

The Role of Financial Literacy and Risk Tolerance on Investment Decisions

Hidayatullah¹

Politeknik Negeri Ujung Pandang, Indonesia

Ahmadi Usman

Politeknik Negeri Ujung Pandang, Indonesia

Dian Gita Utami

Politeknik Negeri Ujung Pandang, Indonesia

Aedil Firmansya

Politeknik Negeri Ujung Pandang, Indonesia

Muhammad Sadiq

Politeknik Negeri Ujung Pandang, Indonesia

ABSTRACT

This study investigates the influence of financial literacy and risk tolerance on investment decisions among students of the Business Administration and Accounting Departments at Politeknik Negeri Ujung Pandang. The importance of this research lies in the increasing awareness among students regarding the value of investing, yet their decisions often rely solely on existing financial knowledge without adequate consideration of risk management, leading to inconsistent results. Addressing this gap, the study aims to determine whether financial literacy and risk tolerance significantly contribute to students' investment decision-making. The research employs a quantitative approach using a purposive sampling technique to select 86 respondents who have prior investment experience. Data were collected through questionnaires and analyzed using SPSS version 25, incorporating validity tests, reliability tests, normality tests, multicollinearity tests, t-tests, and F-tests. The findings revealed that financial literacy and risk tolerance simultaneously exert a positive and significant effect on investment decisions. Furthermore, both variables individually demonstrate a positive and significant influence. These results highlight that investment decisions are shaped not only by knowledge but also by the ability to manage risks, suggesting that enhancing both aspects is crucial for improving investment outcomes among students.

Keywords: Financial Literacy, Risk Tolerance, Investment Decisions.

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¹E-mail Corresponding Author: hidayatullahya@gmail.com

1. INTRODUCTION

The ability to manage finances well is an important necessity amid the dynamics of the modern economy. One way to achieve financial stability is through investment. Investment provides opportunities for individuals to develop assets and achieve long-term financial security. However, unwise investment decisions are often caused by low financial literacy and limited understanding of risk tolerance.

Financial literacy encompasses the knowledge, skills, and beliefs that influence individuals in making financial decisions. According to a 2024 survey by the Financial Services Authority (OJK), the financial literacy index of Indonesians is 65.43%, while the financial inclusion index is 75.02%. These figures show that many Indonesians use financial services but do not have an adequate understanding of financial products and services. Regarding investment products, low financial literacy often causes individuals, including students, to fail to understand investment instruments, the risks involved, and appropriate financial management strategies.

For students, especially those at the Ujung Pandang State Polytechnic, financial literacy is very important because it forms the basis for rational investment decision-making. As students majoring in Business Administration and Accounting, they have access to formal education that can enrich their understanding of finance. However, low literacy levels can hinder their ability to identify profitable investment opportunities while minimizing the risk of loss. Lack of financial literacy also makes students more vulnerable to fraudulent investment offers that promise large profits but are full of hidden risks.

In addition to financial literacy, risk tolerance also plays an important role in investment decisions. Risk tolerance refers to the extent to which a person is willing to accept risk in pursuit of profit. One of the main problems in risk tolerance is the lack of individual awareness of their own risk profile. Many students, as novice investors, do not understand the relationship between risk and potential returns, so they tend to choose investment instruments that are not in line with their goals or conditions.

Psychological biases also influence risk tolerance. For example, loss aversion can cause individuals to avoid risky investments even if they have significant profit potential. Conversely, overconfidence can encourage someone to take big risks without careful consideration. Students who are just starting their investment journey are often influenced by these biases, which can have a negative impact on their investment results.

Another factor that influences risk tolerance is knowledge and experience. Students who lack understanding of the characteristics of various investment instruments often feel confused when choosing the right option. They may also be influenced by market trends or advice from peers, without considering their own risk profile. As a result, the investment decisions they make are often not in line with their financial goals.

Research conducted by St. Salwah (2020) in Makassar City entitled “The Influence of Financial Literacy, Overconfidence, and Risk Tolerance on Investment Decisions in Capital Market Products in Makassar City” found that financial literacy does not have a significant influence on investment decisions. This shows that even though individuals have a good level of financial literacy, this factor is not a major determinant in investment decision-making among investors in Makassar City. This study also revealed that risk tolerance has a significant effect on

investment decisions. This means that an investor's ability to accept risk is a key factor that influences their investment decisions.

