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The Role of Investment Interest in Linking Inflation, Exchange Rate, and Interest Rate Perceptions to Gold Investment Decisions

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Abstract

This study aims to analyze the effect of inflation perception, exchange rate, and interest rate on gold investment decisions with investment interest as a mediating variable. The study uses a quantitative approach with an explanatory design. Data were collected through a survey using a questionnaire administered to respondents who had experience or interest in gold investment using purposive sampling. Data analysis was performed using Partial Least Squares-based Structural Equation Modeling (PLS-SEM). The results show that inflation perceptions have a positive and significant effect on investment interest, while exchange rates and interest rates do not have a significant effect on investment interest. In addition, these three macroeconomic variables do not have a significant direct effect on gold investment decisions. Conversely, investment interest has a positive and significant effect on gold investment decisions. The mediation analysis results show that investment interest fully mediates the relationship between inflation perception and gold investment decisions. These findings indicate that psychological factors play an important role in explaining individual investment behavior.

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INTRODUCTION

Ongoing global macroeconomic instability, particularly in the wake of the pandemic and escalating geopolitical tensions, has heightened uncertainty surrounding inflation, exchange rate volatility, and policy interest rate fluctuations in various developing countries. These conditions have a systemic impact on investor behavior in determining asset allocation, particularly for instruments that are considered capable of maintaining real wealth. Gold is empirically and historically positioned as a hedge against inflation and currency depreciation, so demand for it tends to increase during periods of economic stress (Binh, 2024; Bunnag, 2024; Rao, 2025). In Indonesia, the transmission of global inflation through adjustments to domestic interest rates and exchange rates further emphasizes the importance of gaining a deeper understanding of public investment behavior. (Halim et al., 2025; Purwanto, 2025; Herlina & Wirdianingsih, 2023; Karimah et al., 2024). However, investor responses are not purely mechanical, but are influenced by subjective perceptions of risk and economic opportunity, making the urgency of studying investment behavior even more significant.

Although macroeconomic factors such as inflation, exchange rates, and interest rates theoretically influence investment decisions, investors' responses to these factors are not always direct. In the context of behavioral finance, individuals' perceptions of economic conditions often matter more than the objective conditions themselves (Pant & Pant, 2025; Rehmat et al., 2023; Utama et al., 2024). That is, how individuals interpret changes in inflation (Bona Vintura Suyana Pandiangan et al., 2025), exchange rate and interest rates (Pandiangan et al., 2025) can influence their interest in investing before finally making an actual investment decision. However, most previous studies have emphasized the direct relationship between macroeconomic variables and gold prices or gold market performance, while investor behavior, particularly investment interest, has not been widely analyzed as a psychological mechanism that bridges this relationship. This situation raises an important research question: how do perceptions of inflation, exchange rates, and interest rates affect gold investment decisions, and does investment interest play a mediating role in this relationship?

Empirical literature shows that inflation has a positive effect on gold investment preferences, both through an increase in gold prices and as a response by investors to a decline in purchasing power (Bunnag, 2024; Yeniley, 2025). Research by Hari Purwanto (2025), shows that exchange rates are also reported to have a significant effect on the attractiveness of gold, especially in developing countries that are vulnerable to currency depreciation. However, findings related to interest rates show differing empirical results, with some studies finding a negative effect and others finding no significant effect. On the other hand, investor behavior-based research confirms that investment interest and risk perception are important determinants in asset decision-making, including gold. (Ganesamurthy & Anjuka, 2025). This synthesis shows that behavioral variables have the potential to explain the differences in previous research results.

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Although studies on gold investment and macroeconomic variables have developed, there are significant limitations in the integration of macroeconomic and behavioral finance approaches. In particular, research testing investment interest as a mediating variable between inflation perceptions, exchange rates, and interest rates on gold investment decisions is still very limited. Most studies stop at analyzing direct relationships or statistical moderation, thus failing to explain the psychological mechanisms underlying investor responses. This gap is important because without understanding the mediating role of investment interest, explanations for empirical inconsistencies will remain partial and incomplete.

This study explicitly proposes investment interest modeling as the primary mediating variable in the relationship between inflation perceptions, exchange rates, and interest rates on gold investment decisions. Unlike previous studies that focused on direct effects or macroeconomic interactions, this study places the cognitive and affective aspects of investors as crucial causal mechanisms. This novelty is theoretically important because it expands the framework for analyzing gold investment from a purely rational perspective to a more integrative behavioral approach. Practically, this study provides a more precise understanding of how macroeconomic perceptions shape investment interest and decisions, which has not been explicitly explained in previous studies.

