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MILLENNIAL INVESTOR BEHAVIOR IN RCYPTOCURRENCY INVESTMENT DECISIONS

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ABSTRACT

Cryptocurrency is one of the most significant technological inventions in the modern world, which has attracted much public attention. Cryptocurrencies are considered assets that promise huge profits, so many millennials are interested in making these investments. This study examines millennial investors' behavior, which consists of overconfidence, risk perception, and self-control—Bias on investment decisions in cryptocurrencies. The research design uses a correlational research approach with individual units of analysis. The research sample using the purposive side method, namely millennial investors who invest in cryptocurrency assets, obtained 112 respondents—collecting data through the distribution of questionnaires with data analysis using multiple linear regression analysis. The study's results prove that overconfidence behavior positively affects investment decisions in cryptocurrency assets. Risk Perception has a negative relationship with investment decisions in cryptocurrency assets.

Keywords: *overconfidence, cryptocurrency, investment decisions, risk perception, and self-control bias*

INTRODUCTION

In the era of revolution 5.0, the world of technology is developing rapidly and has brought many changes towards a more modern direction in all aspects of human life, including economic activities. All forms of progress in the digital economic era are an attraction for investment. One of them is economic activity in the field of investment and payments through technology. Indonesia is a country that always takes advantage of technological developments in life. Especially in the era of the Covid-19 pandemic which has made Indonesian people start to think about the need for investment. The increasing number of investors in the Indonesian capital market is growing every year. As investors grow in Indonesia, it also has an impact on the economy in Indonesia, which is an attraction for the millennial generation to start investing, resulting in the emergence of millennial investors who are starting to invest in the Indonesian capital market.

There are various types of investment instruments available, from real investment instruments to instruments in the form of financial instruments, so that there are many choices for investors to choose which instrument will become a vehicle for investing. The advantages and disadvantages of each investment instrument will be a special consideration for investors. Apart from the growing number of investors in the capital market, millennial investors are also investing in assets that have been widely discussed recently, namely cryptocurrency assets

Cryptocurrency is a virtual currency that can be used as an alternative currency, this currency is generated and traded through a cryptographic process. Most cryptocurrencies are decentralized in computer networks and based on peer-to-peer technology and open source cryptography that is not dependent on banking authorities or other administrative institutions. Cryptocurrency and its significance is one of the greatest technological discoveries in the modern world, which has attracted a lot of public attention. According to some opinions, this discovery is the greatest technological discovery in the last ten years. So cryptocurrency has become very popular in a very short time. Cryptocurrencies represent digital assets with the aim of being a medium of exchange by using cryptography so that all transactions are secured, everything new is controlled by its own system (coinmarketcap.com)..

LITERATURE REVIEW

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior explains that each person has their own unique behavior. Grizzell (2003). The Theory of Planned Behavior is a refined form of the Theory of Reasoned Action with the addition of Perceived Behavior Control. Basically, the Theory of Reasoned Action is behavior based only on reasons, which then refined with the Theory of Planned Behavior, where behavior can be accounted for and planned. Then this theory was developed again by several researchers. Wellington et. al. (2006).

Investment

Investment is investing capital in an asset that has a long period of time with the hope of making a profit in the future. This investment decision can be made by individuals or by entities that have excess funds (Sunariyah, 2011; 4). Furthermore, according to Joyiganto (2015:5) Investment is delaying current consumption to be converted into productive assets during a certain period for the future.

Based on the definition above, it can be concluded that investment is an investment of capital or assets for a certain period of time with the aim of gaining profits in the future with the hope of obtaining greater returns. However, before investing, there are things that investors will consider before investing, namely risk.

Investation decision

An investment decision is an action taken to invest capital in a particular asset with the hope of getting a return in the future (Pradikasari and Yuyun, 2018; Wulandari and Iramani, 2014). Investment decisions have the aim of obtaining an increase in asset value in the future (Addinpujoartanto and Darmawan, 2020).

In the investment decision making process there is an important process that has many factors that influence individuals. Some investors make decisions based on each individual's judgment either rationally or irrationally with the right consideration process. Decision making will be easy if investors already know the variables that will be the risks they will face. Variables that will direct them in making the right decisions so that future losses can be minimized (Awais, et.al 2016). Therefore, investors must select risk factors before making investment decisions.

Crypto

Cryptocurrency is a digital-based currency that uses cryptographic technology to secure and verify every transaction. As a very important part of the cryptocurrency system, without a cryptographic system, cryptocurrency would not exist (Wijaya, 2018). According to Keller and Scholz (2019), cryptocurrency is a digital asset managed through a network, which uses distributed and encrypted ledger technology to record, control and verify transactions and create new currency units, namely coins or tokens. The first decentralized coin or token in the world was Bitcoin which was created by a person or group of people with the pseudonym Satoshi Nakamoto who created it in 2009 and only had 21 million of these coins. The limited quantity is what gives rise to the belief that the price of Bitcoin will continue to increase.

Behavioral Finance

Behavioral finance is a theory that explains psychological factors in financial behavior (Sherfin, 2000). According to Nofsinger (2001) defines financial behavior as studying how a person actually behaves in financial decisions. Nofsinger said that behavioral finance studies psychological factors that influence financial decision making, companies and financial markets. This explanation explains that behavioral finance is an approach that explains when someone will make an investment which is influenced by psychological factors.