In contrast, research conducted by Yulianis and Sulistyowati (2021) entitled “The Effect of Financial Literacy, Overconfidence, and Risk Tolerance on Investment Decisions” in Sidoarjo showed different results. This study found that financial literacy has a positive and significant influence on investment decisions. These findings indicate that the better a person's financial understanding, the more rational and effective their investment decisions will be. However, unlike the previous study, this study found that risk tolerance does not have a significant influence on investment decisions. This means that for respondents in Sidoarjo, the factor of risk tolerance is not a major consideration in making investment decisions. Thus, it is possible that this study will also produce different findings, depending on the characteristics of the population I am studying, the data collection methods used, and other variables relevant to the context of this study.

In the context of students at the Ujung Pandang State Polytechnic, it is important to analyze how financial literacy and risk tolerance influence investment decisions. As a young generation with access to formal education in administration and finance, they have great potential to become rational and strategic investors. However, to achieve this, they need to understand the relationship between financial literacy, risk tolerance, and investment decisions in greater depth.

The results of preliminary interviews showed that most Business Administration and Accounting students at the Ujung Pandang State Polytechnic indicate that they make investment decisions based solely on their financial knowledge. Although they are aware of the risks involved in investing, many find it difficult to control their emotions when experiencing losses, so they often make impulsive and irrational decisions. In addition, financial management skills such as planning, expenditure control, and investment strategies are still relatively low. The mentality in dealing with portfolio value fluctuations is also a challenge, which ultimately has a negative impact on their investment results.

Furthermore, students are also aware of the risks and understand the concept of risk to reward of an asset, which is the relationship between potential profits and the risks involved. However, they often do not consider the extent to which they are able to realistically withstand these risks. This causes students to tend to make investment decisions that are not in line with their risk profile, thereby increasing the risk of loss.

Therefore, this study aims to know (1) How is the level of financial literacy among students of the Department of Business Administration and Accounting at Politeknik Negeri Ujung Pandang? (2) How is the level of risk tolerance among these students? (3) How are their investment decisions characterized? (4) What is the simultaneous effect of financial literacy and risk tolerance on students' investment decisions? (5) What is the partial effect of financial literacy on investment decisions? and (6) What is the partial effect of risk tolerance on investment decisions among students of the Department of Business Administration and Accounting at Politeknik Negeri Ujung Pandang?

2. RESEARCH METHOD

This study employed a quantitative approach using an associative method to analyze the relationship between financial literacy, risk tolerance, and investment decisions. The population in this research consisted of students from the Department of Business Administration and Accounting at Politeknik Negeri Ujung Pandang who had prior investment experience. A total of 86 respondents were selected through purposive sampling, with the criterion that participants must have previously engaged in investment activities.

Primary data were collected through questionnaires distributed to the respondents. The questionnaire items for the risk tolerance variable were adapted from the study conducted by Masuroh and Perwitasari (2021). The questionnaire items for the financial literacy variable were adapted from the OECD, while the items for the investment decision variable were adjusted and adapted from Putri and Hamidi (2019). Each item was measured using a Likert scale. Prior to distribution, the research instrument was tested for validity and reliability to ensure its accuracy and consistency. Data analysis was carried out using SPSS version 25, which included validity testing, reliability testing, normality testing, multicollinearity testing, t-tests, and F-tests. Multiple linear regression was applied to examine the simultaneous and partial effects of financial literacy and risk tolerance on investment decisions.

Table 1. Likert Scale

Category	Score
Very Poor (VP)	1
Poor (P)	2
Good (G)	3
Very Good (VG)	4

Source : Sugiyono (2020)

Table 2. Likert Scale Value Categories

Category	Score
Very Poor (VP)	1,00 - 1,75
Poor (P)	1,76 - 2,51
Good (G)	2,52 - 3,27
Very Good (VG)	3,28 - 4,00

Source : Sugiyono (2020)