This study aims to empirically analyze the mediating role of investment interest in the relationship between inflation perceptions, exchange rates, and interest rates on gold investment decisions. The theoretical contribution of this study lies in strengthening the behavioral finance literature through the integration of macroeconomic and psychological variables into a single analytical framework. In practical terms, the findings of this study are expected to provide strategic implications for investors in formulating risk perception-based investment decisions, as well as for policymakers in understanding the indirect impact of macro policies on public investment behavior.

LITERATUR REVIEW

Gold Investment as a Hedge Asset

Gold has long been known as an investment instrument that serves as a hedge against economic instability and financial market uncertainty. In the perspective of Modern Portfolio Theory Markowitz, (1991), Gold is often positioned as a safe haven asset due to its ability to maintain value during periods of inflationary pressure, currency depreciation, and global financial market turmoil. Historically, increased macroeconomic uncertainty has prompted investors to shift their portfolios to relatively stable assets, including gold.

Gold is often considered a safe haven asset due to its ability to retain its value during periods of inflationary pressure, currency depreciation, and global financial market turmoil. Historically, increased macroeconomic uncertainty has prompted investors to shift their portfolios toward relatively stable assets, including gold (Al-Nassar, 2024; Binh, 2024; Yeniley, 2025). In practice, investor behavior is also

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influenced by perceptions of economic conditions (Cai, 2025), future expectations (Ige & Onwubu, 2025), as well as individual interest levels (Murhadi et al., 2023) towards investment activities. This indicates that gold investment analysis needs to use a multidimensional approach that integrates macroeconomic factors and investor behavior factors.

Inflation Perceptions and Investment Decisions

Theoretically, rising inflation reflects a decline in the purchasing power of currency, prompting investors to seek investment instruments that can maintain the real value of their wealth. In the perspective of Behavioral Finance Theory Kent Baker & Nofsinger, (2010) investment decisions are influenced not only by the actual inflation rate, but also by investors' perceptions of future inflation.

Several empirical studies show that inflation has a positive relationship with gold demand and investment decisions in gold-based instruments. (Bunnag, 2024; Rao, 2025). This shows that gold is often used as a hedge against inflation risk. However, the strength of this relationship may vary between countries and time periods, depending on economic stability and the level of financial literacy among the population.

Exchange Rates and Gold Investment Decisions

Exchange rates are another macroeconomic variable that has important implications for investment decisions, particularly for globally traded instruments such as gold. When exchange rates depreciate, investors tend to seek assets that can protect the value of their wealth from currency risk. Therefore, gold is often seen as an instrument that can serve as a hedge against exchange rate risk.

However, several studies show mixed empirical results regarding the relationship between exchange rates and gold investment (Syarif, 2024; Rahmansyah & Rani, 2021). These differences may be due to variations in economic conditions, monetary policy, and the degree of financial market openness in each country.

Interest Rates and Investment Decisions

Theoretically, an increase in interest rates raises the opportunity cost of holding assets that do not provide a fixed return, such as gold. In conditions of high economic uncertainty, investors may still choose gold as a hedge even if interest rates rise. This shows that investment decisions are not only influenced by rational factors related to financial returns, but also by psychological factors such as risk perception and preferences for asset security.

Empirical findings regarding the effect of interest rates on gold investment also show inconsistent results. Some studies find a significant negative relationship, while others show a weak or even insignificant effect (Sandi et al., 2021; Wang et al., 2022). This inconsistency indicates that there are other variables that play a role in bridging the relationship between macroeconomic factors and investment decisions.

Investment Interest from a Behavioral Finance Perspective

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Within the framework of behavioral Ackert & Deaves, (2010) argue that investment interest is one of the key determinants influencing individuals' decisions to engage in investment activities. When investors have a positive perception of the prospects of an investment instrument, their interest in investing in that instrument will increase (Fahlevi & Susilowati, 2025). Conversely, high risk perception can reduce investment interest even though objectively the instrument has attractive profit potential.

