The Role of Financial Knowledge, Income Level, Financial Behavior, and Regret Experience in Shaping Investment Decisions: A Study of Sme Business Owners With Locus of Control as A Mediator

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Abstract. *This research aims to examine investment decisions influenced by financial knowledge, income level, financial behavior, regret experience, and locus of control. This research differs from previous research, namely using the locus of control variable as a mediating variable and adding the financial behavior variable and the regret experience variable as independent variables. The investment decisions examined in this research focus on investment. As for population and sample methodology, was MSME business actors in Banjarnegara, Indonesia who already had a legal permit; using the purposive sampling method, the sampling is 180 respondents which was obtained from the Slovin formula calculation. Data analysis techniques use Structural Equation Model (SEM) PLS. The results of this study state that: first, financial knowledge and regret experience have no effect on locus of control, while income level and financial behavior have an positive effect on locus of control. second, financial knowledge, income level, financial behavior and experience of regret influence investment decisions. third, locus of control cannot mediate the influence of financial knowledge and experience of regret on investment decisions, but on the influence of income level and financial behavior on investment decisions, locus of control has a mediating role.*

Keywords: *Financial Knowledge, Income Level, Financial Behavior, Regret Experience Investment Decisions, Locus of Control*

Intoduction

In 2015-2020, the Ministry of Investment and the Investment Coordinating Board noted, more than 99% of businesses in Indonesia were Small and Medium Enterprises, or commonly abbreviated as MSMEs. According to Republic of Indonesia Law Number 20 of 2008, MSMEs are businesses owned by an individual, whether in the form of a business entity or still an individual, with total assets no greater than 50 billion Rupiah and assets of less than 10 billion Rupiah (2022). The establishing MSMEs in accordance with the Ministry of Investment and Investment Coordination (2022) is to grow and develop businesses from the community in order to build a national economy that refers to just economic democracy. In accordance with data obtained from the Department of Manpower and MSMEs in 2017, the total number of MSME entrepreneurs in Banjarnegara is predicted to be 12,000 people, spread across 9 sub-districts, on average operating in the industrial, cooperative and property sectors. Of the total, 887 entrepreneurs already have new PIRT permits. When compared to the total workforce in 2017 which was 469,000 people, MSMEs in Banjarnegara City amounted to 2.5% (Banjarnegara

Industry and Trade Service, 2020).

MSMEs are currently in special focus from the government and receive a lot of support as stated in the law, namely, ease of applying for loans for businesses with low interest, assistance with business licensing, entrepreneurship training from government agencies and many other assistance. Currently, MSMEs are also starting to vary in type and have started to enter the creative economy, both in the fields of beauty, food, tourism and so on (Bank Indonesia Database, 2021).

The President of the Republic of Indonesia (2018) stated that in order to increase MSMEs in Indonesia, he reduced the Final Income Tax rate to 0.5%, so that business actors can expand their business because the tax they have to pay is small. This is expected to increase labor absorption up to investment. Investment activities are carried out by investors to improve welfare (Fachrudin & Fachrudin, 2016). When investing, investors must consider the type of investment and important factors in investing so that it is profitable for investors and companies, especially MSMEs. This activity is said to be an investment decision (Rohaenah & Kustina, 2016). According to Warsono (2010), investment decisions can be made by determining the type, namely real assets or financial assets. For example, real assets include purchasing land, gold and property, while financial assets include purchasing deposits, shares, bonds and mutual funds. Generally, there are 2 important points that a person considers when making investment decisions, namely the level of profit and the level of risk that the investor is likely to experience. This is so that investors can tolerate the risks they accept after making investment decisions. This activity is called regret regret (Adielyani & Mawardi, 2020).

Tolerating the level of risk that investors may accept when investing is not enough in making investment decisions, if there is no trust from investors in MSME managers in managing finances so that they produce something appropriately and correctly, according to their desires and needs that will be profitable in the future (Rohaenah & Kustina, 2016). This process is called financial behavior. One of the psychological factors that influences investors in making investment decisions is locus of control. According to Selart (2020), locus of control occurs when someone believes in their own ability to manage and utilize financial resources for future financial needs and planning, as well as their business activities (Safryani et al. 2020). Modern research by Hiller (2020) finds that locus of control can provide a powerful explanation for future outcomes (Rasheed et al., 2021).

