risk Tolerance. The numbers shown on each arrow reflect the outer loading value for each indicator.

1. Convergent Validity Test

The convergent validity test can be seen from the results of Outer Loading and Average Variance Extracted (AVE) as follows:

A. Outer Loading

Table 4. Outer Loading

	Financial Self-Efficacy	Investment Decisions on Financial Assets	Peer Influence	Risk Tolerance
X1.1	0.731			
X1.2	0.778			
X1.3	0.703			
X1.4	0.719			
X1.5	0.791			
X1.6	0.756			
X1.7	0.759			
X1.8	0.818			
X2.1			0.746	
X2.2			0.768	
X2.3			0.823	
X2.4			0.768	
X2.5			0.746	
X2.6			0.763	
X2.7			0.785	
X2.8			0.762	
Y1.1		0.812		
Y1.2		0.818		
Y1.3		0.803		
Y1.4		0.755		
Y1.5		0.846		
Y1.6		0.791		
Y1.7		0.789		
Y1.8		0.812		
Z1.1				0.765
Z1.2				0.798
Z1.3				0.738
Z1.4				0.753
Z1.5				0.842
Z1.6				0.827
Z1.7				0.792
Z1.8				0.748

Source: Processed primary data, 2026

It can be seen from Table 7 that all indicators in the Financial Self-Efficacy variable (X1) have outer loading values in the range ≥ 0.70 , which is between 0.703 to 0.818 which indicates that all indicators can well represent the Financial Self-Efficacy construct. In the Peer Influence variable (X2), all indicators also show outer loading values ≥ 0.70 , with a value range between 0.746 to 0.823 which

indicates that each indicator makes a significant contribution in measuring the Peer Influence construct, so that the indicators are considered convergently valid. The indicators in the Investment Decision on Financial Assets variable (Y) have outer loading values in the range of 0.755 to 0.846 which indicates that all indicators can explain the investment decision construct well. In the Risk Tolerance (Z) variable, the outer loading value of the indicator ranges from 0.738 to 0.842, which indicates that the Risk Tolerance indicators have a strong relationship with the construct.

Based on the total value outer loading Based on these results, it can be concluded that all indicators have met the outer loading requirement of ≥ 0.70 , so no indicators need to be removed or eliminated. Therefore, the measurement model has passed the convergent validity test based on outer loading, and the analysis can be continued with the Average Variance Extracted (AVE) test, discriminant validity test, and construct reliability test.

B. Average Variance Extracted (AVE)

Table 5. Average Variance Extracted (AVE)

	Average variance extracted(AVE)
Financial Self-Efficacy	0.574
Investment Decisions on Financial Assets	0.646
Peer Influence	0.594
Risk Tolerance	0.614

Source: Processed primary data, 2026

Table 8 shows that the AVE value for the Financial Self-Efficacy variable is $0.574 > 0.50$, Peer Influence is $0.594 > 0.50$, Investment Decisions on Financial Assets is $0.646 > 0.50$, and Risk Tolerance is $0.614 > 0.50$. These values indicate that 50% or more of the indicator's variance can be explained by the construct and all variables are declared to have passed the convergent validity test through the Average Variance Extracted (AVE) test.

a. Discriminant Validity Test

The discriminant validity test can be assessed using the Heterotrait-Monotrait Ratio (HTMT) methods as follows:

C. Heterotrait-Monotrait Ratio(HTMT)

Table 9. Heterotrait-Monotrait Ratio (HTMT)

	FSE	Investment Decisions on Financial Assets	PI	RT	RT × PI	RT × FSE
FSE						
Investment Decisions on Financial Assets	0.844					
PI	0.418	0.462				
RT	0.738	0.761	0.641			
RT × PI	0.058	0.111	0.155	0.173		
RT × FSE	0.200	0.171	0.056	0.136	0.581	

Source: Processed primary data, 2026

In Table 9, the results of the Heterotrait–Monotrait Ratio (HTMT) test show that all HTMT values between constructs are below 0.90. This indicates that there is no overlap between constructs and that each variable is distinct from the others. Therefore, the measurement model has met discriminant validity according to the HTMT criteria.

