



Unlocking the Power of Financial Experience: How Risk Perception Shapes Investment Decisions

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ABSTRACT

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Research Aims: This study aims to investigate the influence of financial experience on investment decisions, with risk perception acting as an intervening variable among stock investors in Banjarmasin.

Design/methodology/approach: The research employs a Partial Least Squares Structural Equation Modeling (PLS-SEM) approach to analyze the data collected through a survey questionnaire distributed to 122 stock investors in Banjarmasin. This methodology allows for simultaneous analysis of direct and indirect relationships between variables, providing a comprehensive understanding of the dynamics influencing investment decisions.

Research Findings: The findings indicate that financial experience significantly and positively affects investment decisions, suggesting that investors with more extensive financial experience are likely to make more informed and strategic choices. Furthermore, financial experience significantly impacts risk perception, which in turn influences investment decisions, underscoring the crucial role of risk perception as a mediator in this relationship.

Theoretical Contribution/Originality: This study contributes to the behavioral finance literature by elucidating the relationship between financial experience, risk perception, and investment decisions. It highlights the importance of financial literacy and education in enhancing investment decision-making processes, thereby promoting more rational and independent investment choices.

Keywords: Financial experience, investment decisions, risk perception, behavioral finance, PLS-SEM

Introduction

In the era of globalization and the complexity of financial markets, making investment decisions has increasingly become the main focus for stock investors. Factors that influence investment decisions, such as financial experience and risk perception, are important subjects in this context [1]. Financial experience includes aspects of a person's knowledge, skills, and investment history, while risk perception reflects an individual's level of fear or courage in facing investment risks [2] [3]. The development of information technology and ease of access to capital markets has

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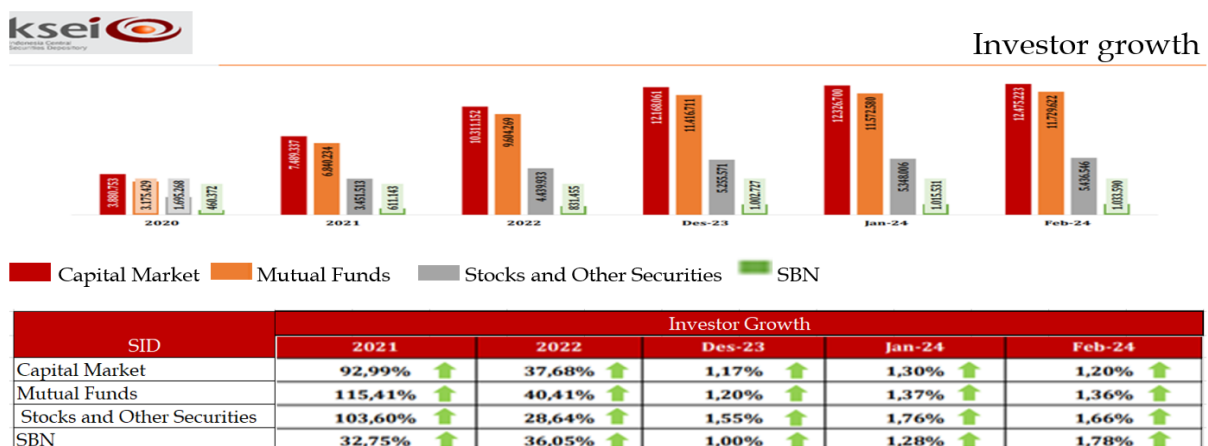
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facilitated wider individual participation in stock investment [4]. Fundamental analysis of companies with financial ratios is essential in making investment decisions for any company. Therefore, to obtain maximum profit, investors need to perform a study before making investment decisions [5].

The trend of increasing the number of investors in the Indonesian capital market shows that more and more individuals are interested in investing. According to data from the Indonesian Central Securities Depository (KSEI), the number of registered investors will reach 12.4 million in 2024, indicating significant growth in capital market participation. (see Graph 1). This indicates that Indonesian people increasingly understand the importance of investment as a means of achieving financial profits in the future. However, despite increasing financial literacy and access to information, many investors still face challenges in making wise investment decisions, especially due to psychological factors such as herding bias, which can influence their decisions [6] [7] [8].