Investors with a locus of control consider the results of investment decisions to be within their control (Selart, 2021), because there is no willingness on the part of investors to accept errors in their judgments, this will cause these investors to be biased and make irrational decisions (Davis, 2020). It can be concluded that the greater the level of locus of control possessed by investors, the more investors will rely on their decisions based on irrational

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heuristics when making investment decisions. Such as research by Lesmana & Farhan (2022), Tolu et al., (2021), Anggrayny et al., (2022), Tsausi & Tjahyanti (2022), which states that locus of control has a positive effect on investment decisions. However, this is not in accordance with research conducted by Ningsih (2021), Bella et al., (2022), Haryono et al., (2022), Widya & Adi (2022) which said that locus of control has no effect on investment decisions.

Based on the results of this research, there were inconsistencies in the results between one researcher and another. For this reason, the aim of this research is to develop previous research regarding investment decisions which are influenced by financial knowledge, income level, financial behavior, regret experience and locus of control. This research is different from previous research, namely using the Locus of control variable as a mediating variable, adding the Financial Behavior variable and the regret experience variable as independent variables, the investment decisions examined in this research focus on investment and the subjects used in this research are business investors. MSMEs in Banjarnegara. Based on this background explanation, the researcher is interested in conducting research on investment decisions among MSME business actors in Banjarnegara and realizing it in a scientific work in the form of a thesis with the title: "The Influence of Financial Knowledge, Income Level, Financial Behavior and Experience on Investment Decisions with Locus of control as a mediating variable for MSME business actors in Banjarnegara".

Research Methods

Population and Sample

The population in this study was MSME business actors in Banjarnegara who already had a legal permit; using the purposive sampling method. The samples in this study is 180 respondents which was obtained from the Slovin formula calculation.

Data Analysis Techniques

The data in this study were analyzed using the SEM PLS analysis technique, which were carried out with the help of the Smart PLS version 3 program. The reason for using SEM PLS is that the research model to be estimated is quite complex because the model contains mediating variables. In addition, SEM PLS also does not require a minimum and maximum number of samples, so it will be perfect if the sample obtained is small, although SEM PLS also works very well on large samples (Hair et al., 2019). Apart from these two reasons, the reason is because researchers want to avoid bias in the analysis results caused by data abnormalities. SEM PLS with Smart PLS is an analysis technique that is robust to the issue of data abnormalities (Hair et al., 2019).

Results and Discussion

Outer Model Testing

Convergent validity convergent validity testing is carried out to determine the level of validity of each relationship between the indicator and its latent construct. In this test, indicators are declared as valid if they have a loading factor value > 0.7 and each construct has an AVE value > 0.5. The outer model test results in Table 1 show that all indicators in the PLS model were valid in measuring the construct because they had values loading factor > 0.7, and the analysis results in Table 1 show that each construct had an AVE value > 0.5.