Table 10. Composite Reability and Cronbach's Alpha

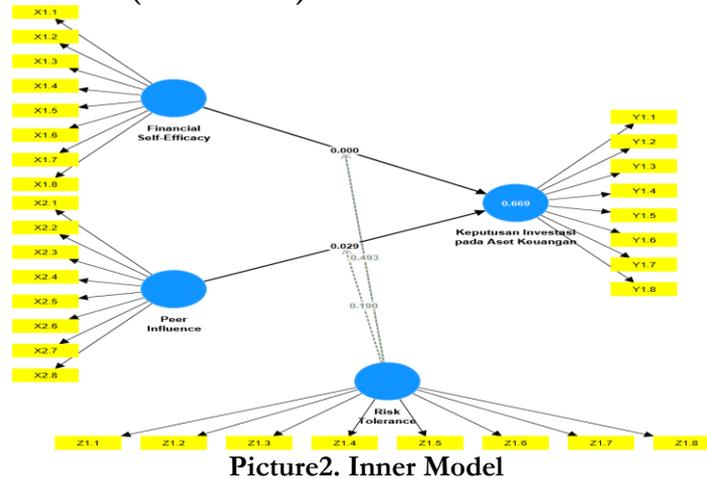
	Composite reliability(rho_c)	Cronbach's alpha
Financial Self-Efficacy	0.915	0.894
Investment Decisions on Financial Assets	0.936	0.921
Peer Influence	0.921	0.909

Risk Tolerance	0.927	0.910
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Source: Processed primary data, 2026

Based on Table 10, the Composite Reliability value for all variables is greater than 0.70, with Financial Self-Efficacy at 0.915, Peer Influence at 0.921, Investment Decisions on Financial Assets at 0.936, and Risk Tolerance at 0.927. In addition, the Cronbach's Alpha value for all variables is greater than 0.70 as well, which indicates that all constructs are declared reliable and have good internal consistency.

Structural Model Assessment (Inner Model)



Picture2. Inner Model
Source: Processed primary data, 2026

Figure 2 shows a structural model (inner model) that describes the causal relationships between the latent variables in this study. The model consists of two independent variables, namely Financial Self-Efficacy (X1) and Peer Influence (X2), one dependent variable, namely Investment Decisions on Financial Assets (Y), and one moderating variable, namely Risk Tolerance (Z).

1. Multicollinearity Test (VIF)

Table 11. Collinearity Statistics (VIF)

	Investment Decisions on Financial Assets
Financial Self-Efficacy	1,946
Peer Influence	1,736
Risk Tolerance	2,693
Risk Tolerance× Peer Influence	1,722
Risk Tolerance× Financial Self-Efficacy	1,631

Source: Processed primary data, 2026

Based on Table 11, the VIF values for all predictor constructs on the dependent variable ranged from 1.631 to 2.693. All values were below 5.0, indicating no multicollinearity between the independent and moderating variables in the structural model. Therefore, each variable can specifically explain the dependent variable, and the path coefficient estimates in the model can be interpreted accurately.

2. Coefficient of Determination (R-Square)

Table 12. Coefficient of Determination (R-Square)

	R-square	R-square adjusted
Investment Decisions on Financial Assets	0.669	0.662

Source: Processed primary data, 2026

Table 12 shows the R-square value for the Investment Decisions in Financial Assets variable is 0.669, while the adjusted R-square is 0.662. These values indicate that 66.9% of the variation in investment decisions in financial assets can be explained by financial self-efficacy, peer influence, risk tolerance, and

the moderating interactions tested in the model. It can be concluded that the structural model has excellent explanatory power, while the remaining 33.1% is influenced by factors outside this study.