Source: [9]

Graph 1. SID Growth (2020 - Feb 2024)

Stock investment, as a popular investment instrument in the modern era, involves complex considerations including financial experience and risk perception. An individual's financial experience, derived from knowledge and skills gained through interactions with financial markets, is considered a key factor influencing investment decisions. Studies indicate that good financial experience can enhance an individual's ability to manage risk and make more informed investment decisions [10]. Previous research has shown that individuals with better financial experience tend to have a deeper understanding of market dynamics and financial instruments, enabling them to identify opportunities and threats in the stock market [11]. Additionally, risk perception, reflecting how individuals assess investment risk, also plays a crucial role in investment decision-making [12] [13].



Although research suggests that risk perception can be influenced by financial experience, there remains a gap in the literature regarding the interactions between financial experience, risk perception, and investment decisions, particularly in the context of the stock market. Therefore, this study aims to fill this gap by analyzing how financial experience shapes stock investors' investment choices through risk perception. It is hoped that a deeper understanding of the relationship between financial experience, risk perception, and investment decisions will make a significant contribution to the finance literature and investment practice. The results of this research are expected to provide valuable insights for investors, financial advisors, and policymakers to improve financial literacy and risk management among stock investors.

Research shows that financial experience significantly influences investment decisions by improving risk management and decision-making quality [7]. Found that experienced investors are better equipped to avoid biases, while F. Holzmeister, J. Huber, M. Kirchler, F. Lindner, U. Weitzel, and S. Zeisberger [14] emphasize their ability to assess and mitigate risks in volatile markets. Additionally, Z. Ahmed [15] highlights the role of risk perception as a mediator between financial knowledge and investment decisions, where greater experience reduces perceived risk and promotes more informed investment strategies. This study builds on these findings by examining the relationship between financial experience, risk perception, and investment decisions among Banjarmasin stock investors.

Literature Review

Expected Utility Theory

Expected Utility Theory, a fundamental framework in investment decision-making, posits that individuals base their choices on the expected satisfaction or benefit from various investment options. Investors select portfolios that maximize utility, balancing potential returns with their risk tolerance. This involves evaluating and comparing the potential returns and associated risks of different investments, ultimately choosing the option that offers the optimal combination of risk and expected benefit [16].

Expected Utility Theory, which explains rational behavior in investment decisions, posits that investors seek to maximize profits while minimizing risk [17], Rational investors systematically evaluate various factors influencing investment outcomes and select options that balance potential profits with acceptable risk levels, using available information to guide their decisions.

Prospect theory

Prospect Theory analyzes individual behavior in economic decision-making, contrasting with the long-standing Expected Utility Theory. It has catalyzed extensive research in behavioral finance, emphasizing the role of psychological factors in



investment decisions and economic behavior. This article leverages behavioral finance theory to provide a comprehensive understanding of how these psychological influences shape economic decisions, offering deeper insights into individual decision-making dynamics [18].

According to R. Ladron de Guevara Cortes, L. E. Tolosa, and M. P. Rojo [19] Prospect Theory integrates economic, social, and psychological factors, not just rationality. It posits that individuals make decisions based on perceived gains or losses, avoiding risk when gains are perceived and embracing risk when facing losses, [20] [21]. This approach highlights that risk preferences shift based on gain or loss contexts, enhancing the understanding of decision-making behavior in real economic situations.

Behavioral Finance Theory

Behavioral finance theory combines psychological and financial concepts to explain investor behavior that often deviates from rationality. It highlights that emotions, cognitive biases, and herding behavior significantly influence investment decisions. Emerging from social psychology, this field explores how psychological factors impact financial [22]; [22]. Common investment mistakes often stem from emotional biases [22]. By understanding these behavioral aspects, investors can become more aware of and mitigate psychological biases, improving the quality of their investment decisions [23].