For drawing conclusions in general, the average score method was used

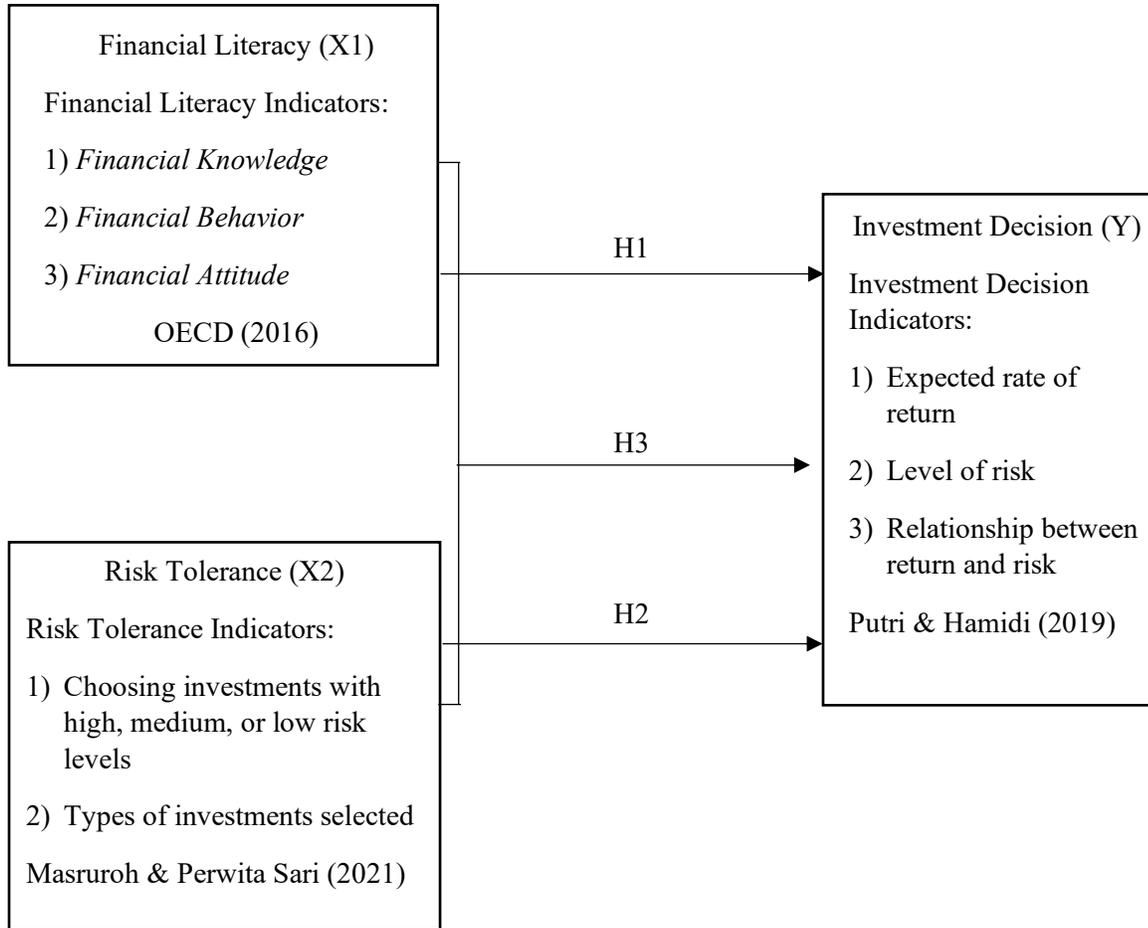


Figure 1. Conceptual Framework

3. RESULT AND DISCUSSION

To obtain an overview of the respondents' profiles, the characteristics analyzed include department and study program. This aims to provide a general description of the students from the Department of Business Administration and Accounting at Politeknik Negeri Ujung Pandang who participated as respondents in this study.

The research data were collected through questionnaires distributed online to ensure easy access for respondents. This instrument was chosen because it is efficient, practical, and capable of producing standardized data that support quantitative analysis. In this study, a closed-ended questionnaire was used, in which each item was provided with structured answer options. Respondents only needed to select the answer that best matched their views or experiences. The use of closed-ended statements was chosen to ensure that the collected data could be processed more easily, measured consistently, and support hypothesis testing through statistical methods.

Each item in the questionnaire was developed based on the indicators of the research variables, namely financial literacy, risk tolerance, and investment decisions, which were measured using a four-point Likert scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Agree, and 4 =

Strongly Agree. The use of this scale provides a clear structure, makes it easier for respondents to choose answers, and produces reliable data for further analysis.

