



The Influence of Financial Literacy, Financial Behavior and Financial Technology on Investment Decisions through Locus of Control (Financial Management Literature Review)

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Abstract: Literature Review Article on the Effects of Financial Literacy, Financial Behavior and Financial Technology on Investment Decisions through Locus of Control through Locus of Control is a scientific article that aims to build a research hypothesis on the influence of inter-variables to be used in further research, within the scope of Financial Management. The method of writing this Literature Review article is the *library research method*, which is sourced from online media such as *Google Scholar*, *Mendeley* and other academic *online media*. The results of this article are that: 1) Financial Literacy affects Investment Decisions through Locus of Control; 2) Financial Behavior influences Investment Decisions through Locus of Control; and 3) Financial Technology affects Investment Decisions through Locus of Control. Apart from these 3 exogenous variables that influence the endogenous investment decision variables through Locus of Control there are many other factors including motivational variables, macroeconomics and risk profiles.

Keyword: Investment Decision through Locus of Control, Financial Literacy, Financial Behavior and Financial Technology

INTRODUCTION

Every student, whether Undergraduate, Undergraduate or Undergraduate, must conduct research in the form of a thesis, thesis and dissertation. Likewise for lecturers, researchers and other functional staff who actively conduct research and create scientific articles for publication in scientific journals.

Scientific work is one of the requirements for students to complete their studies at most universities in Indonesia. This provision applies to all levels of education, namely undergraduate thesis (S1), undergraduate thesis (S2) and third-level dissertation (S3).

Based on empirical experience, many students and authors have difficulty finding supporting articles for their scientific work as previous research or as relevant research. Relevant articles are needed to strengthen the theory being researched, to see the relationship

or influence between variables and build hypotheses. This article discusses the effect of Financial Literacy, Financial Behavior, and Financial Technology on Investment Decisions through Locus of Control, a literature review study in the field of Financial Management.

LITERATURE REVIEW

Investment Decision through Locus of Control

Investment Decision through Locus of Control is Rotter (1966). The dimensions or indicators of Investment Decisions through Locus of Control are Internal Locus of Control and External Locus of Control. Investment Decision through Locus of Control is Robbin (2001) Dimensions or indicators of Investment Decision through Locus of Control are the level of trust, luck and destiny. Investment Decision through Locus of Control is McGee (2013). The dimensions or indicators of Investment Decisions through Locus of Control are self-strength and effective profits. Investment decisions through the Locus of Control have been studied by many previous researchers including Hira and Mugenda (1999), Davies and Lea (1995), Perry and Morris (2005).

Financial Literacy

Financial Literacy is Lusardi and Mitchel (2007). The dimensions or indicators of Financial Literacy are financial knowledge and financial skills. Financial Literacy is Lee and Hogarth (1999). The dimensions or indicators of Financial Literacy are formal education, informal education, family, friends and workplace. This Financial Literacy has been studied by many previous researchers including Al-Tamimi and Kalli (2005) and Van Rooij (2011).

Financial Behavior

Behavioral Finance is Topa (2018). The dimensions or indicators of Financial Behavior are acceptance, allocation and utilization of financial resources. Behavioral Finance is Ajzen (2005). The dimensions or indicators of Financial Behavior are personal, informational and social. This financial behavior has been studied by many previous researchers including Akben-Selcuk (2015), Putra et al. (2020), and Widiawati (2020).

Financial Technology

Financial Technology is Nizar (2017). The Financial Technology dimension or indicator is the financial system and service delivery. Financial Technology is Kim et.al (2016). Financial Technology dimensions or indicators are personal mobility, relative benefit, ease of use, service credibility, social impact, concern for privacy, and self-efficacy. This Financial Technology has been studied by many previous researchers including Laily (2016) and Herawati (2015).

