

The Influence of Risk Perception and Trust on Investment Decisions

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Abstract

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This study aims to analyze the influence of risk perception and trust on investment decisions in Indonesia. This study used a quantitative approach, collecting data through questionnaires from respondents with investment experience. The sampling technique used purposive sampling, while data analysis was conducted using multiple linear regression. The results indicate that risk perception and trust influence investment decisions. Risk perception makes investors more cautious in making investment choices, while trust in investment institutions or platforms can increase investor confidence in investing. Thus, risk perception and trust are important factors in influencing people's investment decisions.

Keywords : Risk Perception, Trust, Investment Decisions

INTRODUCTION

The development of information technology and the digitalization of the financial sector in recent years have brought about significant changes in people's behavior in managing their finances, including investment activities. People now have easier access to various investment instruments such as stocks, mutual funds, bonds, gold, and digital assets through various app-based investment platforms. This ease of access to information and the development of financial technology (fintech) have encouraged an increase in the number of new investors in Indonesia, particularly among the younger generation. This situation indicates a growing public awareness of the importance of investment for future financial planning (Aprihasyati & Fitria, 2020) .

In Indonesia, the increasing number of investors can be seen from data released by the Financial Services Authority (OJK) and the Indonesian Central Securities Depository (KSEI), which shows a significant increase in the number of investors in the capital market in recent years. This growth is not limited to institutional investors, but also to individual investors, who are increasingly actively participating in investment activities. This indicates that investing is no longer viewed as an activity carried out only by certain groups, but has become part of the financial planning of the wider community. However, the increasing public interest in investment is also accompanied by various challenges, such as a lack of financial literacy, the prevalence of fraudulent investments, and economic uncertainty that can influence investment decisions. (Haryanto & Alice, 2022) .

In the investment decision-making process, individuals typically consider various factors before selecting the investment option that best aligns with their goals and financial capabilities. One important factor influencing investment decisions is risk perception. Risk perception is an

individual's subjective assessment of the likelihood of loss or uncertainty associated with an investment activity. Each individual has a different level of risk tolerance, thus their perspective on risk will also vary. Investors with a high risk perception tend to be more cautious and selective in choosing investment instruments, while investors with a lower risk perception tend to be more willing to take on investment opportunities with the potential for greater returns (Resyita & Rahmawati Khoiriyah, 2023) .

Risk perception is often influenced by various factors, such as previous investment experience, level of financial knowledge or literacy, economic conditions, and information obtained from the surrounding environment. In the context of investment in Indonesia, risk perception is a crucial factor because many people are still in the early stages of understanding investment mechanisms. Market uncertainty, asset price fluctuations, and various cases of investment fraud can also influence people's perspectives on investment risk. Therefore, risk perception can be a key consideration in determining whether someone will decide to invest or postpone the decision (M. Lestari et al., 2022) .

Besides risk perception, another equally important factor influencing investment decisions is trust. Trust is an individual's belief in the security, credibility, and integrity of the party or institution providing investment services. In today's digital era, many investment transactions are conducted online through digital platforms, making trust a crucial factor for investors. If investors have a high level of trust in an investment platform or financial institution, they will be more confident in investing their funds in the investment instruments offered (Purnomo, 2025) .

Trust can be built through various aspects, such as the reputation of financial institutions, information transparency, transaction system security, and positive investor experiences. Conversely, low levels of trust can lead to public hesitation or even reluctance to invest. This is especially true when cases of investment fraud or illegal investment practices arise that harm the public. Therefore, efforts to increase public trust in financial institutions and the capital market are a crucial factor in driving investor growth in Indonesia (Rika & Syaiah, 2022) .

The relationship between risk perception and trust in investment decisions is an interesting topic to research because the two factors are often interrelated. On the one hand, high risk perception can make investors more cautious in making investment decisions. However, on the other hand, a high level of trust in an institution or investment instrument can reduce investor concerns about existing risks. In other words, trust can act as a factor that mediates or mitigates the negative impact of risk perception on investment decisions (Bagus et al., 2021) .

In practice, many investors still decide to invest despite being aware of the risks, because they have a high level of confidence in the investment system they use. Conversely, even if an investment instrument has high profit potential, investors may still be reluctant to invest if they lack sufficient confidence in the security and credibility of the investment service provider. This suggests that investment decisions are influenced not only by rational considerations regarding risk and return, but also by psychological factors such as trust. (Dwiyanti & Ahmadi, 2024) .

Research on investor behavior in making investment decisions has also become increasingly relevant with the growing number of retail investors in Indonesia. Many novice investors still have limited knowledge and experience in conducting investment analysis, often relying on perceptions and beliefs to make decisions. This condition can influence people's investment behavior patterns and the dynamics of the financial markets as a whole (W. Lestari & Saw, 2013) .

Furthermore, the rapid development of digital technology has also created various innovations in investment services, such as online investment applications and digital trading platforms. These innovations make it easier for people to invest anytime and anywhere. However, this convenience also raises new challenges related to data security, consumer protection, and public trust in digital platforms. Therefore, it is important to understand how risk perceptions and trust influence investment decisions in the context of technological developments and the digitalization of the financial sector (Rahman et al., 2025) .