The Role of Financial Experience in Investment Decision Making

Several studies highlight the importance of financial experience in investment decision-making. Experienced investors make more informed decisions, avoid common pitfalls, and achieve better portfolio diversification [24] [25]. Financial literacy, a crucial component of financial experience, is essential for wise investment choices Study [26] [11] [27] [28]. Experienced investors are better at identifying profitable opportunities and managing portfolios effectively [3] , and their financial experience helps mitigate the negative impact of market volatility, leading to more stable performance [29]. Overall, financial experience enhances an investor's ability to make informed decisions and optimize portfolio performance.

H1. The Influence of Financial Experience on Investment Decisions

The Influence of Financial Experience on Risk Perception

Financial experience also influences risk perception, as noted by F. Holzmeister, J. Huber, M. Kirchler, F. Lindner, U. Weitzel, and S. Zeisberger [14]. Their research shows that individuals with greater financial experience have a deeper understanding of risk, allowing them to evaluate potential investments more accurately. As well as H. Butt, A. Sajjad, K. Z. Awan, and M. H. Shakil [30] found that experienced investors perceive lower levels of risk when dealing with complex financial products, indicating a higher risk tolerance.



H2. Financial experience influence on risk perception among stock investors

The Influence of Risk Perception on Investment Decisions

Risk perception is a critical factor influencing investment decisions. Research by J. Li *et al.*, [31], T. Hossain and P. Siddiqua [13] shows that individuals with higher perceived risk tend to adopt more conservative investment strategies, choosing financial instruments with low risk. This relationship is further explored by Z. U. Abideen, Z. Ahmed, H. Qiu, and Y. Zhao [32], F. Holzmeister, J. Huber, M. Kirchler, F. Lindner, U. Weitzel, and S. Zeisberger [14] which shows that risk perception significantly mediates the relationship between financial knowledge and investment choices, suggesting that how investors perceive risk may influence their willingness to invest in riskier assets.

H3. Risk Perception influence the investment decisions of stock investors

Financial experience influences investment decisions through an intervening variable, namely risk perception

Recent studies have examined the mediating effect of risk perception on the relationship between financial experience and investment decisions. B. Kanagasabai and V. Aggarwal [33], T. T. Le and M. Ikram [34] and F. Wang, R. Zhang, F. Ahmed, and S. M. M. Shah [35] proposed that financial experience influences investment decisions through risk perception. Their findings indicate that financial experience lowers risk perception, leading to more aggressive investment strategies, thus highlighting the indirect role of risk perception in investment choices. Supporting this, G. M. Y. Owusu, G. Korankye, N. Y. M. Yankah, and J. B. Agyekum Donkor [36] found that risk perception mediates the effect of financial literacy on investment decisions, with higher financial literacy leading to lower perceived risks and greater willingness to invest in stocks. A meta-analysis by G. M. Y. Owusu, G. Korankye, N. Y. M. Yankah, and J. B. Agyekum Donkor [36] further confirms the significant mediating role of risk perception in financial decision-making.

H4. Financial Experience influence investment decisions among stock investors through Risk Perception as an intervening variable

A Conceptual Framework

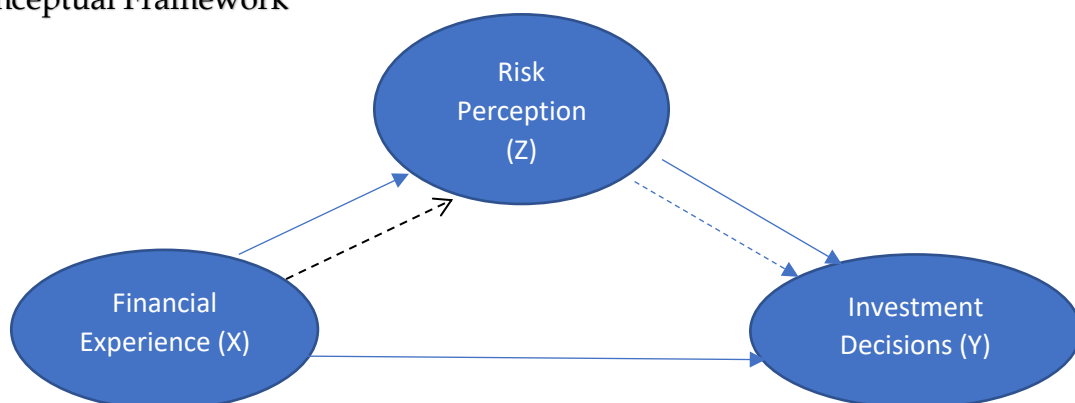


Figure 1. A Conceptual Framework

Figure Description :

- : Direct Line of Influence
----- : Indirect line of influence

Hypothesis

Based on the formulation of the research problem, it has been stated in the form of a question sentence.

