

Factors Influencing Cryptocurrency Investment Decisions on Millennials

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ABSTRAK

Penelitian ini bertujuan untuk secara menyeluruh menguji faktor-faktor yang memengaruhi keputusan investasi cryptocurrency pada milenial di Kota Malang. Pengumpulan data dilakukan melalui kuesioner daring berbasis Microsoft Form, melibatkan 100 responden dari komunitas investor milenial yang aktif melakukan transaksi jual beli mata uang kripto di Kota Malang. Metode penelitian yang digunakan adalah kuantitatif dengan pendekatan kausalitas, dan pengambilan sampel menggunakan rumus slovin. Data dianalisis menggunakan perangkat lunak SmartPLS4. Hasil penelitian menunjukkan bahwa overconfidence dan risk tolerance memengaruhi keputusan investasi cryptocurrency, sementara financial experience tidak memiliki pengaruh yang signifikan. Temuan menarik lainnya adalah overconfidence dan risk tolerance berperan sebagai mediator antara financial experience dan keputusan investasi cryptocurrency. Penelitian ini memiliki implikasi pada tingkat kesadaran investor terhadap risiko investasi, memungkinkan pengambilan keputusan yang lebih efektif mengingat karakteristik risiko tinggi dari investasi cryptocurrency. Model empiris yang diusulkan melibatkan faktor-faktor psikologis dan demografis, termasuk dua variabel mediasi terhadap investasi cryptocurrency, memberikan kontribusi tambahan pada literatur yang ada.

Kata kunci : Financial experience, overconfidence, risk tolerance, cryptocurrency investment decisions, millennials

INTRODUCTION

Research Background

Nowadays, as time goes by, economic activities have changed a lot from time to time, for example, nowadays you can do business anywhere and anytime just by using a smartphone connected to the internet. Such as bonds, mutual funds, stocks, and what has recently become a trend is cryptocurrency (Pratama, 2019). As stated by (Perayunda & Mahyuni, 2022), cryptocurrency investment involves digital currencies that leverage blockchain technology and operate within a peer-to-peer network.

The trading of crypto assets in Indonesia has been on the rise annually. According to Bappebti (Commodity Futures Trading Supervisory Agency), cryptocurrency transactions in Indonesia amounted to IDR 859.4 trillion in 2021. The Bappebti report shows an average growth in crypto transaction value of 16.2% per month in 2021. Meanwhile, the average cryptocurrency transaction value reached IDR 2.35 trillion per day in 2021. The increase in the number of transactions is inseparable from the increase in the number of crypto investors in the country. In contrast, the number of investors in 2020 was only 4 million people. That is, the number of crypto investors has increased by 180 percent in the last year. Until February 2022, the value of cryptocurrency transactions in Indonesia reached IDR 83.8 trillion.

According to Baker, et.al (2017) in Alam & Abidin, (2021: 131) Investment decisions are strongly influenced by the level of investor knowledge of the information received, as well as psychological factors or investor attitudes towards investment such as experience, cognitive problems, and emotions. Psychological behavior can drive an investor's investment decision, each investor must be able to recognize and accept information when making investment decisions so that the decision is optimal, but sometimes investors prioritize satisfactory results

rather than optimal results. These various asset problems clearly affect the psychology of investors in carrying out their investments (Zakaria et al., 2022).

Based on the results of Perayunda & Mahyuni's research, (2022) which examines cryptocurrency investment, only a few consider the use of overconfidence and risk tolerance variables as mediating/intervening variables, so researchers chose these variables as mediating variables in this study because both have not been widely used as mediating variables in the context of investment decision making, especially in the context of cryptocurrency. Overconfidence and risk tolerance are psychological factors and part of irrational thinking that becomes an option for investors in making investment decisions. Thus, when investors have financial experience conveyed by psychological factors such as overconfidence and risk tolerance, it affects cryptocurrency investment decisions. Previous research has mostly examined cryptocurrency investment which only looks at one factor as an investor's psychological factor, but in this study, researchers combine demographic factors, namely financial experience with psychological factors, namely overconfidence and risk tolerance (Perayunda & Mahyuni, 2022). This research was conducted on millennials because of the nature of millennials who are very adaptable and interested in the novelty of trends or technology so that from it is interesting to explore which certainly contributes to both millennial investors and the next generation to further open their insights and opportunities for developments in the field of fintech, one of which is cryptocurrency investment and in terms of increasing awareness and readiness of their investment risk level before making risky investment decisions such as cryptocurrency.