Behavioral finance Theory Ackert & Deaves, (2010) emphasizes that investment decisions are not entirely based on economic rationality as assumed in classical financial theory, but are also influenced by psychological factors and investors' perceptions of economic conditions. Within this framework, investors' perceptions of economic dynamics can influence individuals' level of interest in investing, which ultimately determines the investment decisions they make.

This study also refers to Theory of Planned Behavio Fishbein & Ajzen, (2010) which states that individual behavior is influenced by the intention or interest to perform an action. In this theory, interest is the main determinant that bridges the gap between an individual's attitude or perception and actual behavior. Thus, in the context of investment, investment interest can be understood as an individual's psychological readiness to allocate funds to certain investment instruments.

RESEARCH METHOD

This study uses a quantitative approach with an explanatory design to analyze the causal relationship between inflation perceptions, exchange rates, and interest rates on gold investment decisions with investment interest as a mediating variable. This approach was chosen because the main objective of the study is to test the indirect influence mechanism between variables, not merely to describe the phenomenon. The data used is primary data collected through a survey using a structured questionnaire with a five-point Likert scale. The research population consists of individuals who have experience or interest in gold investment, both physical gold and gold-based instruments, with a total of 172 respondents. The sampling technique used was purposive sampling with the criterion that respondents had basic literacy related to economic and investment conditions. A perception-based approach was considered relevant because individual investment decisions are more influenced by subjective interpretations of macroeconomic conditions than by objective indicators alone.

Data analysis was conducted using Partial Least Squares-based Structural Equation Modeling (PLS-SEM) because this method is capable of testing simultaneous relationships between latent variables and effectively accommodating mediation models. The analysis stages included evaluation of the measurement model to test the validity and reliability of the constructs, as well as evaluation of the structural model to test the direct and indirect effects between variables. (Latan et al., 2023). The mediation effect of investment interest was tested using the bootstrapping procedure to obtain robust significance estimates. PLS-SEM was chosen based on the characteristics of the model, which is predictive, complex, and involves psychological constructs, making this

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method the most appropriate for explaining gold investment behavior in the context of macroeconomic uncertainty.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

Characteristics	Category	Frequency	Percentage (%)
Sex	Male	67	39,0
	Female	105	61,0
Education	High school/equivalent	20	11,6
	Bachelor's degree/Diploma	73	42,4
	Master's degree	69	40,1
	Doctorate/ Ph.D.	10	5,8
Work	civil servant	77	44,8
	Other professions	41	23,8
	Student	24	14,0
	Private Employee	22	12,8
	Entrepreneurship	8	4,7
Monthly income	Rp 1.000.000 – Rp 2.500.000	56	32,6
	Rp 2.600.000 – Rp 5.000.000	54	31,4
	Rp 5.100.000 – Rp 10.000.000	56	32,6
	> Rp 10.000.000	6	3,5
Gold Investment Experience	Never	74	43,0
	Ever Invested	46	26,7
	Actively Investing	52	30,2

Based on the characteristics of the respondents, the majority were female (61%) with educational levels dominated by bachelor's/diploma degrees (42.4%) and master's degrees (40.1%). Most respondents worked as civil servants (44.8%) with varying income levels, mainly in the range of IDR 1,000,000–IDR 2,500,000 and IDR 5,100,000–IDR 10,000,000. Meanwhile, some respondents did not have any experience investing in gold (43%), although there were respondents who had invested and were still actively investing. These characteristics show that the respondents had quite diverse socioeconomic backgrounds but relatively adequate levels of education and income

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stability, enabling them to understand economic information such as inflation, exchange rates, and interest rates that could affect their interest and decisions in investing in gold.

Convergen Validity (Outher Loading)

Table 1: Convergen Validity

Construct	Indicator	Loading
X1	X1.1	0.743
X1	X1.2	0.781
X1	X1.3	0.774
X1	X1.4	0.728
X2	X2.1	0.801
X2	X2.2	0.786
X2	X2.3	0.754
X2	X2.4	0.762
X3	X3.1	0.721
X3	X3.2	0.734
X3	X3.3	0.758
X3	X3.4	0.742
Z	Z.1	0.879
Z	Z.2	0.882
Z	Z.3	0.866
Z	Z.4	0.878
Y	Y1.1	0.892
Y	Y1.2	0.901
Y	Y1.3	0.884
Y	Y1.4	0.893

The results of the analysis in Table 1 show that all indicators in the research variables have a loading value above 0.70, thus meeting the criteria for convergent validity. This indicates that the indicators used are able to adequately represent the measured construct

Discriminant Validity (HTMT Ratio)

Table 2: HTMT Ratio

Construct	X1	X2	X3	Z	Y
X1	—	0.842	0.412	0.563	0.421
X2		—	0.398	0.487	0.402
X3			—	0.278	0.201
Z				—	0.871
Y					—

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Table 2 HTMT ratio shows that all ratio values between constructs are below the threshold of 0.90. This indicates that each construct has clear empirical differentiation and there is no conceptual overlap between latent variables. Therefore, discriminant validity based on the HTMT approach is acceptable.