Based on this description, it can be concluded that investment decisions are a complex process influenced by various factors, both rational and psychological. Risk perception and trust are two important factors that can influence how individuals assess investment opportunities and determine investment decisions. In the context of Indonesia, which is experiencing rapid growth in the number of investors, understanding the influence of these two factors is crucial to supporting the development of a healthier and more sustainable financial market.

Therefore, research into the influence of risk perception and trust on investment decisions in Indonesia is crucial. This research is expected to provide a deeper understanding of the factors influencing investor behavior in making investment decisions. Furthermore, the results are expected to contribute to policy development in the financial sector, particularly in efforts to improve financial literacy, strengthen investor protection, and increase public trust in the Indonesian investment system.

METHODS

This study uses a quantitative approach to analyze the influence of risk perception and trust on investment decisions in Indonesia. The research method used is associative research, which aims to determine the relationship or influence between independent variables (risk perception and trust) and the dependent variable (investment decisions). The quantitative approach was chosen because this study uses data obtained from respondents in numerical form, which is then analyzed statistically.

The population in this study comprised individuals who have or are currently investing in Indonesia. Purposive sampling was used to select respondents based on specific criteria, such as investment experience or basic investment knowledge. Data were collected through a questionnaire distributed to respondents using a Likert scale to measure the level of agreement with each statement related to risk perception, trust, and investment decisions.

The data analysis in this study was conducted using multiple linear regression to determine the influence of each independent variable on investment decisions. Prior to conducting the regression analysis, the data were first tested using validity, reliability, and classical assumption tests to ensure they met the requirements for statistical analysis. The results were then used to determine the extent to which risk perception and trust influence investment decisions in Indonesia.

RESULTS AND DISCUSSION

1. Normality Test

The purpose of the normality test is to determine whether the residual or confounding variables in a regression model are normally distributed. In this study, the non-parametric Kolmogorov-Smirnov statistical test was used to test for normality. If the significance value is greater than 0.05, the data are considered normally distributed. The findings of the normality test are shown in the table below:

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			42
Normal Parameters ^{a,b}	Mean	.0000000	
	Standard Deviation	1.54310701	
Most Extreme Differences	Absolute	.163	
	Positive	.052	
	Negative	-.144	
Kolmogorov-Smirnov Z			1,062
Asymp. Sig. (2-tailed)			.324
a. Test distribution is Normal.			
b. Calculated from data.			

Source: Data processed with SPSS 2026

Based on the test results in the table above, the Kolmogorov-Smirnov value is 1.062 and the significance value is 0.324 > 0.05. Therefore, it can be concluded that the residual values are normally distributed, allowing for further analysis, namely regression analysis.

2. Multicollinearity Test

Multicollinearity testing aims to test whether a regression model is found Correlation between independent variables. In a good regression, there should be no correlation between variables. The results of the multicollinearity test are shown in the following table: poverty rate and economic growth

Table 2. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
	Perception Risk	.325	3,278
	Trust	.242	2,641
	Investment Decisions	.241	3,002

Source: Data processed with SPSS 2026

Based on the table above, it can be concluded that all variables do not exhibit multicollinearity in the data processed in this study. This is because the tolerance significance value for all variables is greater than 0.01, and the VIF value for all variables is less than 10.

3. Heteroscedasticity Test

The Heterogeneity Test aims to determine whether the residual variances of one observation differ from another in the regression, which is called homoscedasticity. If they differ, it is called heterogeneity. This study uses the Glejser test to determine whether homoscedasticity is present. The test results are shown in the figure below:

Table 3. Results of Heteroscedasticity Test (Glejser Method)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.454	.536	.421	4,613	.007
Perception Risk	.342	.125	.230	2,214	.335
Trust	.234	.138	.242	2,274	.340
Investment Decisions	.224	.189	.243	2,301	.302
a. Dependent Variable: res2					

Source: Data processed with SPSS 2026

Based on the test results in the table above, it shows that the Risk Perception variable (X1) has a significance value of $0.335 > 0.05$ so it can be concluded that there are no symptoms of heteroscedasticity in the Risk Perception variable. The Trust variable (X2) has a significance value of $0.340 > 0.05$ so it can be concluded that there are no symptoms of heteroscedasticity in the Trust variable. The Investment Decision variable (Y) has a significance value of $0.302 > 0.05$ so it can be concluded that there are no symptoms of heteroscedasticity in the Investment Decision variable .

Multiple Linear Regression Analysis

Multiple linear regression analysis is a linear relationship between two or more independent variables (X1, X2) and a dependent variable (Y). This analysis aims to determine the direction of the relationship between the independent variables and the dependent variable, whether each independent variable is positively or negatively related. The following are the results of the multiple regression analysis using SPSS, which can be seen in the following table:

t-test results (*t-test*)

The t test shows the relationship between each independent variable (X1 and X2) on the dependent variable with a significance level of 0.05 (5%) and *Degrees of Freedom* (df) = nk. Based on the following criteria.