Table 1: Relevant past research

No	Authors (Year)	Previous Research Results	Similarities With This Article	The Difference With This Article
1	Hira and Mugenda (1999)	Financial Literacy and Financial Behavior have a positive and significant impact on Investment Decisions through Locus of Control	Financial Behavior influences Investment Decisions through Locus of Control	Financial Literacy affects Investment Decisions through Locus of Control
2	Davies and Lea (1995)	Financial Literacy, Financial Behavior and Financial Technology have a positive and significant impact on Investment Decisions through Locus of Control	Financial Literacy & Financial Behavior influence Investment Decisions through Locus of Control	Financial Technology affects Investment Decisions through Locus of Control

3	Perry and Morris (2005)	Financial Literacy and Financial Behavior have a positive and significant impact on Investment Decisions through Locus of Control and Investment Decisions through Locus of Control	Financial Literacy & Financial Behavior influence Investment Decisions through Locus of Control	Financial Literacy and Financial Behavior influence Investment Decisions through Locus of Control
4	Al-Tamimi and Kalli (2005)	Financial Literacy and Financial Behavior have a positive and significant impact on Investment Decisions through Locus of Control	Financial Behavior influences Investment Decisions through Locus of Control	Financial Literacy affects Investment Decisions through Locus of Control
5	Van Rooij (2011)	Financial Literacy, Financial Behavior and Financial Technology have a positive and significant impact on Investment Decisions through Locus of Control	Financial Literacy & Financial Behavior influence Investment Decisions through Locus of Control	Financial Technology affects Investment Decisions through Locus of Control
6	Akben-Selcuk (2015)	Financial Literacy and Financial Behavior have a positive and significant impact on Investment Decisions through Locus of Control and Investment Decisions through Locus of Control	Financial Literacy & Financial Behavior influence Investment Decisions through Locus of Control	Financial Literacy and Financial Behavior influence Investment Decisions through Locus of Control
7	Putra et al. (2020)	Financial Literacy and Financial Behavior have a positive and significant impact on Investment Decisions through Locus of Control	Financial Behavior influences Investment Decisions through Locus of Control	Financial Literacy affects Investment Decisions through Locus of Control
8	Laily (2016)	Financial Literacy, Financial Behavior and Financial Technology have a positive and significant impact on Investment Decisions through Locus of Control	Financial Literacy & Financial Behavior influence Investment Decisions through Locus of Control	Financial Technology affects Investment Decisions through Locus of Control
9	Herawati (2015)	Financial Literacy and Financial Behavior have a positive and significant impact on Investment Decisions through Locus of Control and Investment Decisions through Locus of Control	Financial Literacy & Financial Behavior influence Investment Decisions through Locus of Control	Financial Literacy and Financial Behavior influence Investment Decisions through Locus of Control

RESEARCH METHOD

The method of writing this Literature Review article is the Qualitative Descriptive method and Library Research, sourced from the *Google Scholar online application, Mendeley* and other online academic applications. In qualitative research, literature review must be used consistently with methodological assumptions. This means that it must be used inductively so that it does not direct the questions posed by the researcher. One of the main reasons for conducting qualitative research is that it is exploratory in nature, (Ali & Limakrisna, 2013).

FINDINGS AND DISCUSSION

Based on relevant theoretical studies and previous research, the discussion of this *literature review article* is:

The Effect of Financial Literacy on Investment Decisions through Locus of Control.

Financial Literacy affects Investment Decisions through Locus of Control, where the dimensions or indicators of Financial Literacy (financial knowledge and financial skills) influence Investment Decision dimensions or indicators through Locus of Control, namely internal and external controls. To improve Investment Decisions through Locus of Control by taking into account Financial Literacy, what investors must do is increase their knowledge of finance. Financial Literacy affects Investment Decisions through Locus of Control, if Financial Literacy is well perceived by investors then this will be able to increase the amount of investment that will be given to an investment instrument in this case the linkage to Investment Decisions through Locus of Control. Financial Literacy affects Investment Decisions through Locus of Control, this is in line with research conducted by: Al-Tamimi and Kalli (2005) and Van Rooij (2011).

The Effect of Financial Behavior on Investment Decisions through Locus of Control.

