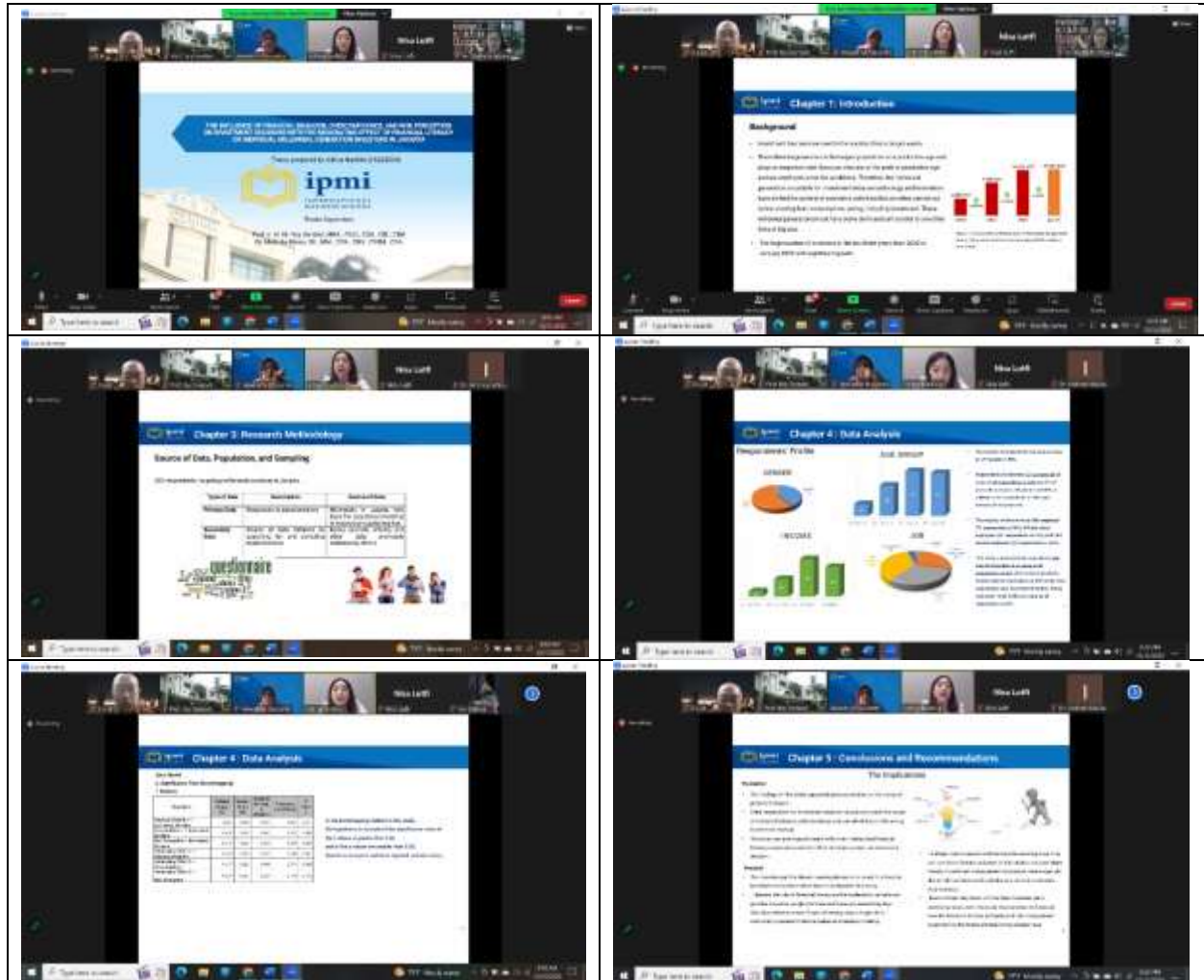




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Event	:	Thesis Defense
Date	:	Friday, December 15, 2023
Student	:	Adlina Nadhila
Thesis Advisor(s)	:	Prof. Roy Sember and Dr. Melinda Malau
Examiners	:	Prof. Wiwiek Daryanto & Dr. Samuel PD Anantadjaya



Comments;

defense notes

1. There were **6 questions with less than 0.5 as the loading factor** which are excluded from the statistical process
 - a. **What would be the significant impact** of the 6 questions that were not left-out from the statistical process?