Discriminant Validity (Fornell–Larcker Criterion)

Table 3: Fornell–Larcker Criterion

Construct	X1	X2	X3	Z	Y
X1	**0.757**				
X2	0.742	**0.782**			
X3	0.334	0.347	**0.747**		
Z	0.501	0.409	0.220	**0.876**	
Y	0.368	0.334	0.159	0.833	**0.890**

The Fornell–Larcker test was used to assess the discriminant validity between constructs. The analysis results showed that the square root of AVE (√AVE) value for each variable was greater than the correlation value between other variables. This indicates that each construct has a good level of discrimination in the research mode.

Convergent Reliability

Table 4: Convergent Reliability

Construct	Cronbach Alpha	Composite Reliability	AVE
X1	0.83	0.842	0.573
X2	0.85	0.863	0.612
X3	0.81	0.833	0.558
Z	0.92	0.930	0.768
Y	0.93	0.938	0.792

The test results table shows that all variables have Cronbach's Alpha and Composite Reliability values above 0.70, as well as AVE values above 0.50. Thus, each construct in this study is declared reliable and meets the criteria for convergent validity.

Collinearity (VIF)

Table 5: VIF

Predictor	VIF
X1 → Z	2.11
X2 → Z	2.09
X3 → Z	1.26
X1 → Y	2.31

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X2 → Y	2.18
X3 → Y	1.31
Z → Y	1.74

Collinearity testing was performed by examining the Variance Inflation Factor (VIF) value for each relationship between variables. The analysis results showed that all VIF values were below the 5 threshold, so it can be concluded that there were no multicollinearity issues in the research model.

Determination coefficient R square (R^2)

Table 6: R square (R^2)

Endogenous Variable	R^2	Interpretation
Z	0.256	Moderate
Y	0.699	Strong

The R-square (R^2) value in Table 6 shows the ability of independent variables to explain dependent variables. The analysis results show that the R^2 value for variable Z is 0.256, while the R^2 for variable Y is 0.699. These values indicate that the exogenous variables in the model are able to explain the variation in the endogenous variables.

Structural Model

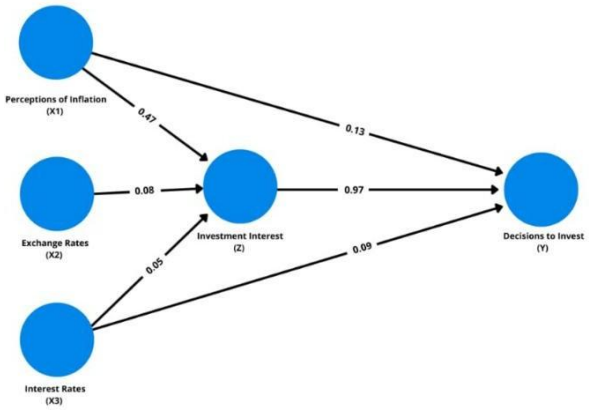


Figure 1: Structural Model

Structural model evaluation was conducted by examining the path coefficient values between variables. The estimation results showed that the relationships between constructs in the model had different directions and strengths for each path analyzed.

Predictive Relevance (Q^2 via Blindfolding)

Table 7: Q^2 via Blindfolding

Endogenous Variable	Q^2
Z	0.18
Y	0.54

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Predictive relevance (Q^2) testing was conducted using a blindfolding procedure to assess the model's predictive ability for endogenous variables. The results of the analysis show that the Q^2 value for endogenous variables is above 0, indicating that the research model has good predictive ability.

Effect Size (f^2)

Table 8: Effect Size (f^2)

Relationship	f^2	Effect
X1 → Z	0.28	Medium
X2 → Z	0.02	Small
X3 → Z	0.01	Small
Z → Y	1.12	Very Large

The effect size (f^2) value is used to determine the contribution of each exogenous variable to the endogenous variable. The analysis results show that each variable has a different level of contribution in explaining the dependent variable in the research model.