Table 1. Convergent Validity

Variable		Loading Factors	Cut Value	Validity	AVE	CR	Cronbach's Alpha	Reliability
Financial knowledge	FK3	0.957	0.7	Valid	0.929	0.7	0.981	reliable
	FK6	0.957	0.7	Valid				reliable
	FK9	0.989	0.7	Valid				reliable
	FK12	0.955	0.7	Valid				reliable
	FK15	0.960	0.7	Valid				reliable
Income level	IL1	0.907	0.7	Valid	0.816	0.7	0.962	reliable
	IL2	0.910	0.7	Valid				reliable
	IL3	0.950	0.7	Valid				reliable
	IL4	0.926	0.7	Valid				reliable
	IL5	0.868	0.7	Valid				reliable
	IL6	0.838	0.7	Valid				reliable
	IL7	0.920	0.7	Valid				reliable
Financial behavior	FB1	0.937	0.7	Valid	0.878	0.7	0.980	reliable
	FB2	0.931	0.7	Valid				reliable
	FB3	0.960	0.7	Valid				reliable
	FB4	0.916	0.7	Valid				reliable
	FB5	0.951	0.7	Valid				reliable
	FB6	0.924	0.7	Valid				reliable
	FB7	0.942	0.7	Valid				reliable
	FB8	0.936	0.7	Valid				reliable
Experience of regret	ER1	0.922	0.7	Valid	0.862	0.7	0.947	reliable
	ER2	0.948	0.7	Valid				reliable
	ER3	0.940	0.7	Valid				reliable
	ER4	0.905	0.7	Valid				reliable
Locus of control	LC1	0.931	0.7	Valid	0.898	0.7	0.981	reliable
	LC2	0.949	0.7	Valid				reliable
	LC3	0.955	0.7	Valid				reliable
	LC4	0.962	0.7	Valid				reliable
	LC5	0.946	0.7	Valid				reliable
	LC6	0.956	0.7	Valid				reliable
	LC7	0.935	0.7	Valid				reliable
Investment Decisions	ID 1	0.933	0.7	Valid	0. 972	0.7	0.900	reliable
	ID2	0.940	0.7	Valid				reliable
	ID3	0.957	0.7	Valid				reliable
	ID4	0.986	0.7	Valid				reliable

ID5	0.925	0.7	Valid	reliable

Source: processed data Smart PLS (2023)

Descriminant Validity.

Discriminant validity is carried out to ensure that each concept of each latent variable model is different from other variables. In this test, the indicator is declared to have met the required discriminant validity criteria if the HTMT between constructs is below 0.9. The results of the discriminant validity test in Table 2 show that the HTMT value between constructs was below 0.9, which means that each construct had met the discriminant validity. The results of the discriminant validity test in the table show that all indicators and constructs had met the required discriminant validity criteria, HTMT between constructs < 0.9.

Table 2. Descriminant Validity – HTMT

	ER	FB	FK	IL	ID	LC
ER						
FB	0.713					
FK	0.112	0.092				
IC	0.738	0.743	0.077			
ID	0.652	0.624	0.377	0.665		
LOC	0.646	0.725	0.062	0.827	0.758	

Source: data processed by SmartPLS (2023)

Composite Reliability and Cronbach Alpha

Composite reliability measures the actual reliability value of a variable, while crombach alpha measures the lowest value (lower bound) of the reliability of a variable. In measuring construct reliability, the required Cronbach's alpha value is > 0.7, and the required composite reliability value is > 0.7. The results of the construct reliability test in Table 3 show that cronbach's alpha value for all constructs was > 0.7, as well as the composite reliability value for all constructs > 0.7, which means that all constructs in the SEM PLS model are reliable.

Table 3 Composite Reliability

Construct	Cronbach's Alpha	rho_A	Composite Reliability
FK	0.981	0.986	0.985
IL	0.962	0.968	0.969
FB	0.980	0.982	0.983
ER	0.947	0.959	0.962
IL	0.972	0.973	0.978
ID	0.981	0.983	0.984
LC	0.981	0.986	0.985

Source: data processed by Smart PLS (2023)

Inner Model Testing

Inner model testing included: assessed the goodness of fit of the structural model,