- H1: There is an influence of Financial Experience on investment decisions among stock investors
- H2: There is an influence of Financial Experience on Risk Perception of stock investors
- H3: There is an influence of Risk Perception on investment decisions among stock investors
- H4: There is an influence of Financial Experience on stock investors' investment decisions through Risk Perception as an intervening variable

Research Method

This study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze how financial experience influences investment decisions, with risk perception serving as an intervening variable. PLS-SEM allows simultaneous testing of relationships among variables, including both direct and indirect effects, enabling comprehensive evaluation of complex models. Adopting a causal design, the research aims to uncover the impact of financial experience on investment decisions through risk perception. This approach provides valuable insights into factors shaping investors' decision-making processes and practical implications for managing investment portfolios.

Data collection

This study collected data from a sample of 122 investors in Banjarmasin using a mixed-methods approach. The sample was randomly drawn from a population of 50,000 investors, ensuring that it was representative of the broader community. Quantitative data were obtained through an online questionnaire via Google Forms, while qualitative insights were gathered through direct surveys. This dual approach enhanced the understanding of factors influencing investment decisions locally. The sample comprised 122 respondents (65 men and 57 women), with investment decisions as the dependent variable and financial experience and risk perception as independent variables. Investment decisions were evaluated using six indicators, and both risk perception and financial experience were measured with four indicators each, utilizing a Likert scale (1-5) for consistency in data analysis. This methodology allows for a comprehensive examination of the influences on investment behavior in this region.



The data collected for this study will be analyzed using the Partial Least Squares (PLS) method. The analysis will include validity and reliability tests, as well as path analysis with latent variables to verify the relationships among these variables. PLS was chosen for its flexibility in connecting theoretical frameworks with empirical data and its effectiveness in elucidating complex relationships. This method is particularly suitable for prediction-oriented research, providing comprehensive insights into the interrelationships among the variables in this study [37] [38].

Data analysis

This research is quantitative descriptive. Data sources were obtained from distributing questionnaires and interviews. The sample in this research was 122 stock investors in Banjarmasin using a Likert Scale.

The variables and indicators used in each research variable can be seen in table 1 below:

Table 1. Variable Operationalization

Variables	No	Statement	Scale
Investment Decisions (Y)	Y1	I prioritize profits from the investment products I choose	Ordinal
	Y2	I try to find important information from all parties to find out the investment benefits that I will receive	
	Y3	I first study what risks I will accept before determining an investment	
	Y4	I can understand how to reduce risk in investing	
	Y5	I select a time period and return that can meet expectations from considerations of return and risk	
	Y6	I tend to rely on my knowledge and abilities in making investment decisions	
Financial Experience (X)	X1	I like to prepare investment plans before investing	Ordinal
	X2	I like to do investment analysis before making an investment	
	X3	I like to create an investment portfolio before making an investment	



Variables	No	Statement	Scale
Risk Perception (Z)	X4	I like to gather information before making an investment	Ordinal
	Z1	I always pay attention to an issuer's shares to avoid risks	
	Z2	I choose investment products that I know even though there is no guarantee that I will make a profit	
	Z3	I use part of my income to invest in the capital market	
	Z4	To reduce investment risk, I try to invest in various investment assets	

Source: Secondary data developed, 2024

The collected data will undergo analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM). PLS-SEM was chosen to examine the relationship between financial experience and investment decisions, with risk perception as an intervening variable. This method enables comprehensive evaluation of direct and indirect effects within the studied variables. PLS-SEM facilitates a thorough assessment of complex interactions and the identification of direct and indirect impacts of independent variables on the dependent variable. Thus, it is anticipated that PLS-SEM will offer profound insights into the dynamics of investment decision-making concerning financial experience and risk perception.