3. Effect Size (f-Square) (f^2)

Table 13. Effect Size (f-Square)

	Investment Decisions on Financial Assets
Financial Self-Efficacy	0.454
Peer Influence	0.013
Risk Tolerance	0.093
Risk Tolerance × Peer Influence	0.002
Risk Tolerance × Financial Self-Efficacy	0.000

Source: Processed primary data, 2026

The effect size (f^2) test was conducted to identify the contribution of each independent variable to the increase in the R-square value of the dependent variable. The test results in Table 14 show that Financial Self-Efficacy has a value of 0.454, which is classified as a large effect category. Peer Influence has a value of 0.013, which is classified as a small effect category. Risk Tolerance shows a value of 0.093, which is included in the small to almost medium effect category. The interaction variable Risk Tolerance × Financial Self-Efficacy with a value of 0.000 and Risk Tolerance × Peer Influence with a value of 0.002 shows a very small effect. It can be concluded that financial self-efficacy has the most dominant role, while the moderating effect of risk tolerance does not provide a significant increase in model strength. f^2

4. Predictive Relevance (Q-Square) (Q^2)

Table 14. Predictive Relevance (Q-Square) (Q^2)

	SSO	SSE	$Q^2 (= 1 - SSE/SSO)$
Financial Self-Efficacy	2,080,000	2,080,000	0.000
Investment Decisions on Financial Assets	2,080,000	1,201,672	0.422
Peer Influence	2,080,000	2,080,000	0.000
Risk Tolerance	2,080,000	2,080,000	0.000

Source: Processed primary data, 2026

The Predictive Relevance (Q^2) value is obtained through a blindfolding procedure to evaluate the model's predictive ability. A value greater than 0 indicates that the model has strong predictive relevance. Table 15 shows that the value for the Investment Decision on Financial Assets variable is 0.422. This value is classified as strong predictive relevance, meaning the model is not only able to explain the sample data but also demonstrates good ability to predict observed data.

Moderated Regression Analysis (MRA)

Moderation analysis in this study was conducted to test the role of variables Risk Tolerance (Z) in moderating the influence of the variables Financial Self-Efficacy (X1) and Peer Influence (X2) on the variable Investment Decision on Financial Assets (Y). Based on Figure 2 Inner Model, the moderation regression equation for this study is stated as follows:

$$\begin{aligned} \text{Investment Decisions on Financial Assets} = & \alpha + 0.000 \text{ Financial Self-Efficacy} + 0.029 \text{ Peer Influence} \\ & + 0.493 (\text{Financial Self-Efficacy} \times \text{Risk Tolerance}) + \\ & 0.190 (\text{Peer Influence} \times \text{Risk Tolerance}) \end{aligned}$$

The regression equation above can be interpreted as follows:

1. Constant (α)

The constant (α) reflects the level of investment decisions on assets. current finances financial self-efficacy, peer influence, risk tolerance, and interactions between variables are zero. However, in PLS-SEM with SmartPLS, constant values are not estimated because the analysis is conducted on standardized data. Therefore, the model only understands the coefficients of the relationships between latent constructs, not the intercept values as in classical linear regression.

2. Financial Self-Efficacy Coefficient (0.000)

A coefficient of 0.000 indicates that the regression coefficient is zero. If financial self-efficacy increases by 1 unit, the value of investment decisions on financial assets remains unchanged, assuming other independent variables remain constant.

3. Peer Influence Coefficient (0.029)

A coefficient of 0.029 indicates a positive regression coefficient. A one-unit increase in peer influence will increase the value of investment decisions in financial assets by 0.029 units, assuming other independent variables remain constant. However, this increase is considered very small.

4. Interaction Coefficient between Financial Self-Efficacy and Risk Tolerance (0.493)

The coefficient of 0.493 indicates that the regression coefficient for the interaction between financial self-efficacy and risk tolerance is positive. This means that if the interaction variable increases by one unit, the investment decision value in financial assets will increase by 0.493 units, assuming the other independent variables remain constant. However, this effect is not statistically significant.

5. Interaction Coefficient of Peer Influence and Risk Tolerance (0.190)

A coefficient of 0.190 indicates a positive regression coefficient for the interaction between peer influence and risk tolerance. This means that if the interaction variable increases by one unit, the investment decision value in financial assets will increase by 0.190 units, assuming the other independent variables remain constant. However, this effect is also not statistically significant.