- a. Determine the criteria for testing research hypotheses by comparing the calculated t value with the t_{table} .
 - 1) If the t_{table value} > t_{count} , then H_o is rejected and H₁ is accepted.
 - 2) If the t_{table value} < t_{calculated} then H_o is accepted and H₁ is rejected .
- b. By using the probability significance figures
 - 1) If the sig value > 0.05 then H_o is accepted and H₁ is rejected.

2) If the sig value <0.05 then H₁ accepted and Ho is rejected

Table 4. Results of the t-test

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.654	0.452		.327	.679
Risk Perception	.273	.238	.236	2,870	0.00
Trust	.331	.162	.376	2,256	0.03

a. Dependent Variable: Investment Decision

Source: Data processed by researchers using SPSS 2026

Table 5 shows the Quality Risk Perception has a significant effect on Investment Decisions with a t-statistic value of 2,870 and a sig value of 0.050 < 0.05. Trust has a significant effect on Investment Decisions with a t-statistic value of 2,256 and a p-value of sig value of 0.003 < 0.05.

Coefficient of Determination Test

The coefficient of determination test measures the ability of the dependent variable to be explained by the independent variable. The results of the coefficient of determination test can be seen in the table below:

Table 5. Results of the coefficient of determination

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.682 ^a	.867	.552	34.5

a. Predictors: (Constant),

Source: Data processed by researchers using SPSS 2026

Based on the table above , the coefficient of determination (R) can be seen. Square) of 0.867, which means 86.7%. This figure means that the variables Risk Perception and Trust simultaneously influence investment decisions Y. While the rest is influenced by variables outside this regression equation or variables that are not studied.

DISCUSSION

Based on the analysis of data obtained from questionnaires distributed to respondents, this study shows that risk perception and trust influence investment decisions. The analysis was conducted using multiple linear regression to determine the extent to which each independent variable influences the dependent variable. The results indicate that both variables play a

significant role in determining an individual's investment decision.

In general, respondents in this study were individuals with experience or interest in investing, whether in stocks, mutual funds, gold, or other digital investments. Respondent characteristics indicate that most investors are young people who actively utilize digital technology for their investment activities. This aligns with developments in financial technology, which have made it easier for people to access various investment instruments through digital platforms.

The Influence of Risk Perception on Investment Decisions

Based on the data analysis, the research findings indicate that risk perception significantly influences investment decisions. Risk perception relates to how investors perceive the potential losses that may occur when making an investment. The higher the level of risk perceived by investors, the greater their tendency to be cautious in making investment decisions.

Some key findings related to risk perception include: Investors tend to consider the level of risk before deciding to invest in an instrument. Respondents prefer investment instruments perceived as having manageable risks. A lack of investment knowledge can increase investors' perceived risk. Beginner investors typically have a higher level of concern about potential losses than experienced investors.

These results indicate that risk perception is a psychological factor that significantly influences investment behavior. When investors perceive an investment as too risky, they tend to delay or even cancel their investment decisions. Therefore, understanding investment risks and improving financial literacy are crucial for investors to make more rational and informed decisions.

The results of this study are in line with several previous studies conducted by (Astutik et al., 2025; Bahri et al., 2023; Hidayat et al., 2025; Juliyanti, 2025; Rezeki et al., 2025) which found that risk perception has a significant influence on investment decisions.

The Influence of Trust on Investment Decisions

Based on the data analysis, the research findings indicate that trust has a significant influence on investment decisions. Trust, in this context, relates to investors' confidence in the security, credibility, and reputation of the institution or platform providing investment services.

Some key findings related to trust include: Investors are more likely to invest in reputable platforms or financial institutions. Transparency of information regarding investment products can increase investor confidence. A robust transaction security system provides investors with a sense of security when investing their capital. Recommendations from family, friends, or the community can also influence investors' level of trust in an investment instrument.

The results of this study indicate that trust is a crucial factor, especially in digital-based investments. When investors feel confident that the investment platform they are using is safe and reliable, they are more likely to invest larger amounts. Conversely, if trust levels are low, investors will tend to hesitate to invest, even if the potential returns are substantial.

The results of this study are in line with several previous studies conducted by (Angela et al., 2025; Investing & Risk, 2025; Eduard et al., 2024; Johan & Azariani, 2025; Wahyuni & Linda, 2026) which found that trust has a significant influence on investment decisions.

CONCLUSION

Based on the research results, it can be concluded that risk perception influences investment decisions. Investors tend to consider the level of risk before deciding to invest in an investment instrument. The higher the perceived risk, the more cautious investors will be in making investment decisions. This indicates that understanding risk is a crucial factor influencing investor behavior in determining investment choices that align with their financial capabilities and goals. Furthermore, trust also has a positive influence on investment decisions. Investors' trust in financial institutions, investment platforms, and transaction system security can increase their confidence in investing. Together, risk perception and trust play a role in shaping people's investment decisions. Therefore, improving financial literacy, information transparency, and security within the investment system are crucial to fostering greater public confidence in investing.

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