Result

Respondent Characteristics

The sample used in this research was 122 active investors in Banjarmasin. Respondent characteristics are used to determine the diversity of respondents based on gender, age, education, occupation, monthly income, and length of time as an investor. It is hoped that this will provide a fairly clear picture of the condition of the respondents and its relationship to the problem and objectives of the research. The following characteristics of the respondents are presented in table 1.

Table 2. Respondent Characteristics

Information	Amount	Percentage
Gender		
Man	65	53.28%
Woman	57	46.72%
Amount	122	100%
AGE		
< 25 years	12	9.84%



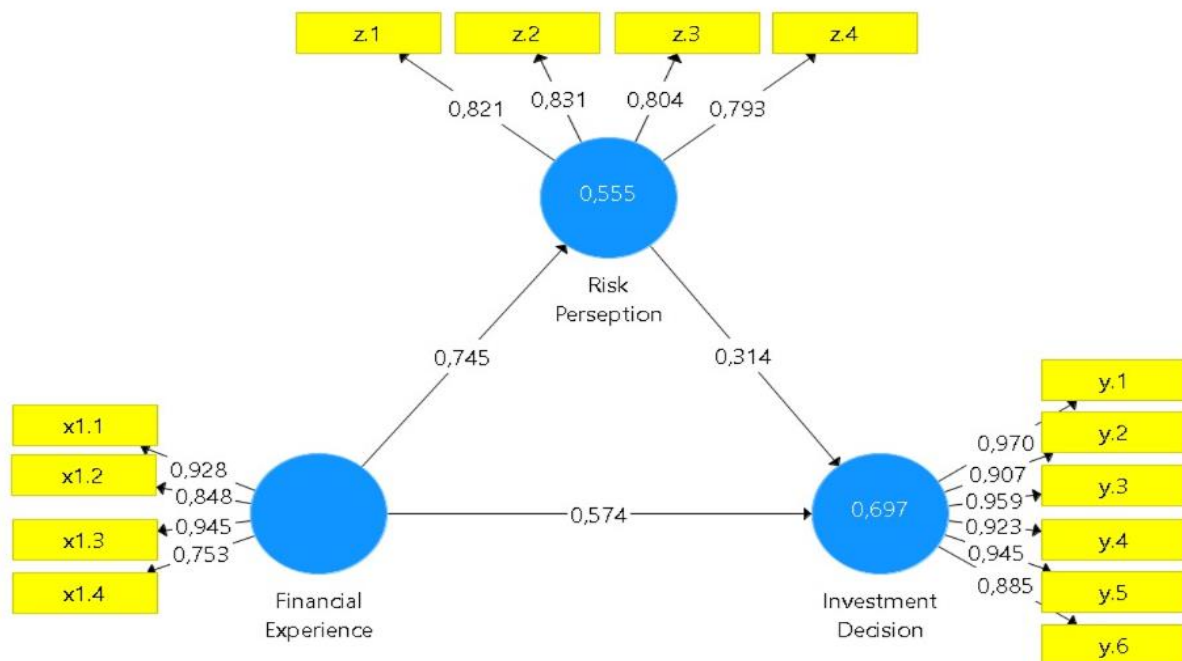
Information	Amount	Percentage
25 Years - 35 Years	67	54.92%
36 Years - 45 Years	38	31.15%
> 45 Years	5	4.10%
AMOUNT	122	100.00%
Education		
Senior high school	8	6.56%
D3	6	4.92%
S1	87	71.31%
S2	17	13.93%
S3	4	3.28%
AMOUNT	122	100%
Work		
Students/ students	12	9.84%
Private employees	52	42.62%
Civil Servance	20	16.39%
Businessman	30	24.59%
Housewife	4	3.28%
Etc	4	3.28%
Amount	122	100%
Monthly Income		
< 5,000,000	32	26.23%
5,000,000 - 10,000,000	28	22.95%
10,000,001 - 15,000,000	21	17.21%
15,000,001 - 20,000,000	31	25.41%
>20,000,000	10	8.20%
AMOUNT	122	100%
Long Time To Be An Investor		
Less than 2 Years	31	25.41%
2 Years - 5 Years	78	63.93%
More than 5 Years	13	10.66%
Amount	122	100%