Based on the results of the MRA analysis, the variables Risk Tolerance (Z) in this study is classified as a moderating predictor. The moderating predictor categorization indicates that risk tolerance functions as an additional independent variable that directly influences investment decisions in financial assets, but does not function as a variable that strengthens or weakens the relationship between financial self-efficacy and peer influence on investment decisions in financial assets. In other words, risk tolerance directly influences investment decisions in financial assets, but does not affect the relationship pattern of the main independent variables in the research model.

Hypothesis Testing

Table 15. Path Coefficients

	T statistics (O/STDEV)	P values
Financial Self-Efficacy -> Investment Decisions on Financial Assets	8.914	0.000
Peer Influence -> Investment Decisions on Financial Assets	1.896	0.029
Risk Tolerance × Peer Influence -> Investment Decisions on Financial Assets	0.877	0.190
Risk Tolerance × Financial Self-Efficacy -> Investment Decisions on Financial Assets	0.018	0.493

Source: Processed primary data, 2026

Table 15 shows the results of the structural relationship test between the research variables on Gen Z in Mataram City and Surabaya City. Hypothesis testing is determined based on the path coefficient value and its significance level. The significance level in this study was set at 5% (one-tailed), so the hypothesis is accepted if the t-statistic value is > 1.96 and the p-value is < 0.05. The results of the hypothesis testing are as follows:

1. Financial Self-Efficacy (X1) on Investment Decisions in Financial Assets (Y) has a T-statistic value of 8.914 and a P-value of 0.000. The results of this study indicate that Financial Self-Efficacy has a positive and significant influence on Investment Decisions in Financial Assets. Comparatively, this finding indicates that variations in regional characteristics do not reduce the significant role of financial self-efficacy. Therefore, internal psychological factors have consistency across regions, so the hypothesis regarding the influence of financial self-efficacy can be accepted for both cities analyzed.
2. Peer Influence (X2) on Investment Decisions in Financial Assets (Y) has a T-statistic value of 1.896 with a P-value of 0.029. The results of this study indicate that Peer Influence has a positive and significant influence on Investment Decisions in Financial Assets. Comparatively, these results indicate that although the intensity and social dynamics between regions may vary, the impact of the friendship environment remains a crucial reference in the investment decision-making process of Gen Z in both cities. Therefore, the hypothesis regarding the influence of peer influence is considered accepted in both research areas.

3. The role of Risk Tolerance (Z) as a moderator in the relationship between Financial Self-Efficacy (X1) and Investment Decisions on Financial Assets (Y) has a T-statistic value of 0.018 and P-values of 0.493. The results of this study indicate that Risk Tolerance is unable to moderate (strengthen or weaken) the influence of Financial Self-Efficacy on Investment Decisions on Financial Assets. Comparatively, the influence of financial self-efficacy on investment decision making is direct and consistent, both in Mataram and Surabaya, without being affected by variations in risk tolerance.
4. The role of Risk Tolerance (Z) as a moderator in the relationship between Peer Influence (X2) and Investment Decisions on Financial Assets (Y) has a T-statistic value of 0.877 and P-values of 0.190. The results of this study indicate that Risk Tolerance is unable to moderate (strengthen or weaken) the influence of Peer Influence on Investment Decisions on Financial Assets. Comparatively, the influence of peer influence on investment decisions has relative uniformity and does not depend on variations in risk tolerance levels among individuals or between regions.

Multi-Group Analysis (MGA)

MICOM (Measurement Invariance of Composite Models):

Table 16. Step 2

	Original correlation	Correlation permutation mean	5.0%	Permutation p-value
Financial Self-Efficacy	0.999	0.999	0.998	0.443
Investment Decisions on Financial Assets	1,000	1,000	0.999	0.086
Peer Influence	0.989	0.995	0.982	0.113
Risk Tolerance	1,000	0.999	0.998	0.841

Source: Processed primary data, 2026

Table 16 shows the results of the compositional invariance test between Gen Z respondents in Mataram and Surabaya. All research constructs—financial self-efficacy, peer influence, investment decisions in financial assets, and risk tolerance—have very high original correlation values (≥ 0.989) and permutation p-values exceeding 0.05. These results indicate that the constructs' composition of indicators is equivalent between the Mataram and Surabaya groups. Therefore, it can be concluded that each construct measures the same concept in both regions, allowing for methodologically valid comparisons between groups.