Path Coefficient (Direct Effects) & Bootstrapping Result

Table 9: Bootstrapping Result (Direct Effects)

Path Relationship	Original Sample (β)	STDEV	T Statistics	P Values	Result
X1 → Z	0.472	0.131	3.595	0.000	Significant
X2 → Z	0.082	0.126	0.628	0.530	Not Significant
X3 → Z	0.052	0.081	0.609	0.542	Not Significant
X1 → Y	-0.135	0.108	1.205	0.228	Not Significant
X2 → Y	0.090	0.110	0.777	0.437	Not Significant
X3 → Y	-0.022	0.049	0.425	0.671	Not Significant
Z → Y	**0.977**	0.050	**19.773**	**0.000**	Significant

The bootstrapping results in the structural model show that not all relationships between variables in this study are statistically significant. The relationship X1 → Z has a path coefficient value of 0.472 with T-statistics of 3.595 and a p-value of 0.000, indicating a positive and significant effect on Z. Conversely, the relationship between X2 → Z (β = 0.082; T = 0.628; p = 0.530) and X3 → Z (β = 0.052; T = 0.609; p = 0.542) is not significant, indicating that these two variables have no significant effect on Z. In the direct relationship with variable Y, all independent variables were not significant, namely X1 → Y (β = -0.135; T = 1.205; p = 0.228), X2 → Y (β = 0.090; T = 0.777; p = 0.437), and X3 → Y (β = -0.022; T = 0.425; p = 0.671), so that all three do not have a significant direct effect on Y. Meanwhile, the relationship Z → Y shows a very strong and significant effect with β = 0.977, T-statistics 19.773, and p-value 0.000, indicating

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that variable Z is the main factor determining Y. These findings confirm that variable Z plays an important role in explaining the relationship in the structural model, so that decisions on variable Y are more influenced by the mediation mechanism through this variable.

Bootstrapping Mediation Effect (Indirect Effects)

Table 10: Bootstrapping Mediation Effect (Indirect Effects)

Indirect Relationship	Indirect Effect	T Statistic	P Value	Mediation Type
X1 → Z → Y	0.461	3.31	0.001	Full Mediation
X2 → Z → Y	0.080	0.61	0.541	No Mediation
X3 → Z → Y	0.051	0.59	0.554	No Mediation

The results of the indirect effect analysis show that not all mediating relationships in the research model are significant. The relationship X1 → Z → Y has an indirect effect value of 0.461 with a T-statistic of 3.31 and a p-value of 0.001, indicating a significant indirect effect and full mediation, where variable Z fully mediates the effect of X1 on Y. Conversely, the relationship X2 → Z → Y has an indirect effect of 0.080 with a T-statistic of 0.61 and a p-value of 0.541, and X3 → Z → Y has an indirect effect of 0.051 with a T-statistic of 0.59 and a p-value of 0.554, indicating that both relationships are insignificant and therefore no mediation occurs through variable Z. These findings indicate that the role of variable Z as a mediator is only effective in bridging the effect of X1 on Y, while in the relationships between X2 and X3 on Y, the mediation mechanism is not statistically proven.

Total Effects (Direct + Indirect Combination)

Table 11: Direct + Indirect Combination

Path	Direct	Indirect	Total
X1 → Y	-0.135	0.461	**0.326**
X2 → Y	0.090	0.080	**0.170**
X3 → Y	-0.022	0.051	**0.029**

The results of the total effect analysis show that the overall effect of the independent variables on Y is a combination of direct and indirect effects through the mediating variable Z. Variable X1 has a total effect of 0.326 on Y, which is formed from a negative direct effect (-0.135) and a positive indirect effect through Z (0.461), resulting in an overall positive relationship. Furthermore, X2 has a total effect of 0.170 on Y, which comes from a direct effect (0.090) and an indirect effect through Z (0.080), resulting in a positive effect with moderate strength. Meanwhile, X3 on Y has a total effect of 0.029, which shows a positive but very weak effect because the indirect effect through Z (0.051) is greater than the direct effect (-0.022). These findings indicate that variable Z plays an important role in strengthening the relationship between the independent variables and Y.