assessed the path coefficient, tested the significance of the partial influence of exogenous variables on endogenous variables and calculated the coefficient of determination. The test results at this stage could be used to test the research hypothesis.
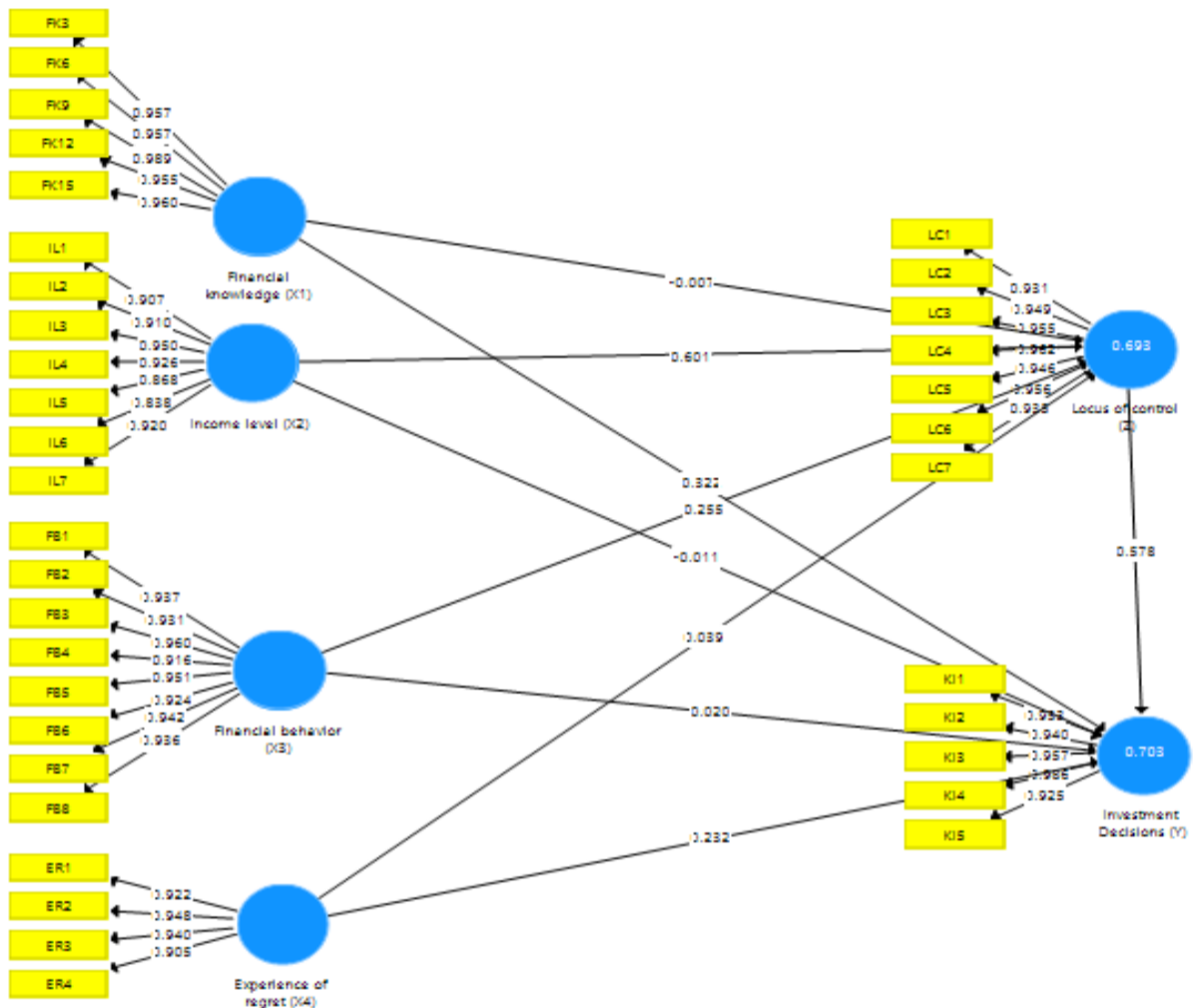

Figure 1. **SEM PLS Model Specifications**

Goodness of Fit PLS Model

The goodness of fit of the SEM PLS model can be seen from the R Square, Q Square, and SRMR model values. The R square value shows the model's strength in predicting endogenous variables. The R Square value ranges from 0-1 and is divided into three categories: strong, moderate, and weak. According to Chin (1998), an R square value >0.67 indicates that the PLS model is in the strong category, an R Square value between 0.33 – 0.67 indicates that the PLS model is in the moderate category, and an R Square value between 0.19 – 0.33 shows that the PLS model is in the weak category. The SRMR model is related to the sample's ability to explain the population. SRMR values are categorized into two categories: perfect model fit if SRMR <0.08; The model is fit if SRMR is between 0.08 – 0.10, and the model is not fit if SRMR >0.10.