Based on the background that has been described, the researchers conducted research by raising the title “Factors Influencing Cryptocurrency Investment Decisions for Millennials”

Research Problem

Based on the background of this research, the formulation of this research problem is:

- 1) Does financial experience have an impact on cryptocurrency investment decisions in millennials?;
- 2) Does financial experience have an impact on overconfidence in millennials?;
- 3) Does overconfidence have an impact on cryptocurrency investment decisions in millennials?;
- 4) Does financial experience have an impact on risk tolerance in millennials?;
- 5) Is there a correlation between risk tolerance and the investment choices of millennials in the realm of cryptocurrency?;
- 6) Does financial experience through overconfidence influence cryptocurrency investment decisions in millennials?;
- 7) Does financial experience through risk tolerance influence cryptocurrency investment decisions in millennials?

Research Contributions

This research has contributions to be achieved, including:

1. This study serves as valuable input and an informative resource for investors seeking to understand the determinants of cryptocurrency investment decisions.
2. This study is valuable for the OJK as it offers a comprehensive understanding of the investment behavior of millennials in the cryptocurrency market. Such insights can aid in the development of effective policies to safeguard the interests of cryptocurrency investors.
3. This research is useful for millennials to provide useful insights into managing their investment decisions in cryptocurrency, minimizing risks, and maximizing potential returns.

THEORETICAL FRAMEWORK

Decision Theory

Decision making is an activity in assessing and making choices in solving a problem, usually done by choosing one alternative from several existing alternatives. The experts' definitions of decision making are as follows: Terry (1989) defines it as the process of choosing

one behavior or course of action from multiple available alternatives, while Siagian (1998) characterizes it as the prompt action taken to make a decision.

Behavioral Finance Theory

In the context of Indonesia, behavioral finance is defined as a theory focused on financial behaviors. It was originally introduced by Robert J. Shiller and Richard H. Thaler in 1991 (Sadalia and Butar, 2016). At that time, the behavioral finance theory first appeared because of the rejection of the efficient market theory where this efficient market theory assumed that everyone in the capital market behaved rationally, logically, and predictably, but at that time Shiller and Thaler opposed this theory and found that investors had psychological factors, which makes market conditions inefficient (Sadalia and Butar, 2016). The existence of psychological factors that affect investors causes investors to fail to process information properly, resulting in biased decisions (Pranyoto et al., 2020). Behavioral finance theory tries to prove that the mindset of investors in making investment decisions is an important thing to consider considering that investors are inseparable from psychological and emotional aspects (Nurbarani and Soepriyanto, 2022). Behavioral finance is a science that explains the important role of psychological factors in influencing investors' actions when making an investment decision. It can be said that these psychological factors are part of investors' alternative choices when they are unable to think rationally.

Investment Decision

Novianggie and Asandimitra (2019) define an investment decision as the act of earmarking a portion of present income with the anticipation of future benefits arising from an escalation in asset value. According to Addinpujoartanto and Darmawan (2020), the primary goal of investment decisions is to realize an augmentation in asset value over a period. Ainia and Lutfi (2019) emphasize that effective decision-making in investments requires a careful selection of investments that align with the investor's goals, anticipated returns, time frame, and associated risks. According to Putra et al., (2016) in the process of making investment decisions, there are two attitudes that influence investors' investment decisions, namely rational attitudes and irrational attitudes. A rational attitude is an attitude shown by an investor's attitude based on a mindset that uses common sense, where in this case investors make investment decisions based on financial literacy, while an irrational attitude is an attitude shown by investors based on several psychological and demographic factors. From the explanation above, it can be concluded that the definition of an investment decision is an action taken by an individual to allocate a portion of his income to a particular investment option in the hope of obtaining benefits from an increase in the value of assets that can prosper his life in the future.