The procedure for completing the questionnaire was carried out systematically, starting with distributing the questionnaire link, filling it out by respondents within the specified time frame, and then processing and analyzing the collected data. Through this approach, the researcher was able to obtain accurate and relevant data to examine the relationships among the research variables.

3.1 Responden Characteristic

3.1.1 Respondent Characteristics Based on Departement

The characteristics of respondents based on department can help the researcher identify the distribution of students between the Business Administration and Accounting Departments. This information provides accuracy in the data collected, thereby supporting the achievement of more precise research results. The characteristics of respondents based on department can be seen in the following table.

Table 3. Respondent Characteristics Based on Departement

Departement	Frequency (F)	Percentage (%)
Business Administration	51	59,3
Accounting	35	40,7
Accumulate	86	100

Source: Data Processed by SPSS 25

3.1.2 Respondent Characteristics Based Study Program

The characteristics of respondents based on the study program can help the researcher identify the number of students from each study program involved in the study. This information provides accuracy in the data collected, thereby supporting the achievement of more precise research results. The characteristics of respondents based on the study program can be seen in the following table.

Table 4. Respondent Characteristics Based on Study Program

Departement	Frequency (F)	Percentage (%)
Business Administration	51	59,3
Accounting	35	40,7
Accumulate	86	100

Source: Data Processed by SPSS 25

3.2 Instrument Testing

3.2.1 Validity Testing

Table 5. Validity Test of Financial Literacy Variable

Item	r-count	r-table	Validity
X.1.1	0.461	0.212	Valid

X1.2	0.390	Valid
X1.3	0.430	Valid
X1.4	0.420	Valid
X1.5	0.434	Valid
X1.6	0.224	Valid
X1.7	0.656	Valid
X1.8	0.681	Valid
X1.9	0.689	Valid

Source: Data Processed by SPSS 25

In the results of the financial literacy variable validity test, all statements (X1.1 to X1.9) had a calculated r value greater than the table r (0.212), ranging from 0.425 to 0.694. This shows that each questionnaire item has good validity, because the calculated r value for all statements is greater than the table r value. Thus, it can be concluded that all statements in this questionnaire are valid and suitable for further research.

Table 6. Validity Test of Risk Tolerance Variable

Item	r-count	r-table	Validity
X2.1	0.516		Valid
X2.2	0.244		Valid
X2.3	0.290	0.212	Valid
X2.4	0.609		Valid
X2.5	0.465		Valid
X2.6	0.404		Valid

Source: Data Processed by SPSS 25

In the results of the risk tolerance variable validity test, all statements (X2.1 to X2.6) had calculated r values greater than the table r (0.212), with calculated r values ranging from 0.221 to 0.670. This indicates that each questionnaire item for the risk tolerance variable has good validity, because the calculated r value for all statements is greater than the table r value.

Table 7. Validity Test of Investment Decision Variable

Item	r-count	r-table	Validity
Y1	0.582		Valid
Y2	0.595		Valid
Y3	0.551		Valid
Y4	0.362		Valid
Y5	0.721	0.212	Valid
Y6	0.534		Valid
Y7	0.657		Valid
Y8	0.593		Valid
Y9	0.588		Valid

Source: Data Processed by SPSS 25

The validity test results show that all statements in the investment decision variable (Y1 to Y9) have a calculated r value greater than the table r (0.212), with calculated r values ranging from 0.423 to 0.716. This indicates that each questionnaire item in the investment decision variable meets the specified validity criteria.

3.2.2 Reliability Test

Table 8. Reliability Test Result

Reliability Statistics	
Cronbach's Alpha	N of Items
.862	24

Source: Data Processed by SPSS 25

The reliability test results show that Cronbach's Alpha value is 0.862 with a total of 24 items or indicators. A Cronbach's Alpha value greater than 0.70 indicates that the research instrument has excellent internal consistency.

3.3 Inferential Statistical Analysis

3.3.1 Normality Test

The normality test aims to examine whether the residual data in the regression model has a normal distribution. In this study, the normality test was conducted using the Kolmogorov-Smirnov method, which measures the suitability of the data distribution with the normal distribution. This test is effective for various sample sizes and uses p-values to determine whether the data is normally distributed. If the p-value is > 0.05 , the data is considered to be normally distributed, so that the basic assumptions in multiple linear regression analysis can be met, and the analysis results are valid and reliable.