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Discussion

This study aims to analyze the effect of inflation perception, exchange rate, and interest rate on gold investment decisions with investment interest as a mediating variable. The results of the analysis using the SEM-PLS approach show that the relationships between variables in the research model have different characteristics between direct and indirect effects. The findings of this study provide a more comprehensive understanding of how macroeconomic factors influence individual investment behavior through psychological mechanisms.

The Effect of Inflation Perceptions on Investment Interest

The results show that inflation perceptions have a positive and significant effect on investment interest. These findings indicate that when investors perceive an increase in inflation or price instability, their tendency to invest in gold becomes higher. This condition can be explained by the characteristics of gold, which has historically been viewed as a hedge against inflation.

In portfolio theory perspective Markowitz, (1991), investors tend to allocate funds to assets that are able to maintain real wealth value when inflationary pressures occur. Therefore, increased perceptions of inflation can increase the attractiveness of investing in gold as part of a portfolio diversification strategy. This finding is also consistent with the behavioral finance approach Ackert & Deaves, (2010) which explains that perceptions of economic conditions can influence individual investment preferences.

These findings are consistent with research by Valadkhani & O'Mahony, (2024) which found that inflation has a positive relationship with demand for gold as a hedge asset. In addition, research by Rao, (2025) also shows that rising inflation encourages investors to switch to more stable investment instruments such as gold. The similarity of these results indicates that inflation perceptions are an economic factor that is relatively easy for investors to understand, thereby directly influencing investment interest.

The Effect of Exchange Rates on Investment Interest

In contrast to perceptions of inflation, the results of the study show that exchange rates have no significant effect on investment interest. These findings indicate that changes in or perceptions of exchange rate fluctuations do not directly increase investor interest in gold investments.

The findings of this study are consistent with the research by Nawatmi et al., (2024) which found that exchange rates have no significant effect on individual investors' interest in investing in gold. The study explains that most retail investors consider psychological factors and risk perception more than complex macroeconomic indicators.

However, the results of this study differ from those of the study K.-M. Wang et al., (2021) which found that currency depreciation has a significant effect on increasing demand for gold in several developing countries. These differing findings may be due to differences in investor characteristics, levels of economic literacy, and financial market conditions in each country.

Theoretically, depreciation of the domestic currency can increase the price of gold in the local market because gold is traded in US dollars. However, the results of this study show that individual investors may not directly associate exchange rate changes with decisions to increase interest in investing in gold. This phenomenon can be explained by the limited macroeconomic literacy of some individual investors, so

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that exchange rate fluctuations are not always perceived as a relevant factor in investment decisions. In addition, investors may pay more attention to economic indicators that are easier to understand, such as inflation, rather than the relatively complex dynamics of exchange rates.

Interest Rate Effects on Investment Interest

The analysis also shows that perceptions of interest rates have no significant effect on investment interest. Theoretically, an increase in interest rates can increase the opportunity cost of holding assets that do not provide a fixed return, such as gold. Therefore, an increase in interest rates is usually associated with a decline in the attractiveness of investing in gold.

However, the results of this study indicate that perceptions of interest rate changes do not significantly affect investor interest in gold investments. This may indicate that individual investors do not always directly consider interest rates when determining their investment interests. This finding is in line with the research by Yuniarsih & Permatasari, (2023) which found that interest rates have no significant effect on retail investors' interest in investing in gold. The study shows that individual investors are more influenced by their perception of investment security than by changes in interest rates.

In contrast, the results of this study differ from those of Shaikh & Vallabh, (2022) who found that an increase in interest rates has a negative effect on the demand for gold. This difference in results may be due to differences in the research context and the characteristics of the investors studied.

In the behavioral finance perspective of Kent Baker & Nofsinger, (2010), investment decisions are often influenced by investors' perceptions of risk and comfort levels with an investment instrument, rather than solely by rational economic indicators. Therefore, although interest rates can theoretically influence gold investment, in practice this influence is not always significant at the individual behavior level.

The Direct Effect of Macroeconomic Variables on Investment Decisions

The results show that perceptions of inflation, exchange rates, and interest rates do not have a significant direct effect on gold investment decisions. These findings indicate that investors do not directly convert their perceptions of macroeconomic conditions into investment decisions.

These results indicate that the relationship between macroeconomic factors and individual investment decisions is indirect and involves certain psychological mechanisms. Investors do not always respond directly to economic changes, but rather through a process of evaluation and interest formation. The results of this study are in line with Jindal, (2025) research, which found that macroeconomic variables do not always have a direct influence on individual investment decisions because investor behavior is influenced by psychological factors such as risk perception and investment interest.