Financial Behavior influences Investment Decisions through Locus of Control, where the dimensions or indicators of Financial Behavior (personal, information and social) influence Investment Decision dimensions or indicators through Locus of Control namely internal and external controls. To improve Investment Decisions through Locus of Control by paying attention to Financial Behavior, what investors must do is understand themselves (personally), all personal financial information and social behavior. Financial Behavior affects Investment Decisions through Locus of Control, if Financial Behavior is well perceived by investors then this will be able to increase Investment Decisions through Locus of Control. Financial Behavior influences Investment Decisions through Locus of Control, this is in line with research conducted by: Akben-Selcuk (2015), Putra et al. (2020), and Widiawati (2020).

The Influence of Financial Technology on Investment Decisions through Locus of Control.

Financial Technology affects Investment Decisions through Locus of Control, where Financial Technology dimensions or indicators (personal mobility, relative benefits, ease of use, service credibility, social impact, concern for privacy, and self-efficacy) influence Investment Decision dimensions or indicators through Locus of Control namely internal and external control. To improve Investment Decisions through Locus of Control by paying attention to Financial Technology, what investors must do is understand digital financial services provided by financial service providers. Financial Technology affects Investment Decisions through Locus of Control, if Financial Technology is well perceived by investors then this will be able to improve Investment Decisions through Locus of Control. Financial Technology affects Investment Decisions through Locus of Control, this is in line with research conducted by: Laily (2016) and Herawati (2015).

Conceptual Framework

Based on the formulation of the problem, theoretical studies, relevant previous research and discussion of the influence between variables, the framework for thinking of this article is processed as below.

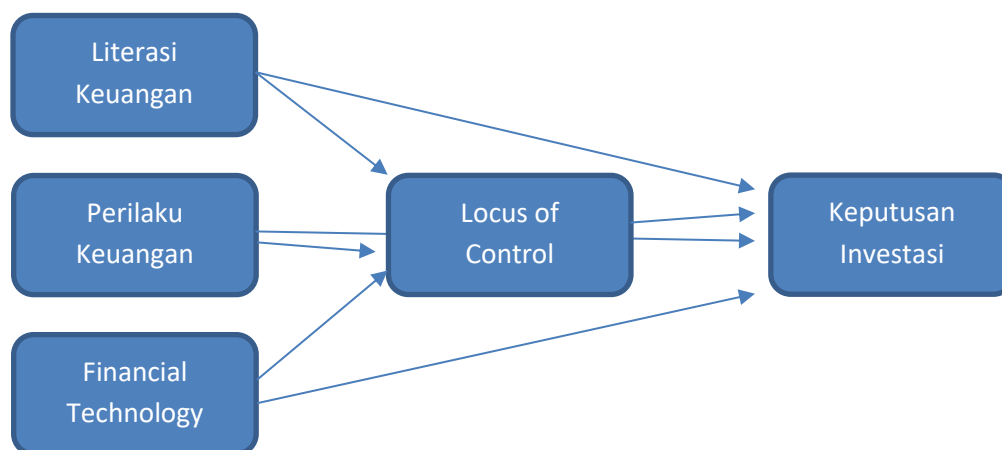


Figure 1: Conceptual Framework

Based on the conceptual framework picture above, then: Financial Literacy, Financial Behavior, and Financial Technology influence Investment Decisions through Locus of Control.

Apart from these three exogenous variables that influence Investment Decisions through Locus of Control, there are many other variables that affect Investment Decisions, including macroeconomic conditions, economic capacity, risk profile and selected investment instruments.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the theory, relevant articles and discussion, hypotheses can be formulated for further research. The conclusions are as follows:

1. Financial Literacy affects Investment Decisions through Locus of Control.
2. Financial Behavior influences Investment Decisions through Locus of Control.
3. Financial Technology affects Investment Decisions through Locus of Control.
4. Financial Literacy influences Locus of Control.
5. Financial Behavior influences Locus of Control.
6. Financial Technology influences Locus of Control.
7. Locus of Control has an effect on Investment Decisions.

Suggestion

Based on the conclusions above, the suggestion for the next author is that there are many other factors that influence Investment Decisions through Locus of Control, apart from Financial Literacy, Financial Behavior, and Financial Technology, therefore further studies are still needed to look for factors these other factors. Other factors influence Investment Decisions through Locus of Control apart from the three variables examined in this article, such as Motivation, Macroeconomics and Risk Profile.

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