Source: Questionnaire results, data processed (2024)

Evaluation Measurement model (Outer model)

Based on the results of calculations using SEM-PLS, a measurement model was obtained for testing validity and reliability, model determination coefficient and path coefficient, which can be seen in Figure 2. following:





Source: data processed (2024)

Figure 2. The Influence of Financial Experience on Investment Decisions with Risk Perception as an Intervening Variable

Table 3. Construct Reliability and Validity Results

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Financial Experience	0,898	0,957	0,926	0,760
Investment Decision	0,970	0,972	0,975	0,869
Risk perception	0,872	1,092	0,886	0,661

Source: data processed (2024)

The results of the Construct Reliability and Validity analysis demonstrate satisfactory reliability and validity across the constructs examined. Specifically, Financial Experience exhibits strong internal consistency, with a Cronbach's Alpha of 0.898, rho_A of 0.957, Composite Reliability of 0.926, and an Average Variance Extracted (AVE) of 0.760. The Investment Decision construct shows excellent reliability, indicated by a Cronbach's Alpha of 0.970 and an AVE of 0.869. In contrast, Risk Perception has a Cronbach's Alpha of 0.872 and an AVE of 0.661, suggesting moderate reliability. Collectively, these findings indicate that all constructs are reliable and valid for further analysis, providing a solid foundation for subsequent research.



Table 4. Discriminant Validity Results Based on Fornell-Larcker Criterion

	Financial Experience	Investment Decision	Risk perception
Financial Experience	0,872		
Investment Decision	0,808	0,932	
Risk perception	0,745	0,742	0,813

Source: data processed (2024)

The analysis of discriminant validity using the Fornell-Larcker Criterion confirms the distinctiveness of the constructs. The square root of the Average Variance Extracted (AVE) for Financial Experience (0.872) is greater than its correlations with Investment Decision (0.808) and Risk Perception (0.745), indicating distinctiveness. Similarly, Investment Decision shows a square root of AVE of 0.932, which is higher than its correlation with Risk Perception (0.742). Risk Perception, with an AVE of 0.813, exhibits lower correlations with the other constructs. These results suggest that the constructs are sufficiently distinct, confirming their discriminant validity. This differentiation ensures that each construct measures a unique aspect of the underlying theoretical framework, thereby enhancing the model's reliability and validity.

Table 5. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	QStatistics (O/STDEV)	P Values
Financial Experience -> Investment Decision	0.574	0.579	0.072	7,989	0,000
Financial Experience -> Risk Perception	0.745	0.757	0.027	28,031	0,000
Risk Perception -> Investment Decisions	0.314	0.309	0.055	5,710	0,000

Source: data processed (2024)

The relationship between financial experience and investment decisions shows a coefficient of 0.574. This means that increases in financial experience are positively associated with improvements in investment decision making. The sample mean value (M) of 0.579 supports this result, with a relatively small standard deviation (STDEV) of 0.072. The statistical T value is 7.989, which is much greater than the



critical value at the 0.05 significance level, indicating that this relationship is very significant (P value = 0.000).

In addition, the relationship between financial experience and risk perception has a coefficient of 0.745. These values indicate that increases in financial experience are positively associated with increases in risk perception. The sample mean (M) of 0.757 and the very small standard deviation (STDEV) of 0.027 support this result. The very high statistical T value of 28.031 indicates that this relationship is very significant (P value = 0.000). Finally, the relationship between risk perception and investment decisions shows a coefficient of 0.314. This value shows that risk perception is positively related to investment decision making. The sample mean value (M) of 0.309 and standard deviation (STDEV) of 0.055 supports this result. The statistical T value of 5.710 indicates that this relationship is significant (P value = 0.000).