Table 4. Goodness of Fit Model

Endogenous Construct	R²	Adjusted R²	Criteria	SRMR
Financial knowledge				0.07 (Fit)
Income level				
Financial behavior				
Experience of regret				
Investment decisions	0.703	0.694	*Moderate*	
locus of control	0.693	0.686	*Moderate*	

Source: data processed by Smart PLS (2023)

Table 5. Coefficient Determination

	R Square	R Square Adjusted
Locus of control	0.703	0.694
Decision investment	0.693	0.686

Source: data processed by Smart PLS (2023)

The analysis results in Table 5 show that the adjusted R square value of the locus of control is 0.703, meaning that 70.3% of the variance in the locus of control is influenced by income level, financial knowledge, financial behavior, and experience of regret, while the remaining 29.7% of the variance in the locus of control influenced by other factors outside income level, financial knowledge, financial behavior, and experience of regret. Furthermore, the adjusted R square was obtained at 0.693 in the investment decision variable. It means that 69.3% of the variance in investment decisions is influenced by income level, financial knowledge, financial behavior, experience of regret, and locus of control; the remaining 30.7% of the variance in decisions by other factors outside income level, financial knowledge, financial behavior, experience of regret and locus of control influence Investment.

Direct Effect

In SEM PLS analysis, the *p-value* and T statistics show the direct influence between variables. At a significance level of 5%, an exogenous variable is declared to have a significant effect on endogens if the *p value* is <0.05 or the T statistic is > 1.65 (one tail), and the T statistic is > 1.96 (two tail). The direction of influence (positive effect/negative effect) was assessed from the sign accompanying the path coefficient.

Table 6. Direct Effect

	Original Sample (O)	Samples Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
FK -> LC	-0.007	-0.007	0.033	0.213	0.832
IL -> LC	0.601	0.602	0.058	10.426	**0.000**
FB -> LC	0.255	0.258	0.059	4.336	**0.000**
ER -> LC	0.039	0.036	0.064	0.603	0.547

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FK -> ID	0.318	0.316	0.046	6.920	**0.000**
IL -> ID	0.336	0.346	0.088	3.797	**0.000**
FB -> ID	0.168	0.170	0.084	2.009	**0.045**
ER -> ID	0.254	0.247	0.087	2.919	**0.004**
LC -> ID	0.578	0.575	0.086	6.685	**0.000**

Source: data processed by Smart PLS (2023)

The results of the analysis in the table above show that: 1) Financial knowledge has no effect on locus of control indicated by a p-value of 0.832 > 0.05 T statistic 0.213 < 1.96, and negative path coefficient of -0.007. 2) Income level positive and significant effect on locus of control indicated by a p-value of 0.000 < 0.05 T statistic 10.426 > 1.96, and positive path coefficient of 0.601. 3) Financial behavior has a positive and significant effect on the locus of control indicated by a p-value of 0,000 < 0.05 T statistic 4.336 > 1.96, and positive path coefficient of 0.255. 4) Experience of regret has no effect on locus of control indicated by a p-value of 0,547 > 0.05 T statistic 0.603 < 1.96, and positive path coefficient of 0.039. 5) Financial knowledge has a positive and significant effect on investment decisions indicated by a p-value of 0,000 < 0.05 T statistic 6.920 > 1.96, and positive path coefficient of 0.318. 6) Income level has a positive and significant effect on investment decision indicated by a p-value of 0,000 < 0.05 T statistic 3.797 > 1.96, and positive path coefficient of 0.336. 7) Financial behavior has a positive and significant effect on investment decisions, indicated by a p-value of 0.045 < 0.05 T statistic 2.009 > 1.96, and positive path coefficient of 0.168. 8) Regret experience positive and significant effect on investment decision indicated by a p-value of 0.004 < 0.05, T statistics 2.919 > 1.96, and positive path coefficient of 0.254. 9) Locus of control has a positive and significant effect on the investment decision indicated by a p-value of 0.000 < 0.05 T statistic 6.685 > 1.96, and positive path coefficient of 0.578.