Table 9. Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		86
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.07379942
Most Extreme Differences	Absolute	.087
	Positive	.087
	Negative	-.084

One-Sample Kolmogorov-Smirnov Test

Test Statistic	.087
Asymp. Sig. (2-tailed)	.141 ^c

Source: Data Processed by SPSS 25

The results of the normality test using the Kolmogorov-Smirnov method on the residual data show a p-value of 0.141, which is greater than 0.05. This indicates that the residual data in the linear regression model is normally distributed.

3.3.2 Multicollinearity Test

Table 10. Multicollinearity Test Result

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Financial Literacy	.534	1.872
	Risk Tolerance	.534	1.872

Source: Data Processed by SPSS 25

The results of the multicollinearity test show that the Tolerance value for both variables, namely Financial Literacy and Risk Tolerance, is 0.534, which is greater than 0.1, and the VIF value for both variables is 1.872, which is less than 10. This indicates that there is no significant multicollinearity between the two variables.

3.3.3 Coefficient of Determination (R²)

Table 11. Coefficient of Determination (R²) Result

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915 ^a	.838	.834	1.204

a. Predictors: (Constant), Risk Tolerance, Financial Literacy

b. Dependent Variable: Investment Decision

Source: Data Processed by SPSS 25

Based on the output in the Model Summary table, an R Square value of 0.838 was obtained, which means that 83.8% of the variability in student investment decisions can be explained by two independent variables, namely financial literacy and risk tolerance. The remaining 16.2% is explained by other factors outside the scope of this research model. This value indicates that the regression model used has a very high level of accuracy in explaining the relationship between the independent and dependent variables.

3.3.4 F Test (Simultaneous)

The F test is used to assess whether the independent variables collectively have a significant effect on the dependent variable at a significance level of 5% ($\alpha = 0.05$). The simultaneous effect is considered significant if the significance value (sig) is less than 0.05 and compared to the calculated F value obtained based on the degree of freedom in the F distribution.

$$\begin{aligned}
 f \text{ table} &= f(k-1; n-k) \\
 &= f(3-1; 76-2) \\
 &= f(2; 74) \\
 &= 3,12
 \end{aligned}$$

Table 12. F Test (Simultaneous) Result

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	393.425	2	196.713	36.570	.000 ^b
1	Residual	387.295	72	5.379		
	Total	780.720	74			

a. Dependent Variable: Investment Decision
 b. Predictors: (Constant), Risk Tolerance, Financial Literacy

Source: Data Processed by SPSS 25

Simultaneous Significance Test (F-test) results showed a calculated F value of 36.570 with a significance value of 0.000. Since the significance value is less than 0.05 ($0.000 < 0.05$) and the F value is greater than the F table value ($36.570 > 3.12$), it can be concluded that the independent variables simultaneously have a significant effect on the dependent variable. This means that, collectively, the independent variables used in the regression model are able to explain the variation that occurs in the dependent variable significantly.

3.3.5 t Test (Partial)

The partial significance test (t-test) is used to evaluate how much each independent variable (X1 and X2) affects the dependent variable (Y), assuming that the other variables remain constant. This test is conducted using a two-tailed test at a 95% confidence level, with a significance threshold of 5% ($\alpha = 0.05$) and the degree of freedom determined using the formula $df = n - k$.

$$\begin{aligned}
 t \text{ table} &= a; (df=n-k) \\
 &= 5\%; (df = (76-2)) \\
 &= (0,05;74) \\
 &= 1,666
 \end{aligned}$$

Table 13. Results of the t-Test of Financial Literacy on Investment Decisions
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	12.129	2.591		4.682	.000
Financial Literacy	.611	.091	.619	6.741	.000

a. Dependent Variable: Investment Decision

Source: Data Processed by SPSS 25

Based on the results of the partial t-test, it is known that the Financial Literacy variable has a t-value of 6.741 with a significance value of 0.000. This t-value is greater than the t-table value of 1.666, and the significance value is less than 0.05 ($0.000 < 0.05$). Therefore, it can be concluded that Financial Literacy has a positive and significant effect on the Investment Decisions of Business Administration and Accounting Students at the Ujung Pandang State Polytechnic.