Cryptocurrency

Cryptocurrency, a term originating from "cryptography," denoting secret code, and "currency," representing a medium of exchange, serves as a virtual transactional currency known for its fee-free nature (Huda and Hambali, 2020). The blockchain system is the underlying ledger technology for cryptocurrencies (Andrianto, 2017). It operates as a distributed ledger, granting access rights to every participant in the network (Noorsanti et al., 2018). Cryptocurrency is characterized by its decentralization, offering freedom from third-party intervention, particularly governmental entities, as emphasized by Dixon Jr (2019). Originally conceived as a cost-effective and swift alternative to traditional currencies, cryptocurrency has transformed into a novel investment instrument in the financial realm, as highlighted by Rejeb et al. (2021). Operating within the principles of market supply and demand, cryptocurrency represents a high-risk investment with notable volatility. Ausop and Aulia (2018) note that a limited circulating coin supply can lead to price surges. Cryptocurrency, according to Ausop and Aulia (2018), functions as a peer-to-peer electronic cash system, enabling transparent, cryptographically verified transactions across a vast network

of computer owners globally. In summary, cryptocurrency is a digital currency utilizing a peer-to-peer electronic system and relying on blockchain technology for its transaction recording system.

Financial Experience

Financial Experience is an incident of past actions that have been taken in terms of financial investment (Asfira et al., 2019). The existence of financial experience can be a guide and consideration for individuals in taking actions or financial decisions in the present (Mandagie et al., 2020). The experience becomes a basis for investors when deciding to invest and forming a portfolio (Kartika and Iramani, 2013). Humans have memories of good and bad events when investing, this is what causes humans to be able to make different decisions when investing. When the experience is something that provides benefits when investing, investors tend to be willing to take risks and be confident, but conversely, if the experience results in losses, investors tend not to be confident in processing the information obtained personally instead, they will follow information from other investors (herding), it can be said that experience has an impact on making investment decisions for investors (Sabir et al., 2019). Investors' financial experience will be reflected in the type of assets they have in their portfolio, which is in accordance with the experience they have when investing (Zhao and Zhang, 2021). So it can be concluded that experience is an important thing as a guide for investors in making investment decisions.

Overconfidence

Overconfidence is a mental attitude that is generally contrary to financial concepts where investors will ignore the high risks that may be encountered because they feel that their abilities are better than others in predicting the development of securities to be taken, so they usually do not diversify their portfolios (Khalid et al. , 2018). Overconfidence can have an impact on investor psychology when the investment taken suffers a large loss, due to being too confident and determined to buy a risky investment (Addinpujoartanto and Darmawan, 2020). Investors who have an attitude of overconfidence tend to give underestimated information available to the public and make reckless decisions to believe in their own judgments or assumptions which will lead to biased results in investment decisions (Salvatore and Esra, 2020). The emergence of an overconfidence bias in investors causes an increase in the frequency of investing in crypto assets resulting in a high level of volatility in the crypto market (Huang, 2022). So from the explanation above, it can be concluded that overconfidence is a biased attitude that investors have when they feel too confident in their abilities and knowledge and underestimate existing public information, thus ignoring high risks that might be encountered which of course can put pressure on investors. psychologically when their investment fails.