Table 17. Step 3a (mean)

	Original difference	Permutation mean difference	2.5%	97.5%	Permutation p-value
Financial Self-Efficacy	-0.129	0.004	-0.231	0.242	0.294
Investment Decisions on Financial Assets	-0.000	0.005	-0.229	0.251	1,000
Peer Influence	-0.017	-0.000	-0.249	0.242	0.901
Risk Tolerance	-0.113	0.003	-0.233	0.233	0.369

Source: Processed primary data, 2026

Table 17 shows the results of the construct equivalence test between Gen Z in Mataram and Surabaya. All constructs showed a permutation p-value above 0.05, and the original difference value was within the 2.5% - 97.5% confidence interval. This indicates no difference in the average constructs of financial self-efficacy, peer influence, investment decisions in financial assets, and risk tolerance between the two cities.

Table 18. Step 3b (variance)

	Original difference	Permutation mean difference	2.5%	97.5%	Permutation p-value
Financial Self-Efficacy	-0.008	0.000	-0.407	0.424	0.973
Investment Decisions on Financial Assets	-0.035	0.004	-0.350	0.364	0.863

Peer Influence	-0.214	-0.000	-0.363	0.326	0.187
Risk Tolerance	-0.036	0.003	-0.311	0.328	0.840

Source: Processed primary data, 2026

Table 18 shows the results of the construct variance equality test between Gen Z respondents in Mataram and Surabaya. The results indicate that all constructs—financial self-efficacy, peer influence, investment decisions in financial assets, and risk tolerance—have permutation p-values greater than 0.05. Furthermore, the original difference values for each construct fall within the 2.5% to 97.5% confidence interval. This indicates that there is no significant difference in construct variance between the Mataram and Surabaya groups; variance equality between the groups has been achieved, confirming that the construct data distributions across the two regions are comparable. These results complete the third stage of the MICOM test, reinforcing the conclusion that measurement invariance in the comparative study between Mataram and Surabaya has been fully met, allowing for multi-group analysis without measurement bias.

Table 19. Multi-Group Analysis

	Difference(Mataram - Surabaya)	1-tailed (Mataram vs Surabaya) p value	2-tailed (Mataram vs Surabaya) p-value
Financial Self-Efficacy -> Investment Decisions on Financial Assets	-0.065	0.713	0.574
Peer Influence -> Investment Decisions on Financial Assets	0.006	0.469	0.937
Risk Tolerance× Peer Influence -> Investment Decisions on Financial Assets	-0.051	0.744	0.513
Risk Tolerance× Financial Self-Efficacy -> Investment Decisions on Financial Assets	-0.011	0.567	0.867

Source: Processed primary data, 2026

Table 19 shows that all tested structural paths have a 2-tailed p-value > 0.05, both for direct effects and effects involving moderating variables. The difference in the coefficients of the influence of financial self-efficacy and peer influence on investment decisions in financial assets between Gen Z in Mataram and Surabaya is not statistically significant ($p > 0.05$), indicating that the strength of the influence of these variables is almost similar in both regions.

The consistency of the MGA results is strengthened by the analysis of the average difference values of variables based on domicile. The average financial self-efficacy in Mataram (3.70) is lower than in Surabaya (3.79) with a difference of -0.09, in line with the difference in MGA path $X1 \rightarrow Y$ of -0.065 which indicates a relatively weaker influence in Mataram but is not statistically significant. Meanwhile, the average peer influence in Mataram (3.39) and Surabaya (3.41) only differs by -0.02, in line with the difference in MGA path $X2 \rightarrow Y$ of 0.006 which is close to zero, thus indicating almost similar strength of influence in both regions. In the investment decision variable on financial assets (Y), the average in Mataram and Surabaya shows the same value (3.88), so there is no average difference (0.00) or no structural difference in the way Gen Z investment decisions on financial assets across regions.

Average risk tolerance in Mataram (3.69) and Surabaya (3.76) with a difference of -0.07, seen in the moderation path $Z \times X2 \rightarrow Y$ of -0.051 and $Z \times X1 \rightarrow Y$ of -0.011, indicating a relatively weaker moderating effect in Mataram but not statistically significant. Overall, the fit indicates that all inter-regional differences are at a low level.