However, these results differ from several macroeconomic studies that show that inflation and interest rates have a direct effect on gold investment at the market level. This difference indicates that the relationship between macroeconomic variables and investment decisions may differ when analyzed at the individual behavior level compared to the aggregate market level. This finding reinforces the argument in Ackert & Deaves, (2010) behavioral finance theory, which states that investor behavior is influenced by cognitive and affective factors, so that investment decisions are not always a direct response to changes in economic conditions.

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The

Effect of Investment Interest on Gold Investment Decisions

The analysis results show that investment interest has a positive and very strong influence on gold investment decisions. These findings indicate that the higher an individual's interest in investment activities, the more likely that individual is to make a decision to invest in gold. These findings are consistent with the research by Ganesamurthy & Anjuka, (2025) which found that investment interest has a significant influence on individual investment decisions. The study confirms that investors with a high interest in investing tend to be more active in seeking investment information and quicker to make investment decisions.

Within the framework Theory of Planned Behavior Fishbein & Ajzen, (2010) interest or intention is the main determinant that influences an individual's actual behavior. Thus, investment decisions can be viewed as a consequence of the investor's psychological readiness to engage in investment activities. The magnitude of the path coefficient in this relationship indicates that psychological factors play a very important role in explaining gold investment behavior. Investors with a high interest in investing tend to be more active in seeking information, evaluating investment opportunities, and making more rational investment decisions.

The Role of Investment Interest Mediation

One of the main findings in this study is that investment interest acts as a mediating variable in the relationship between inflation perceptions and gold investment decisions. The results of the analysis show that the effect of inflation on investment decisions occurs indirectly through an increase in investment interest. This finding indicates that perceptions of inflation do not directly encourage investors to invest in gold, but rather first increase individuals' interest in investment activities. Once investment interest has been formed, only then do individuals make investment decisions.

These findings support Spytska, (2024) research, which emphasizes that psychological factors such as investment interest can be a mechanism that explains the relationship between economic conditions and investment behavior. However, the results of this study also show that investment interest does not mediate the relationship between exchange rates and interest rates on investment decisions. This indicates that these two variables are not strong enough to shape investor interest in the context of this study.

Research Implications

The findings of this study contribute to the development of behavioral finance literature by showing that psychological factors play an important role in explaining the relationship between macroeconomic conditions and individual investment decisions. Perceptions of economic conditions do not always have a direct impact on investment decisions, but rather influence the formation of investment interest. This study also integrates portfolio theory and the Theory of Planned Behavior to provide a more comprehensive analytical framework for the interaction between economic and psychological factors in gold investment decisions. In practical terms, the results of this study show that understanding macroeconomic conditions and increasing investment interest are important factors for investors in making more rational decisions. For policymakers and financial institutions, increasing financial literacy and public investment interest can be an effective strategy to encourage broader investment participation and a more rational response to economic dynamics.

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CONCLUSION

This study analyzes the effect of inflation perception, exchange rate, and interest rate on gold investment decisions with investment interest as a mediating variable using the SEM-PLS approach. The results show that inflation perception has a positive and significant effect on investment interest, while exchange rate and interest rate do not have a significant effect on investment interest. Furthermore, these three macroeconomic variables do not have a significant direct effect on gold investment decisions. Conversely, investment interest has been proven to have a positive and very strong effect on gold investment decisions, indicating that psychological factors play an important role in individual investment behavior. Mediation analysis also shows that investment interest fully mediates the relationship between inflation perception and gold investment decisions. These findings confirm that the influence of macroeconomic conditions on individual investment decisions is not always direct, but works through psychological mechanisms in the form of investment interest formation. Therefore, the integration of macroeconomic and behavioral finance perspectives is important in explaining gold investment behavior at the individual level.

This study has several limitations that need to be considered. First, this study uses a perception-based approach, so the results are greatly influenced by respondents' subjective interpretations of economic conditions. Second, the study sample is limited to a specific group of investors, so the results cannot necessarily be generalized broadly. Future research should use a larger sample and include various groups of investors with different levels of financial literacy. In addition, future research may also consider other variables such as risk perception, financial literacy, and trust in the market as factors that influence gold investment decisions.

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