Risk Tolerance

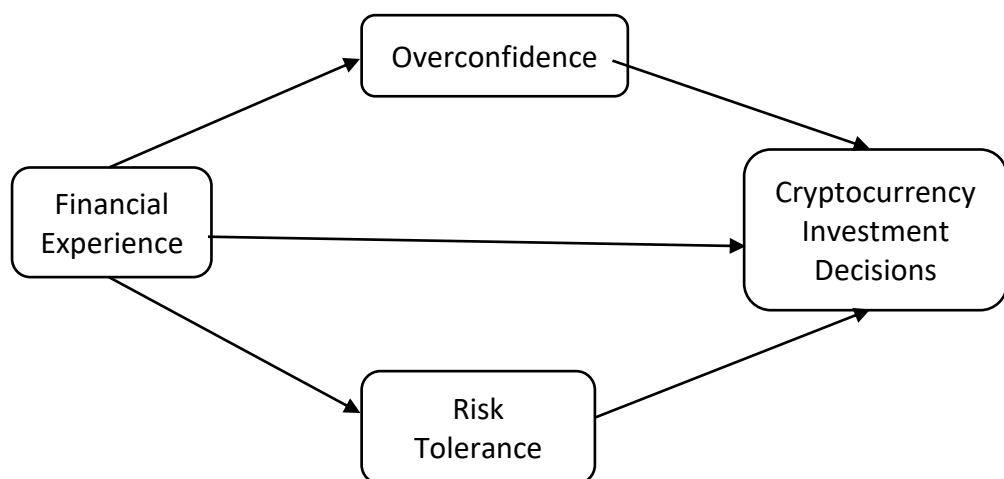
Risk tolerance is the extent to which an investor is comfortable with and open to various levels of risk. It hinges on multiple factors such as age, socioeconomic status, profession, earnings, wealth, and the timeline for future income. Investors' risk tolerance can be broadly categorized into three groups: risk seekers, who are inclined to embrace higher risks; risk neutrals, who exhibit a balanced approach; and risk averse individuals, who are more cautious (Wulandari and Iramani, 2014). The level of risk tolerance that a person has varies, depending on market conditions, so this has an impact on investors' intention to invest (Rahies et al., 2022). The following is an explanation of investors' risk tolerance levels: (1) Risk seekers are investors characterized by their inclination to invest in high-risk assets. They typically display an aggressive and speculative approach in making investment decisions, driven by the understanding that there is a positive relationship between return and risk. (2) Risk Neutral are investors who choose to be neutral in the sense that they will choose assets that have an increased return and the same or balanced risk, usually they are the type of investor who is very

careful in investing. (3) Risk Averse are investors who choose to avoid risk or minimize risk and tend to be conservative and want a safe investment with minimal risk with a stable rate of return. From the explanation above, it can be concluded that risk tolerance is the level of investor willingness to accept the risk that makes investors tolerant and at peace with risk and helps them adjust to the investment object to be chosen. In addition, this research also adds financial experience as a demographic factor which also contributes to the investment decision-making process.

Millennials

Millennials are known as Generation Y who were born in the 1980-2000 range where this generation is considered the most adaptable and open to new technologies and is also actively using social media (Rahadi and Stevanus, 2020). The millennial generation is very familiar with various kinds of digital technology, the internet, television channels, and various video games, so it's no wonder that the millennial generation is nicknamed "digital natives" (Hati and Harefa, 2019). Millennials are trying to find a way that is more familiar with their character, namely by exploring their expertise in technology, and this is evidenced by the increase in the price of Bitcoin in 2017 by 1400% which was driven by millennial users at that time (Martin, 2018). From the explanation above, it can be concluded that the definition of millennials is the generation born in the vulnerable years 1980-2000 who have an open attitude and have an interest in technological innovation.

Conceptual Framework



Research Hypothesis

- H1 : The financial experience factor affects overconfidence
- H2 : The overconfidence factor affects cryptocurrency investment decisions
- H3 : The financial experience factor affects risk tolerance
- H4 : Risk tolerance factors affect cryptocurrency investment decisions
- H5 : Financial experience factors affect cryptocurrency investment decisions
- H6 : Financial experience through overconfidence affects cryptocurrency investment decisions
- H7 : Financial experience through risk tolerance affects cryptocurrency investment decisions

RESEARCH METHOD

Research Design

The research methodology employed in this study is quantitative, as suggested by Sugiyono (2016: 13), due to the numeric nature of the research data and the subsequent statistical analysis. Furthermore, this research adopts a causal research approach, also known

as explanatory research. Causal research is undertaken to explore the nature and extent of cause-and-effect connections, which may involve evaluating the effects of specific alterations on established norms, various processes, and so forth. As described by Sugiyono (2016: 37), causal research aims to elucidate the cause-and-effect relationship between independent variables and dependent variables. In this study, the independent variable is financial experience, while the dependent variable is the decision to invest in cryptocurrency.