Table 7. Indirect Effects

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
FK -> LC -> ID	-0.004	0.211	0.833
IL -> LC -> ID	0.347	5.130	**0.000**
FB -> LC -> ID	0.147	3.504	**0.000**
ER -> LC -> ID	0.022	0.613	0.540

Source: data processed by Smart PLS (2023)

The results of the analysis in Table 7 show that in the indirect path, the influence of financial knowledge on investment decisions through the locus of control obtained a p-value of 0.832 with a T statistic of 0.211 with a negative indirect path coefficient of -0.004 because the p-value obtained was >0.05 and the T statistic was > 1.96, it is concluded that Financial knowledge has no effect on investment decisions mediated by locus of control. In this PLS model, locus of control does not mediate between financial knowledge and investment decisions.

The results of the analysis prove that in the indirect path, the influence of income level on investment decisions through locus of control obtained a p-value of 0.000 with a T statistic of 5.130 with a positive indirect path coefficient of 0.347 because the p-value obtained was <0.05 and the T statistic was > 1.96, it is concluded that income level can have an indirect effect on investment decisions, mediated by locus of control. In this PLS model, the locus of control is a mediator of the indirect influence of income level on investment decisions,

The results of the analysis prove that in the indirect path, the influence of financial behavior on investment decisions through the locus of control obtained a p-value of 0.000 with a T statistic of 3.504 with a positive indirect path coefficient of 0.147 because the p-value obtained was < 0.05 and the T statistic was > 1.96, it is concluded that financial behavior can indirectly influence investment decisions mediated by locus of control. In this PLS model, the locus of control is a mediator of the indirect influence of financial behavior on investment decisions,

The results of the analysis in Table 8 show that in the indirect path, the influence of experience of regret on investment decisions through the locus of control obtained a p-value of 0.540 with a T statistic of 0.613 with a positive indirect path coefficient of 0.022 because the p-value obtained was >0.05 and the T statistic was > 1.96, it is concluded that experience of regret has no effect on investment decisions mediated by locus of control. In this PLS model, locus of control does not mediate between experience of regret and investment decisions.

Table 8. Testing Hypothesis

No	Hypothesis	Results	Conclusion
1	Financial knowledge has a positive effect on locus of control	Path coefficient = *-0.007* ; t = 0.213 ; p value = 0.832	*Not Supported*
2	Income level has a positive effect on locus of controls	Path coefficient = *0.601* ; t = *10.426*; p value = 0.000	*Supported*
3	Financial behavior has a positive effect on locus of controls	Path coefficient = *0.255* ; t = *4.336* ; p value = 0.000	*Supported*
4	Experience of regret has a postive effect on locus of control	Path coefficient *0.039* ; t = 0.603 ; p value = *0,547*	*Not Supported*
5	Financial knowledge has a positive effect on investment decisions	Path coefficient = *0.318* ; t = *6.920* ; p value = 0.000	*Supported*
6	Income level has a positive effect on investment decisions	Path coefficient = 0.336 ; t = *3.797* ; p value = 0.000	*Supported*
7	Financial behavior has a positive influence on investment decisions	Path coefficient = *0.168* ; t = *2.009* ; p value = 0.045	*Supported*
8	Experience of regret has a positive effect on investment decisions	Path coefficient = *0.254* ; t = *2.919* ; p value = *0.004*	*Supported*
9	Locus of control has a positive effect on investment decisions	Path coefficient = *0.578* ; t = 6.685 ; p value = 0.000	*Supported*
10	Locus of control is able to mediate the influence of financial knowledge on investment decisions	Path coefficient = -0.004 ; t = 0.211 ; p value = 0.833	*Not Supported*

11	Locus of control is able to mediate the influence of income level on investment decisions	Path coefficient = 0.347 ; t = 5.130 ; p value = 0.000	*Supported*
12	Locus of control is able to mediate the influence of financial behavior on investment decisions	Path coefficient = 0.147 ; t = 3.504 ; p value = 0.000	*Supported*
13	Locus of control is able to mediate the influence of experience of regret regarding investment decisions	Path coefficient = 0.022 ; t = 0.613 ; p value = 0.540	*Not supported*

Source: data processed by Smart PLS (2023)