Table 14. Results of the t-Test of Financial Literacy on Investment Decisions
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	11.010	2.840		3.876	.000

Risk Tolerance	1.005	.154	.608	6.539	.000
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a. Dependent Variable: Investment Decision

Source: Data Processed by SPSS 25

Based on the results of the partial t-test, it is known that the Risk Tolerance variable has a t-value of 6.539, with a significance value of 0.000. The t-value is greater than the t-table value of 1.666, and the significance value is less than 0.05 ($0.000 < 0.05$). Therefore, it can be concluded that Risk Tolerance has a positive and significant effect on students' Investment Decisions.

3.4 DISCUSSION

3.4.1 Financial Literacy of Business Administration and Accounting Students of Ujung Pandang State Polytechnic

The results of the descriptive analysis showed that the financial literacy of Business Administration and Accounting students at Politeknik Negeri Ujung Pandang is in the high category, with an overall average score of 3.20. The highest indicator is financial attitude (3.43, very high), which reflects students' awareness of the importance of financial planning, emergency funds, and confidence in the benefits of financial management. On the other hand, the lowest indicator is financial behavior (2.97, high), which shows that although students know the importance of saving and budgeting, their implementation in everyday life is still inconsistent. This suggests that students already have adequate knowledge and attitudes but need improvement in applying financial behavior on a daily basis.

3.4.2 Risk Tolerance of Business Administration and Accounting Students of Ujung Pandang State Polytechnic

The descriptive analysis results indicated that students' risk tolerance is also in the high category, with an average score of 3.07. The highest indicator is the type of investment chosen (3.28, very high), meaning that students already tend to select investment instruments that suit their financial goals and understand the characteristics of those instruments. The lowest indicator is the ability to adjust to different levels of risk (2.87, high), which shows that some students are still in the process of learning to match their risk preferences with the characteristics of the investments they choose. This finding illustrates that students are generally realistic and measured in facing investment risks, but further improvement is needed in assessing risk–return trade-offs.

3.4.3 Investment Decision of Business Administration and Accounting Students of Ujung Pandang State Polytechnic

The investment decision variable is categorized as **very high**, with an average score of **3.35**. The strongest indicator is risk awareness (**3.41**, very high), reflecting students' good understanding that every investment opportunity comes with proportional risk. The lowest indicator is the return–risk relationship (**3.27**, high), which indicates that although students understand basic investment principles, their decisions are still influenced by emotions, peer recommendations, or fluctuating market conditions. In general, students' investment decisions show a strong tendency toward

rationality and risk awareness, although emotional readiness and evaluative ability still need to be strengthened.

3.4.4 The Influence of Financial Literacy on the Investment Decisions of Business Administration and Accounting Students at the Ujung Pandang State Polytechnic

The results of the analysis indicated that financial literacy has a positive and significant effect on the investment decisions of Business Administration and Accounting students at Politeknik Negeri Ujung Pandang. This is evidenced by a t-value of 6.741, which is greater than the t-table value of 1.666, with a significance level of $0.000 < 0.05$. This means that H1 was approved, indicating that financial literacy has a positive and significant influence on students' investment decisions.

These findings are consistent with previous studies conducted by Junaidi Setiawan (2021), Radianto et al. (2020), and Venti Laksita Bangun (2020), which also found that financial literacy has a positive and significant impact on investment decision-making. This suggests that a strong understanding of financial concepts such as risk management, diversification, and financial planning plays a crucial role in shaping rational and well-informed investment behavior. Therefore, improving financial literacy is essential in helping students make wiser and more strategic investment decisions.

3.4.5 The Influence of Risk Tolerance on the Investment Decisions of Business Administration and Accounting Students at the Ujung Pandang State Polytechnic

The results of the t-test showed that risk tolerance has a positive and significant effect on students' investment decisions, with a t-value of $6.539 > 1.666$ and a significance level of $0.000 < 0.05$. This indicates that students with higher levels of risk tolerance tend to be more confident and willing to make investment decisions with higher potential returns. This means that H2 was approved, indicating that risk tolerance has a positive and significant influence on students' investment decisions.

This finding is consistent with the studies conducted by St. Salwah (2020), Yulianis and Sulistyowati (2021), and Pradikasari and Isbanah (2018), which found that risk tolerance significantly influences investment decisions. In the context of this study, students who possess a higher level of risk tolerance are more capable of assessing and accepting possible risks, allowing them to make investment decisions more confidently and rationally. This result reinforces the *risk-return trade-off* theory, which suggests that the higher the level of risk an investor is willing to bear, the greater the potential return that can be achieved.