Table 6. R Square Values for Dependent Variables

	R Square	R Square Adjusted
Investment Decision	0,697	0,692
Risk perception	0,555	0,551

Source: data processed (2024)

The R Square values reveal the model's explanatory power for the dependent variables. For Investment Decision, an R Square of 0.697 indicates that approximately 69.7% of the variance is explained by the independent variables, with an adjusted R Square of 0.692 reflecting model complexity. In contrast, Risk Perception has an R Square of 0.555, meaning about 55.5% of its variance is accounted for by the predictors, with an adjusted R Square of 0.551. These results demonstrate the model's effectiveness in capturing the relationships among constructs, highlighting its utility in understanding factors influencing both investment decisions and risk perception

Table 7. Construct Crossvalidated Redundancy Results

	SSO	SSE	Q ² (=1-SSE/SSO)
Financial Experience	488,000	488,000	
Investment Decision	732,000	301,041	0,589
Risk perception	488,000	386,699	0,208

Source: data processed (2024)

The Construct Crossvalidated Redundancy analysis reveals the predictive relevance of the model. For Investment Decision, a Q² value of 0.589 indicates substantial predictive capability, suggesting that the model can explain approximately 58.9% of the variance. In contrast, Risk Perception shows a lower Q² value of 0.208, indicating that the model explains only about 20.8% of its variance. Financial Experience exhibits a perfect fit with no change in total sum of squares (SSO) and sum of squared errors (SSE), both remaining at 488,000. These findings highlight the varying predictive capabilities across the constructs, with Investment Decision demonstrating stronger predictive relevance than Risk Perception.



Table 8. Model Fit Summary

	Saturated Model	Estimated Model
SRMR	0,187	0,187
d_ULS	3,677	3,677
d_G	n/a	n/a
Chi-Square	Infinite	infinite
NFI	n/a	n/a

Source: data processed (2024)

The model fit assessment provides valuable insights into the suitability of the proposed model. Both the Saturated and Estimated Models display identical Standardized Root Mean Square Residual (SRMR) values of 0.187, reflecting consistency across the models. The unweighted least squares discrepancy (d_ULS) remains stable at 3.677 for both models, further supporting the robustness of the model. While traditional fit indices such as Chi-Square and the Normed Fit Index (NFI) are not available, the overall findings indicate that the model performs effectively, offering a reliable framework for analyzing the relationships between the studied variables. These findings further support the subsequent analysis of the relationship between financial experience, risk perception, and investment decisions, which will be discussed in the following section.

These results indicate that financial experience has a significant influence on investment decisions and risk perception. Individuals with greater financial experience tend to have deeper knowledge of investment products and are better able to make better, more informed decisions F. Akbar and et al [39]; N Alya, et al [40]. This experience allows them to understand various investment instruments and strategies, ultimately leading to wiser and more measured decisions [41], [42]. Additionally, individuals with more financial experience also have higher risk perceptions. [43] This can be explained by a deeper understanding of the risks associated with financial decisions, enabling them to identify and evaluate risks more effectively [44], [45].

Better risk perception helps individuals weigh the risks and rewards of their investment decisions, resulting in better decisions [46],[47]. With a deep understanding of risk, individuals can make more balanced decisions, avoid investments that are too risky, and choose options that better suit their risk profile [48], [43]. Therefore, better financial education and training is essential to help individuals make better investment decisions and manage risk more effectively [47]. These results emphasize the importance of financial experience and understanding risk in making sound and informed investment decisions [45]. The knowledge and skills gained through financial education can provide a strong foundation for making smart investment decisions and managing risk wisely [44].

Discussion



The findings of this research provide in-depth insight into the influence of the variables studied on individual investment decisions. The results of SEM PLS analysis confirm that financial experience (H1) and risk perception (H3) have a significant influence on the dynamics of investment decision making.

The Influence of Financial Experience on Investment Decisions

Furthermore, the findings highlight the critical role of financial literacy in enhancing investment decision-making among stock investors. The analysis shows that financial experience has a significant influence on investment decisions ($O = 0.574$, $p = 0.000$), in accordance with the first hypothesis (H1). reinforcing the argument that financial education and experience equip individuals with the necessary skills to analyze market trends, evaluate risks, and identify profitable investment opportunities. Such competencies are essential for navigating the complexities of financial markets and making decisions that align with their long-term financial goals.