DISCUSSION

Based on the results of hypothesis testing in Table 14 Path Coefficient it can be concluded that H1 and H2 accepted the hypothesis, while H3 and H4 were rejected.

The Influence of Financial Self-Efficacy on Investment Decisions in Financial Assets

Based on the research results, The results show that financial self-efficacy has a positive and significant coefficient of influence on investment decisions in financial assets, with a significance value below 0.05. These results indicate that financial self-efficacy statistically influences investment decisions, thus the first hypothesis (H1) is accepted.

A positive influence coefficient indicates a unidirectional relationship, namely the higher the financial self-efficacy, the greater the tendency of Gen Z to make investment decisions in financial assets. This suggests that a person's confidence in their ability to manage finances, recognize risks, and choose investments plays a significant role in the decision-making process. This pattern was consistent among Gen Z in Mataram and Surabaya, indicating that financial self-efficacy is a relatively stable internal factor across regions.

Theoretically, these results are consistent with Self-Efficacy Theory which states that self-efficacy influences an individual's mindset, actions, and decisions in risky situations. In terms of investment, financial self-efficacy strengthens an individual's courage and self-control in making independent financial decisions. The findings of this study align with the results obtained by Sulistyawati (2023), Ramadhianto et al., (2025), and Hidayat et al., (2023), which show that financial self-efficacy has a positive and significant influence on investment decisions, especially among the younger generation. This similarity strengthens empirical evidence that financial self-efficacy is a crucial determinant in explaining investment behavior among Gen Z, both in regions with varying economic characteristics such as Mataram and Surabaya.

The Influence of Peer Influence on Investment Decisions in Financial Assets

The results of the study show that peer influence has a positive and significant effect on investment decisions in financial assets, with a significance value below 0.05. This indicates that the greater the peer influence, the higher the tendency of Gen Z to make investment decisions. Thus, the hypothesis stating that peer influence has a positive and significant impact on investment decisions (H2) is accepted.

A positive influence coefficient indicates a direct relationship between peer influence and investment decisions in financial assets. In other words, investment experiences, discussions, and social interactions shared with peers encourage individuals to be more confident and bold in making investment decisions in financial assets. This influence has been consistently found among Gen Z in Mataram and Surabaya, indicating that peer influence functions as a fairly stable social factor across regions.

Theoretically, this result is in line with Social Influence Theory which shows that a person tends to adjust his actions and choices to social groups that are considered important. The findings of this study are in line with the results obtained by Shapira et al., (2025) which show that peer influence has a significant impact on Gen Z investment decisions. In addition, these results are also in line with research conducted by Shahzadi et al., (2025) which proves that social influence has an important role in Gen Z investment decisions and intentions, and is supported by Hidayat et al., (2023) who found that social factors such as herding and environmental influences contribute significantly to the investment decision-making of young investors.

The Influence of Financial Self-Efficacy on Investment Decisions in Financial Assets with Risk Tolerance as a Moderating Variable

Based on the research results, it shows that risk tolerance was unable to moderate the influence of financial self-efficacy on investment decisions in financial assets, with a significance value above 0.05. This indicates that the relationship between financial self-efficacy and risk tolerance does not significantly influence investment decisions in financial assets. Therefore, the hypothesis stating that risk tolerance moderates the influence of financial self-efficacy on investment decisions in financial assets (H3) is rejected.

Although it does not act as a moderating variable, these results indicate that risk tolerance is more appropriately positioned as a moderating predictor, namely a variable that is connected to the dependent variable (investment decisions in financial assets) and/or the independent variable (financial self-efficacy), but does not interact significantly with the independent variable. In other words, the influence of financial self-efficacy on investment decisions in financial assets is direct and quite independent of each individual. This pattern was found consistently among Gen Z in Mataram and Surabaya, indicating that variations in risk tolerance levels between regions do not affect the relationship between financial self-efficacy and investment decisions in financial assets.