 **Chapter 4 : Data Analysis**

Pre-Testing Result

- 50 Respondents through convergent validity and discriminant validity tests.
- 6 statements were found with a loading factor below 0.5 as a requirement for convergent validity and discriminant validity tests, which were then excluded to proceed to statistical methods

Dimension	Item
Investment Decisions	1. My investment decision supports my investment objectives
	2. I prepared myself to face the risk of loss
	3. I get my expected return on my investment decision
	4. I have risk tolerance towards my investment decisions

- b. How much were the loading factors for those 6 questions?
- Investment Decision = 5 have only 4** but now the questions were misleading? Which ones are the corrected questionnaire? Question # 2 and # 5?

Operationalization Variables

Investment Decisions

1. My investment decision supports my investment objectives
2. My reaction toward losses is normal
3. I get my expected return on my investment decision
4. I have risk tolerance towards my investment decisions
5. My investment holding periods are spread over long span of time

- Financial Literacy = 10 but have only 8**, and what happen to questions # 8, 9 (slight change to “don’t”), 10? Which ones are corrected questionnaire?

Financial Literacy

1. I understand interest rates charged by bank, interest rate, loans charged by financial institutions
2. I understand how to do my personal financial management well
3. I know how to invest my money to buy shares on the stock market
4. I understand about the credit ratings carried out by companies
5. I am somewhat knowledgeable of stock market activities on the IDX
6. I clearly understand the role of brokerage firms in listing on the IDX
7. I always have trust when trading on the IDX
8. I usually attend seminars, conferences; workshops hosted by the IDX at least 3 times a year
9. I have trouble paying attention to the information on the stock market
10. When seeking financial advice, I deal with licensed brokers, intermediaries or financial services companies

- Financial Behavior = 6, but now only 5**, and where is the loading factor for question # 6 on the FB6?



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Operationalization Variables

Financial Behavior

1. I invest for financial gain
2. I understand the investment product I choose
3. I have conducted a risk analysis of the investment I have chosen.
4. I have done a comparison of several investment products
5. This investment is in accordance with my goal to gain profit
6. I have individual requirements as an investor, namely having more income to save and invest beyond obligations and living needs.



- iv. **Overconfidence = 6, but there were 7**, where the question # 7 “I feel I have a control over the flow of investment returns”?

Overconfidence

1. I believe that your expertise and knowledge of the stock market can help outperform the market.
2. I feel I have sufficient ability to manipulate profitable investments
3. I feel that I am always lucky to invest in the best deals
4. I feel sufficiently experienced in forecasting investments
5. I take a short time to analyze and rely on the available market statistics
6. I do a lot of trading between accounting periods I feel I have control over the flow of investment returns

Overconfidence	<ol style="list-style-type: none"> 1. I believe that my expertise and knowledge of the stock market can help outperform the market. 2. I feel I have sufficient ability to manipulate profitable investments 3. I feel that I am always lucky to invest in the best deals 4. I feel sufficiently experienced in forecasting investments 5. I take a short time to analyze and rely on the available market statistics 6. I do a lot of trading on the accounting periods 7. I feel I have a control over the flow of investment returns
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- v. **Risk Perception = 6 and only 4**, but only question # 1, # 4, and # 5 are in accordance to the list.

Risk Perception

1. I associate the word "risk" with the notion of "opportunity"
2. Risk in investing is a condition that must be avoided
3. There are risks involved, it is much more acceptable if the risks are limited to the potential personal gain from taking the risk
4. I would like to earn more than my current personal income level in the long term
5. I am looking for a business and job with a higher income
6. I have willingness to take risks in financial decisions

Risk Perception	<ol style="list-style-type: none"> 1. I associate the word "risk" with the notion of "opportunity" 2. The risk involved is more acceptable if I can get the potential personal gain I predict 3. I would like to earn more than my current personal income level in the long term 4. I have willingness to take risks in financial decisions
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2. Before running the tests, **please run the questionnaire to its fullest questions and nothing to be left out** from the original questionnaire?



a. Convergent Validity
The Loading Factors

Code	Loading Factor
FL1	0.797
FL2	0.874
FL3	0.800
FL4	0.881
FL5	0.887
FL6	0.778
FL7	0.830
FL8	0.759

Model Assum

Code	Loading Factor
FD1	0.893
FD2	0.852
FD3	0.710
FD4	0.894
FD5	0.721

Code	Loading Factor
ID1	0.756
ID2	0.784
ID3	0.756
ID4	0.855

Code	Loading Factor
PR1	0.850
PR2	0.901
PR3	0.031
PR4	0.504

Code	Loading Factor
OO1	0.775
OO2	0.884
OO3	0.727
OO4	0.686
OO5	0.731
OO6	0.754
OO7	0.762

The total 28 items have a value greater than 0.5.
So nothing is excluded.

