EXPLORING THE EFFECT OF FINANCIAL EXPERIENCE ON CRYPTOCURRENCY INVESTMENT DECISIONS AMONG YOUNG INDONESIANS WITH OVERCONFIDENCE AND RISK TOLERANCE AS MEDIATING VARIABLES

Name	*: Susilawati*
Student ID Number	*: 5304221467*
Supervisor	*: Fachroh Fiddin, SE., M.Ak*

ABSTRACT

The development of digital financial technology has encouraged the younger generation in Indonesia to participate in cryptocurrency investment, which has a high level of risk and volatility. This study aims to analyze the effect of financial experience on cryptocurrency investment decisions with overconfidence and risk tolerance as mediating variables. This study uses an explanatory quantitative approach. Data were obtained from an online questionnaire survey (Google Form) distributed to 400 young Indonesian respondents aged 17–35 years who had invested in cryptocurrency. The collected data were analyzed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS 4.0 software. The results showed that financial experience had a significant effect on overconfidence and risk tolerance, but its direct effect on cryptocurrency investment decisions was relatively weak. Furthermore, risk tolerance was found to significantly mediate the influence of financial experience on investment decisions, and this mediation was stronger than that of overconfidence. These findings indicate that the cryptocurrency investment decisions of young people are determined more by their psychological readiness to face risks than by excessive self-confidence. Therefore, improving financial education and risk awareness is important to encourage more rational investment decision-making.

Keywords: *Cryptocurrency, Financial experience, Overconfidence, Risk tolerance, and Investment Decisions*