Theoretically, this result is in line with Self-Efficacy Theory and Social Cognitive Theory (SCT), which posits that self-efficacy is an internal belief that tends to consistently influence behavior and decision-

making processes. In the context of investment, financial self-efficacy encourages individuals to make decisions with confidence and self-control, while risk tolerance more closely reflects an individual's view of risk as a personal trait. Therefore, risk tolerance does not always act as a factor that changes the relationship between financial self-efficacy and investment decisions in financial assets.

The findings of this study are in line with the results obtained by Sulistyawati (2023), Ramadhianto et al., (2025), and Salampessy & Krisnawati (2025) which indicate that financial self-efficacy has a direct influence on investment decisions, while risk tolerance does not always act as a strengthening or weakening variable. This similarity in results confirms empirical evidence that Gen Z investment decisions are more influenced by self-confidence, while risk tolerance is more appropriately positioned as an independent variable rather than a moderating variable.

The Effect of Peer Influence on Investment Decisions in Financial Assets with Risk Tolerance as a Moderating Variable

The results of the study show that risk tolerance was unable to moderate the effect of peer influence on investment decisions in financial assets, with a significance value above 0.05. This indicates that the relationship between peer influence and risk tolerance does not significantly influence investment decisions in financial assets. Therefore, the hypothesis that risk tolerance moderates the effect of peer influence on investment decisions in financial assets (H4) is rejected.

Although it does not act as a moderating variable, these results indicate that risk tolerance is more appropriately positioned as a moderating predictor, that is, a variable that is linked to the dependent variable (investment decisions in financial assets) and/or the independent variable (peer influence), but does not interact significantly with the independent variable. This means that the influence of peer influence on investment decisions in financial assets is direct and quite independent of an individual's risk tolerance level. This pattern is consistently found among Gen Z in Mataram and Surabaya, indicating that variations in risk tolerance levels do not change the strength of peer influence on investment decisions in financial assets.

Theoretically, these results are consistent with Social Influence Theory which states that individual actions and choices are influenced by the norms, relationships, and social references surrounding them. In the context of investment, peer influence serves as a primary social factor influencing an individual's views, beliefs, and decision-making skills. Therefore, investment decisions on financial assets are still influenced by the social environment even though individuals have different levels of risk tolerance.

The findings of this study are in line with the results obtained by Sapira et al., (2025), Hidayat et al., (2023), and Sari et al., (2025) which indicate that peer influence has a direct influence on Gen Z's investment decisions, while risk tolerance does not always strengthen or weaken that influence. This similarity in results strengthens empirical evidence that Gen Z's investment decisions are more influenced by social factors than by differences in individual attitudes toward risk, thus positioning risk tolerance as an independent variable rather than a moderating variable.

CONCLUSION

This study concludes that financial self-efficacy has a positive and significant influence on Gen Z financial asset investment decisions in Mataram and Surabaya ($t=8.914$, $p=0.000$), while peer influence also has a positive, albeit weaker, effect ($t=1.896$, $p=0.029$), with the PLS-SEM model explaining 66.9% of the variation in investment decisions ($R\text{-square}=0.669$). However, risk tolerance does not act as a moderator (H3 and H4 are rejected, $p>0.05$), but rather as a direct predictor, and the PLS-MGA analysis shows consistency of effects across regions without significant differences. Limitations include the non-probability sample (260 respondents) which limits national generalization, the focus only on novice Gen Z investors (the majority of whom have <1 year of experience, small fund allocations), and the use of online self-reports which are susceptible to social bias. The practical implication is that the OJK and fintech companies like Bibit/Stockbit can develop self-efficacy-based literacy programs to reduce impulsivity, while schools/universities can integrate peer influence modules into their financial curricula.

For further research, recommendations include expanding the probabilistic sample to other regions (e.g., Jakarta or eastern Indonesia) to test generalizability, including additional moderating variables such as financial literacy or fintech adoption, and using a mixed-methods approach with in-depth interviews to qualitatively explore herding. Future researchers are also encouraged to use longitudinal panel data to capture the dynamics of long-term investment decisions and compare other generations (Millennials/Gen Alpha) to understand the evolution of behavioral finance in Indonesia.

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