Population And Sample

The study encompasses the investor community in Malang as its population. Sampling, determined through the Slovin formula, resulted in a sample size of 89 respondents.

Operational Definitions of Variables

Financial Experience Factor (X1)

In this study, financial experience pertains to the investment know-how possessed by investors. The indicators employed to gauge the financial experience variable were drawn from a prior investigation carried out by Rorlen et al. (2020), as outlined in Perayunda and Mahyuni's study (2021), namely;

1. Prepare an investment plan before making an investment.
2. Conduct investment analysis before making an investment.
3. Gather information before making an investment.
4. Create an investment portfolio.

Overconfidence Factor (Z1)

Overconfidence in this study is overconfidence about investors' valuation abilities. The criteria employed for assessing the overconfidence variable have been borrowed from a study undertaken by Huda and Hambali (2020) as detailed in the research by Perayunda and Mahyuni (2021), namely;

1. Confident in one's ability to be better than others in choosing investment assets.
2. Can fully control the results of investment decisions.
3. Investment success in the past is due to the uniqueness of the capabilities possessed.
4. Confident in the performance of the investments made.

Risk Tolerance Factor (Z2)

Risk tolerance in this study is tolerance or acceptance of investment risk owned by investors. The measures utilized to evaluate the risk tolerance variable have been adjusted from a study carried out by Puspitasari (2018), as cited in Perayunda and Mahyuni (2021), namely;

1. Willingness to buy high-risk investments for high returns.
2. Willingness to buy investment with income.
3. Willingness to accept risks that lead to losses.

Cryptocurrency Investment Decision (Y1)

The investment decision in this study is the investor's decision to invest in cryptocurrency. The measures employed to assess the investment decision variables have been taken from the study conducted by Wulandari and Iramani (2014), as referenced in Perayunda and Mahyuni (2021), and include aspects such as;

1. Using income for risky investments.
2. Making investments without due consideration.
3. Engaging in unsecured investments.
4. Making investment decisions based on intuition or emotions.

Data Collection Sources and Methods

In this research, primary data was sourced directly from the Malang Beginner Stock Investor Community (Malang ISP) through a questionnaire distributed online in Microsoft format. The respondents, meeting specific criteria, provided their responses using a Likert scale ranging from 1 to 5. The scale values were assigned as follows: Strongly Disagree (SD) with a

value of 1, Disagree (D) with a value of 2, Neutral (N) with a value of 3, Agree (A) with a value of 4, and Strongly Agree (SA) with a value of 5.

Data Analysis Method

Data analysis is the process of transforming data into a more understandable and applicable form. In this study, the PLS (Partial Least Square) path analysis method was employed using SmartPLS 4. As described by Ghozali (2014: 10), PLS is a soft modeling analytical approach that doesn't rely on assumptions about measurement scales, distribution (distribution-free), or a specific sample size. This characteristic allows for effective analysis even with a small sample size.

RESEARCH RESULTS AND DISCUSSION

Overview of Questionnaire Distribution

The data for this study was gathered by distributing questionnaires to the Novice Stock Investor community members in Malang. Based on the population survey conducted in this study, the community of novice stock investors in Malang amounted to 800 people. This study did not use the entire population, so it only took a sample according to the Slovin formula. Based on the results obtained from calculating the Slovin formula, the sample used amounted to 89 samples of the Malang Beginner Stock Investor community. The number of questionnaires distributed was 127, of which 27 were not returned, so the total sample processed was 100.