Investor Psychology Factors

Psychological factors also determine the nature or character of an individual (Schiffman and Kanuk, 2004). In decision making, many studies show that investor psychology is very determining in the decisions taken (Lowenstein et.al. 2000).

a. *Overconvidence*

Overconfidence is unwarranted belief in one's own intuitive reasoning, judgment, and cognitive abilities (Pompian, 2011). Overconfidence is the result of an overestimation of ability, knowledge, and access to information. According to Mushinada and Veluri (2018), overconfidence is one of the most detrimental biases for investors because investors will underestimate downside risk factors, trade too often, and have less diversified portfolios. Investors with such behavior, according to Jannah and Ady (2017).

b. *Risk Pecepcion*

Risk Perception is a person's assessment of a risky situation, where the assessment really depends on the psychological characteristics and circumstances of each person (Cho and Lee, 2006). Risk Perception plays an important role in decision-making behavior in uncertain circumstances. A person will interpret a risky situation as having experienced a loss due to making a wrong decision, especially if the loss has an impact on his or her financial situation. When faced with the same decision-making situation, several people will make different decisions depending on each individual's perception and understanding of risk.

c. *Self control*

Self-control is self-control when someone fails to achieve long-term goals due to a lack of self-discipline (Pompina, 2012). There is an inherent conflict between short-term satisfaction and long-term goal achievement. Duckworth (2011) states that self-control will increase over time, so that older individuals will be more able to control themselves compared to young people, but there are differences in the level of self-control among those of the same age.

Risk dan *return*

Before someone makes an investment decision, they must first understand the relationship between risk and return in investment. Naturally, the greater the level of return you want to obtain, the greater the level of risk you face, because risk and return have a linear relationship. In (Complete Dictionary of Economics, 2000), return is the return on investment which is usually expressed in the form of a percentage level. According to Hardiningsih in (Hendrata, 2018), return is the result obtained from investment in the form of realized return and investment return

Hypothesis

H1a : Overconfidence has a significant influence on the decision to invest in cryptocurrency.
H1b : Risk Perception has a significant influence on the decision to invest in cryptocurrency.

H1c : Self Control has a significant influence on the decision to invest in cryptocurrency.

METHODOLOGY

This research uses a quantitative type of research with a causality research design. Causality research design is a research design used to test a cause-and-effect relationship. Generally, in causality research designs, the results can be predicted because they are connected by several relevant theories (Sanusi, 2011). The data used in this research is primary data. Primary data is raw data that has not been processed by certain parties or institutions (Fauzi et al., 2019:124).

According to Sugiyono (2018:80) Population is a generalized area consisting of an object or subject that has different characteristics and qualities determined by research to be studied and used to obtain a conclusion from a research. So the population is not just people, but also uses the population of other elements as population. In practice, research does not use data from the entire population. Rather, research carries out selection of populations and hopes that the results of the selection can describe all the characteristics that exist in that population. The sampling criteria for this company are as follows:

a. Investors who invest in cryptocurrency
b. Join the crypto captain investment group

Uji Statistic

a. Uji F (Simultan)

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	188.316	3	62.772	34.107	.000b
	Residual	130.670	71	1.840		
	Total	318.987	74			

It is known that the significant value for the influence of X1, X2 and X3 on Y is 0.00 < 0.05 and the calculated f table value is 34,107 > 2.730, so it can be concluded that H4 is accepted which means there is an influence between overconfidence, risk perception and self-control on cryptocurrency investment decisions.

b. Coefficient Determination (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768[a]	.590	.573	1.35662

Coefficient of determination (Adj.R2) is 0.573 or 57.3%. Demonstrating overconfidence, risk perception and self-control in explaining cryptocurrency investment decisions amounted to 57.3%, while the remaining 42.7% (100% - 57.3%) was explained by other variables not included in this study.

c. Uji t (Parsial)

Coefficients				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	-.016	.157		-.103	.918
	overconfidence (X1)	.542	.063	.705	8.655	.000
	risk perception (X2)	.078	.082	.092	.952	.344
	self-control (X3)	-.280	.082	-.310	-3.400	.001

1. It is known that the significant value for the influence of X1 on Y is 0.000 < 0.05 and the calculated t table value is 8.655 > 1.996. The first hypothesis (H1) states that overconfidence has a positive and significant effect on decisions. The results of this research show that overconfidence has a positive and significant effect on cryptocurrency investment decisions.
2. It is known that the significant value for the influence of So it's risk Perception has no effect on decisions. The results of this research show that risk perception has no effect on cryptocurrency investment decisions
3. It is known that the significant value for the influence of States that Self-Control has a negative and significant effect on decisions. The results of this research show that as investors' level of self-control decreases, their interest in investing in cryptocurrency will decrease.

CONCLUSION AND RECOMMENDATION

This research was conducted with the aim of determining the influence of independent variables, namely overconfidence, risk perception and self-control on cryptocurrency investment decision variables. Based on the results of sample calculations and the results of data analysis that has been carried out using multiple linear regression models, it can be concluded that:

1. Overconfidence has a significant and positive effect on investment decisions cryptocurrencies
2. Risk perception does not have a significant effect on investment decisions cryptocurrencies.
3. Self-control has a significant and negative effect on investment decisions cryptocurrencies.
4. overconfidence and self-control are accepted which means there is an intermediate influence overconfidence and self-control regarding cryptocurrency investment decisions.

Based on the limitations explained above, the researchers provide the following suggestions:

1. For future research, it is hoped that more respondents can be researched so that the research results are more relevant
2. In obtaining research data, it is hoped that you will not only use questionnaires but obtain data by asking respondents directly so that the results obtained are more real and better describe the actual situation.

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