The results of this study are consistent with the research conducted by F. Akbar and et al [39], N Alya, et al [40], and R. Redawati, M. W. Yusniar, M. Z. Abidin, D. Stiadi, A. W. Fauziah, and N. N. Damayanti [2] underscores the robustness and reliability of the observed relationship between financial experience and investment decisions. The consistency across various research contexts suggests that the positive impact of financial experience is a generalized phenomenon, not confined to specific demographic or geographic groups. This generalizability enhances the practical implications of the findings, suggesting that efforts to improve financial literacy can universally benefit stock investors, leading to more informed and rational investment behaviors.

The Influence of Financial Experience on Risk Perception

This research also confirms that financial experience has a significant effect on risk perception among stock investors ($O = 0.745$, $p = 0.000$), in accordance with the second hypothesis (H2). Individuals with greater financial experience tend to have more mature risk perceptions and are better able to identify potential risks associated with their investment decisions.

Additionally, research by R. Redawati, M. W. Yusniar, M. Z. Abidin, D. Stiadi, A. W. Fauziah, and N. N. Damayanti [2] demonstrates that individuals with higher financial experience tend to have a better understanding of financial risks. This is because individuals with more extensive financial experience typically possess a deeper understanding of market dynamics and financial instruments, enabling them to better identify opportunities and threats in the stock market. Furthermore, risk perception, which refers to how an individual view and assesses the risks associated with investments, also plays a crucial role in investment decisions.



The Influence of Risk Perception on Investment Decisions

Research findings confirm that risk perception has a positive and significant effect on investment decisions among stock investors ($O = 0.314$, $p = 0.000$), which supports the third hypothesis (H3). Individuals with better risk perception tend to make more thoughtful and measured investment decisions, because they are better able to evaluate risk more effectively.

These results are consistent with the findings of Y. T. Herliana, K. Ratnawati, and D. Djumahir [41], B. Y. Almansour, S. Elkrggli, and A. Y. Almansour [43] and M. A. Alam, D. Rooney, E. Lundmark, and M. Taylor [44], which indicate that risk perception influences individual investment choices. Risk perception affects investment decisions because investors with a high level of risk perception tend to be more cautious and prefer relatively stable and less risky investment instruments. Conversely, investors with a low level of risk perception are more likely to take risks and choose investment instruments that have the potential to offer higher returns, despite the increased risk.

The Influence of Financial Experience on Investment Decisions through Risk Perception as an Intervening Variable

The analysis also tests the hypothesis that financial experience influences investment decisions through risk perception as a mediator. The results show that Financial Literacy has a significant effect on Risk Perception ($O = 0.234$, $p = 0.000$) and that Risk Perception has a significant effect on Investment Decisions ($O = 0.234$, $p = 0.000$), indicating the existence of an intervening effect of Risk Perception in the relationship between Financial Literacy and Investment Decision (H4). The implications of these findings highlight the importance of financial literacy in building a good understanding of investment risks, which in turn can improve the quality of individual investment decisions [45], [49], [31], [46].

A better risk perception helps individuals weigh the risks and rewards of their investment decisions, resulting in more informed choices. With a deep understanding of risks, individuals can make more balanced decisions, avoiding overly risky investments and selecting options that better align with their risk profiles [47], [50], [51]. Therefore, enhanced financial education and training are crucial for helping individuals make better investment decisions and manage risks more effectively. These findings underscore the importance of financial experience and risk understanding in making wise and informed investment decisions. The knowledge and skills acquired through financial education provide a solid foundation for making intelligent investment choices and managing risks prudently [46], [52].

Conclusion

The research concludes that Financial Experience significantly influences investment decisions among stock investors in Banjarmasin, with Risk Perception



playing a critical mediating role. Enhanced financial education programs are recommended to bolster financial literacy and improve risk assessment, fostering more informed investment choices. Future studies should expand beyond Banjarmasin to validate findings across diverse populations and explore additional variables impacting investment decisions. Understanding the interplay between financial experience and risk perception can guide strategies to strengthen investor decision-making, thereby enhancing the resilience of investment communities.

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