Descriptive Statistical Analysis

Table 1 Descriptive Statistical Analysis

	N	Scale Min	Scale Max	Mean	Standard Deviation
Financial Experience	100	1.00	5.00	3.210	1.358
Risk Tolerance	100	1.00	5.00	3.198	1.281
Overconfidence	100	1.00	5.00	3.200	1.225
Cryptocurrency Investment Decisions	100	1.00	5.00	2.948	1.327

Source : Primary Data Processed, 2023

Table 1 shows the results of descriptive statistics of research variables with the amount of data 100 respondents, namely the minimum value of all variables is 1, the maximum value of all variables is 5 with the highest mean value of 3,210 and the lowest value of 2,948 with a standard deviation range of 1.

Instrument Test

1. Validity Test

a. Convergent Validity Test

Table 2 Convergent Validity Testing Results

Variable	Indicator	Outer Loading	Average Variance Extracted (AVE)
Financial Experience (X1)	FE1	0,937	0,820
	FE2	0,923	
	FE3	0,872	
	FE4	0,890	
Overconfidence (Z1)	OV1	0,822	0,725
	OV2	0,884	
	OV3	0,833	
	OV4	0,867	
Risk Tolerance (Z2)	RT1	0,874	0,756
	RT2	0,906	

Variable	Indicator	Outer Loading	Average Variance Extracted (AVE)
Cryptocurrency Investment Decision (Y1)	RT3	0,849	0,682
	RT4	0,848	
	ID1	0,762	
	ID2	0,875	
	ID3	0,825	
	ID4	0,838	

Source : Primary Data Processed, 2023

The convergent validity test is used to measure the amount of correlation between constructs and latent variables. The test is said to be valid if the loading factor value is > 0.7 and the AVE (Average Variance Extracted) value is > 0.5 . The results of the convergent validity test in Table 4.7 indicate that the loading factor values are all greater than 0.7, signifying the validity of all indicators. Additionally, the AVE (Average Variance Extracted) values exceed 0.5, confirming the overall validity of the variables.

b. Discriminant Validity Test

Table 3 Discriminant Validity Test Results (Fornell Larcker Value)

	Cryptocurrency Investment Decisions (Y)	Financial Experience (X1)	Overconfidence (Z1)	Risk Tolerance (Z2)
Cryptocurrency Investment Decisions (Y)	0,826			
Financial Experience (X1)	0,616	0,906		
Overconfidence (Z1)	0,765	0,823	0,852	
Risk Tolerance (Z2)	0,776	0,729	0,792	0,870

Source : Primary Data Processed, 2023

The next validity test is the Fornell-Larcker Criterion which shows variable validity when a variable has a greater correlation than the correlation between different variables. Table 4.8 shows that the correlation value of the association construct is higher than the other constructs so it can be said that the model has good discriminant validity. In this case, the Fornell Larcker Criterion value which has the lowest value is Cryptocurrency Investment Decisions 0.826.

2. Reliability Test

Table 4 Reliability Test Results

Variable	Composite Reliability	Description
Cryptocurrency Investment Decisions	0,896	Reliabel
Financial Experience	0,948	Reliabel
Overconfidence	0,913	Reliabel
Risk Tolerance	0,925	Reliabel

Source : Primary Data Processed, 2023

The table indicates that all variables are considered reliable as the Composite Reliability values are greater than 0.7.

Structural Model Test

Table 5 Value of R Square

Variable	R Square
Cryptocurrency Investment Decisions (Y1)	0,671
Overconfidence (Z1)	0,677
Risk Tolerance (Z2)	0,531

Source : Primary Data Processed, 2023

In Table 4.10, it is observed that the cryptocurrency investment decisions variable (Y1) has a moderate R-Square value of 0.671. Similarly, the overconfidence variable (Z1) has an R-square of 0.677, indicating a moderate level. An R-square of 0.677 implies that 67.7% of overconfidence can be attributed to financial experience. Additionally, the risk tolerance variable has an R-Square of 0.531, signifying a moderate level. An R-square of 0.531 means that 53.1% of risk tolerance can be influenced by financial experience.