3.4.6 The Influence of Financial Literacy and Risk Tolerance on the Investment Decisions of Business Administration and Accounting Students at the Ujung Pandang State Polytechnic

Simultaneously, the results showed that financial literacy and risk tolerance have a positive and significant effect on students' investment decisions, with an F-value of 36.570 and a significance level of $0.000 < 0.05$. The coefficient of determination (R^2) of 0.838 indicates that 83.8% of the variation in investment decisions can be explained by these two variables, while the remaining 16.2% is influenced by other factors outside the model. This means that H3 was

approved, indicating that financial literacy and risk tolerance jointly have a positive and significant influence on students' investment decisions.

This result supports the findings of previous studies by Junaidi Setiawan (2021), St. Salwah (2020), and Venti Laksita Bangun (2020), which showed that financial literacy and risk tolerance jointly influence investment decision-making. It implies that the combination of a solid understanding of financial knowledge and the ability to manage risk effectively plays a vital role in determining optimal investment choices. Therefore, students who possess high financial literacy and balanced risk tolerance are more rational, confident, and strategic in making their investment decisions.

4. CONCLUSION

Based on the results of the research and discussion, it can be concluded that the financial literacy of Business Administration and Accounting students at Politeknik Negeri Ujung Pandang is generally in the high category, with an average score of 3.20. Among the indicators, financial attitude is categorized as very high, while financial knowledge and financial behavior remain in the high category, indicating that students possess a strong understanding and awareness of financial management. The level of students' risk tolerance is also classified as high, with an average score of 3.07, where the indicator related to the type of investment chosen obtained the highest score, followed by other indicators that also demonstrate high awareness in assessing investment risks.

Furthermore, students' investment decisions fall into the very high category, with an average score of 3.35. The highest indicator is the expected rate of return, which reflects students' ability to evaluate potential investment outcomes, while their understanding of the relationship between risk and return is also at a high level. The analysis shows that financial literacy and risk tolerance simultaneously have a positive and significant influence on students' investment decisions, meaning that the higher the students' literacy and tolerance for risk, the better the quality of their investment decisions. Partially, both financial literacy and risk tolerance also show a positive and significant effect, where students with better financial literacy and higher risk tolerance tend to be more confident, accurate, and strategic in making investment choices.

The analysis of the findings reveals that Business Administration and Accounting students at Politeknik Negeri Ujung Pandang demonstrate a generally high level of financial literacy, with financial attitude emerging as the most prominent indicator. Their risk tolerance is also classified as high, particularly in selecting investment instruments that align with their financial objectives, while their investment decisions fall into the very high category, supported by a strong awareness of the risks inherent in every investment activity.

These findings confirm that financial literacy and risk tolerance, both individually and simultaneously, have a positive and significant effect on investment decisions. In other words, the higher the level of financial literacy and risk tolerance, the more rational, accurate, and confident students become in making investment decisions.

Theoretically, this study enriches the field of behavioral finance by providing empirical evidence that financial literacy and risk tolerance are key determinants of investment decision-making, particularly among young investors. Practically, the study offers valuable insights for educators and policymakers to design financial education programs that emphasize not only

knowledge acquisition but also risk management skills, thereby equipping students to become more competent and strategic investors.

The limitations of this study lie in its focused scope and research design. This research was conducted within the context of students from Politeknik Negeri Ujung Pandang, providing an in-depth understanding of this specific population. While this focused scope offers strong contextual insights, it also opens opportunities for broader investigations in future studies involving diverse academic, socio-economic, and geographical backgrounds. Additionally, the study examined only two main variables namely financial literacy and risk tolerance providing room for future research to include other potential determinants of investment decision-making.

Future studies are encouraged to broaden the scope of respondents by including students from multiple institutions or other societal groups, thereby enhancing the generalizability of findings. Incorporating additional variables such as financial technology adoption, behavioral biases, and demographic factors may also enrich the analysis. Moreover, applying a mixed-methods approach that combines quantitative surveys with qualitative insights would provide a deeper and more holistic understanding of the dynamics underlying investment decisions.

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