3. If the “Risk Perception” is happened to be small and in accordance to less than p-value of 0.05, then

a. What would be the impact on the questionnaire?

Inner Model
b. Significance Test (Bootstrapping)
T Statistic

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Value
Financial Behavior => Investment Decision	0.110	0.090	0.051	2.166	0.031
Overconfidence => Investment Decision	0.679	0.671	0.067	9.387	0.000
Risk Perception => Investment Decision	-0.142	-0.141	0.026	-5.820	0.000
Moderating Effect 1 => Financial Behavior	-0.185	-0.170	0.057	-3.246	0.001
Moderating Effect 2 => Overconfidence	0.137	0.121	0.049	2.794	0.005
Moderating Effect 3 => Risk Perception	-0.007	-0.007	0.024	-0.310	0.756

In the bootstrapping method in this study, the hypothesis is accepted if the significance value of the t-values is greater than 1.65 and or the p-value is greater than 0.05, and Ho is rejected, and vice versa.

b. Anything that you do to accommodate the questionnaire, in any chance?

Risk Perception
1. I associate the word 'risk' with the notion of 'opportunity'
2. The risk involved is more acceptable if I can get the potential personal gain I predict
3. I would like to earn more than my current personal income level in the long term
4. I have willingness to take risks in financial decisions

4. The theoretical conclusions, can you elaborate

a. theoretical conclusion # 2 about “other researchers for investment decision usually only reach the scope of **irrational behavioral** and individual prediction **which lead to the wrong investment decision**”, what are **other irrational behaviors are they** & what type of the **wrong investment decision are they**?

b. Theoretical conclusion # 3 about “the study can give a good insight with a new finding that **financial literacy cannot moderate the effect the risk perception on investment decision**”, what are the **good insights** here?



- Theoretical**
- The findings of this study supported previous studies on the theory of planned behavior.
 - Other researchers for investment decision usually only reach the scope of irrational behavior and individual prediction which lead to the wrong investment decision.
 - The study can give a good insight with a new finding that financial literacy cannot moderate the effect of risk perception on investment decision.

5. The practical conclusion,
- a. Practical conclusion # 2 about “...financial literacy plays a huge role in controlling investors’ **irrational behavior in decision making**”, **what are the irrational behaviors that this study suggest and have studied inside them?**
 - b. Practical conclusion # 3 about “...seminar and outlooks as a service to educate their investors”, **what kinds of seminar and outlooks because the questionnaire did not really ask them anything**

- Practical**
- The investors get the ideas in making decisions to invest it is likely to be influenced by these three factors analyzed in this study.
 - Likewise, the role of financial literacy as the moderation variable can give the investors insight that financial literacy is something they should prioritize because financial literacy plays a huge role in controlling investors’ irrational behavior in decision-making
- To attract new investors and maintain the existing ones, they can use these factors explained in this study to educate them. Usually, investment management companies, brokerages, etc. like to hold seminars and outlooks as a service to educate their investors.
 - Most of them only focus on how their investors get a satisfying return, with this study they can start to focus on how the investors behave rationally and risk management supported by the financial literacy they already have.

6. The **limitations** were needed to be elaborated because “there is a risk of biased views from the respondents” (**what biases views from respondents**), and “there is a limited source to support questionnaire drafting to make it theoretically suitable” (**what are the limited source**)

- Limitations**
- This study has limitations in time and variables used as factors that influence investment decisions.
 - There is a risk of biased views from the respondents.
 - There is a limited source to support questionnaire drafting to make it theoretically suitable.

7. The **Turn It In is 16%** = it is save & OK but the sentences are full with copying & pasting from others....