Hypothesis Testing

Direct Effect Hypothesis Testing

Table 6 Path Coefficients Results

Variable	Original Sampel	t statistics	p values	Description
Financial Experience (X1) -> Overconfidence (Z1)	0,823	25,268	0,000	significant
Overconfidence (Z1) -> Cryptocurrency Investment Decisions (Y)	0,509	3,403	0,001	significant
Financial Experience (X1) -> Risk Tolerance (Z2)	0,729	10,056	0,000	significant
Risk Tolerance (Z2) -> Cryptocurrency Investment Decisions (Y)	0,489	5,163	0,000	significant
Financial Experience (X1) -> Cryptocurrency Investment Decisions (Y)	-0,160	1,21	0,226	not significant

Source : Primary Data Processed, 2023

the outcomes of testing the path coefficients are as follows:

1. The Effect of Financial Experience on Overconfidence

The influence of financial experience on overconfidence is evident with an initial coefficient value of 0.823 (positively oriented), a t-statistic of 25.268, and a p-value of 0.000. These findings signify that financial experience exerts a notably positive impact on overconfidence, thus affirming the acceptance of H1 in this study. This shows that financial experience has a positive and significant effect on overconfidence. Thus, H1 is accepted.

This is in accordance with the statement from Beatrice et al. (2021) which says that experienced investors have a tendency to be overconfidence because of several things that have been mastered before such as the ability to predict the opportunity for changes in the price of investment instruments, knowledge in choosing the right investment instrument and skills in managing outstanding information.

2. The Effect of Overconfidence on Cryptocurrency Investment Decisions

The influence of overconfidence on investment decisions is notable, with an initial coefficient value of 0.509 (positively oriented), a t-statistic of 3.403, and a p-value of 0.001. The outcomes of testing H2 provide concrete evidence that overconfidence indeed has a positive impact on cryptocurrency investment

decision-making among millennial generation investors, thus warranting the acceptance of this hypothesis.

The results of this study are in line with the results of research conducted by Kartini and Nugraha (2015) that overconfidence behavior has a significant positive effect on investment decision making in investors.

3. The Effect of Financial Experience on Risk Tolerance

The impact of financial experience on risk tolerance is evident, with an original sample value of 0.729 (positively oriented), a t-statistic value of 10.056, and a p-value of 0.000. These findings lead to the conclusion that financial experience significantly and positively influences risk tolerance. Therefore, the third hypothesis (H3) in this study is supported.

Asfira et al. (2019) elaborate that experience enables investors to comprehend the risks associated with potential returns. Consequently, experienced investors often gravitate toward high-risk investments as they anticipate higher returns. Seasoned investors possess a better understanding of investment intricacies and can manage risks using techniques gleaned from previous investments. In essence, experienced investors are more cognizant and accepting of risks in their investment endeavors (Subramaniam and Athiyaman, 2016).

4. The Effect of Risk Tolerance on Cryptocurrency Investment Decisions

The influence of risk tolerance on investment decisions is evident, with an original sample value of 0.489 (positively oriented), a t-statistic value of 5.163, and a p-value of 0.000. These results affirm the conclusion that risk tolerance significantly affects cryptocurrency investment decisions. Therefore, the fourth hypothesis (H4) in this study is validated.

This statement is also supported by the view of Ainia and Lutfi (2019) which explains that the existence of risk tolerance can help investors to able to accept and understand the existence of a risk to match their risk with the type of investment to be taken so that they will receive the amount of return according to their level of acceptance of risk. In the context of cryptocurrency investment, it certainly has more uncertainty, so investors who have high risk tolerance will like this type of investment because they like high-risk investments in addition to the returns that will be obtained are also high (Gazali et al., 2018).

5. The Effect of Financial Experience on Cryptocurrency Investment Decisions

The influence of financial experience on cryptocurrency investment decisions shows an initial sample value of -0.160, a t-statistic value of 1.21, and a p-value of 0.226. Hence, it can be concluded that financial experience lacks a substantial impact on decisions related to cryptocurrency investment. Consequently, Hypothesis 5 (H5) in this study is not corroborated.

Fachrudin and Fachrudin (2016) explain that even though investors have a high level of financial experience, there are still several other factors that are considered in investing to minimize losses.

Indirect Hypothesis Testing (Indirect Effect)

Table 7 Specific Indirect Effect Results

Variable	Original Sampel	t statistics	p values	Description
Financial Experience (X1) -> Overconfidence (Z1) -> Cryptocurrency Investment Decisions (Y)	0,419	3,211	0,001	significant
Financial Experience (X1) -> Risk Tolerance (Z2) -> Cryptocurrency Investment Decisions (Y)	0,357	4,602	0,000	significant

The results of the indirect effect testing are as follows:

1. The Effect of Financial Experience on Cryptocurrency Investment Decisions through Mediation of Overconfidence

The influence of financial experience on cryptocurrency investment decisions through overconfidence is apparent in the original sample value of 0.419 (positive), with a t-statistic value of 3.211 and a p-value of 0.001. This indicates that overconfidence can serve as a mediating factor in the relationship between financial experience and cryptocurrency investment decisions. The findings align with the assertion by Hala et al. (2020), stating that increased experience contributes to higher levels of overconfidence, enabling investors to make decisions based on their knowledge, skills, and information.

2. The Effect of Financial Experience on Cryptocurrency Investment Decisions through Mediation of Risk Tolerance

The influence of financial experience on investment decisions through risk tolerance is substantiated by an original sample value of 0.357 (positive), a t-statistic value of 4.602, and a p-value of 0.000. These results imply that risk tolerance can act as a mediating factor in the relationship between financial experience and cryptocurrency investment decisions. This stands in contrast to the conclusions drawn by (Perayunda & Mahyuni, 2022), who argue that risk tolerance cannot mediate the effect of financial experience on investment decisions. Their research indicates that while millennial investors may perceive themselves as having enough financial experience, they are not entirely adept at managing the risks involved in investments like cryptocurrency. Consequently, they may occasionally overlook these risks and fail to diversify their portfolios adequately.

CONCLUSIONS AND SUGGESTIONS

Conclusions

The findings of this study provide valuable insights for future research in the field of cryptocurrency investment decisions among millennials. The revelation that financial experience significantly impacts the level of overconfidence, the substantial influence of risk tolerance on cryptocurrency investment decisions, and the subsequent mediation of overconfidence in the relationship between financial experience and cryptocurrency investment decisions, present a solid foundation for further exploration into the factors influencing overconfidence in millennial investors. Moreover, the indication that financial experience lacks a significant impact on cryptocurrency investment decisions implies the necessity for additional research to pinpoint other variables influencing such decisions in this demographic, including factors like financial literacy or psychological elements. This deeper investigation could offer a more thorough comprehension of cryptocurrency investment behavior among millennials, a group significantly influencing the global investment landscape.

Research Limitations

1. This research exclusively incorporates a limited set of variables, namely financial experience, overconfidence, risk tolerance, and cryptocurrency investment decisions. The obtained R-square results indicate a level of completeness that may be considered insufficient, ranging between 50-60%, especially when contrasted with the potential for a more comprehensive understanding achievable by including additional variables influencing cryptocurrency investment decisions.
2. The sampling of this study only refers to millennials.
3. This study uses data collection by distributing questionnaires so that respondents may give original answers and not be careful in filling out the questionnaire. This can affect the quality of the data obtained.

Suggestions

1. Future researchers can add and use several other variables such as herd behavior variables, subjective norm, awareness (Nurbarani & Soepriyanto, 2022), regret aversion bias (Nursalimah E, 2021), illusion of control, financial literacy (Zakaria et al., 2022), and overconfidence bias (Afifah & Juwita, 2022).
2. It is recommended that future researchers can expand the sampling that will be used in the study, for example, cryptocurrency investors.
3. For future researchers, when collecting data, it is advisable to conduct interviews with respondents, with interviews researchers will get better quality information.

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