Discussion

The influence of financial knowledge on locus of control

Hypothesis 1 in this study states that the financial knowledge has a positive effect on locus of control. Hypothesis 1 in this study is not supported. The results of this research align with the results of (D. Damayanti et al., 2023), This shows that the ability to regulate attitudes and decisions is not always supported by high financial knowledge. Evaluation of self-control needs to be carried out to improve individual abilities, especially in the context of this research, namely students. It is done because it will help students realize that all their efforts will provide results commensurate with their knowledge and ultimately accustom students to think effectively and efficiently in finance-related matters. Thus, financial knowledge also plays a vital role in the self-control used in financial planning and management to provide profits and avoid losses.

The influence of income level on locus of control

Hypothesis 2 in this study states that income level has a positive effect on locus of control. Hypothesis in this research is supported. These results differ from the discussion of the research results of Asih & Khafid (2020); Masdupi & Rasyid (2020) which reveal that income significantly positively affects the locus of control. It shows that the amount of income each individual has does not significantly shape their behavior towards locus of control. The higher the income a person receives over a certain period, the more significant self-control behavior in dealing with financial problems will grow. Problems regarding self-control in matters related to finances still often occur in individuals with high incomes; in other words, these problems do not only occur in individuals with low incomes.

The results of this research aligned with the social learning theory expressed by Rotter (1966), a theorist in social psychology, which refers to the extent to which a person believes and believes that they can control events that affect them, including their level of income. Income is the net income a person receives from their primary job, dividends, savings interest, royalties, and pension funds within a certain period, which can be used to buy necessities of life and desired goods (Vera-Toscano et al., 2006). Generally, a person's income level is sufficient to determine his consumption pattern, whereas high income allows for high consumption patterns.

In general, the people of Makassar only behave consumptively, as evidenced by their increasingly consumerist attitude. According to data from the Central Statistics Agency (BPS) in Makassar City in 2018, public consumption is relatively high monthly. Therefore, the monthly consumption expenditure of the people of Makassar City means that no one spends little or less. When a consumer's lifestyle does not match their income with their consumption behavior, it can cause financial failure. Related to this, this research refers to research by Perry & Morris (2005), which reveals that income level positively and significantly influences the locus of control. This research indicates that how much income is received or earned must be accompanied by self-control. Good, so that expenditure will be well controlled and form a sound financial management behavior pattern.

The influence of financial behavior on locus of control

Hypothesis 3 in this study states that financial behavior has a positive effect on locus of control. Proven by the p-value that supports the hypothesis in the research so that the hypothesis 3 is supported. Individuals who have a high locus of control and have good confidence in themselves can manage their financial behavior well. Managing long-term and short-term finances proves that the individual is confident in his ability to organize strategies in managing his finances (Sari & Widoatmodjo, 2023). So that the individual can easily determine what strategy they will take in making their investment decisions.

The influence of experience of regret on locus of control

Hypothesis 4 in this study states that financial knowledge has a positive effect on locus of control. So hypothesis 4 in this study is not supported. Pompian (2012), several psychological works of literature state that in conditions of uncertainty, a person's feelings of regret influence decision-making. According to Wulandari & Iramani (2014), someone experienced regret if they have invested for years. However, the results they get are different than expected, resulting in someone tending to be careful in making investment decisions. According to Wardani & Lutfi (2017), someone who had a bad experience in investing tends to be careful in choosing investments and prefers low-risk investments. Meanwhile, someone with a positive experience in investing will prefer investments with high risk and a certain level of return. According to Wulandari & Iramani (2014), the character of Indonesian tends to be religious, so decision-making always leads to better hopes and confidence, which causes regret to be ignored in investment decision-making.

The Influence of Financial Knowledge on Investment Decisions

Hypothesis 5 in this study states that financial knowledge has positive effect on investment decisions. Hypothesis 4 in this study is supported. *Financial knowledge* is often defined as a person's understanding of finance. Financial knowledge refers to a person's understanding of

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finances in general. According to Robb et al. (2012), financial knowledge is an important benchmark when discussing individual financial health. A person's financial knowledge can be used to avoid risks and reference solutions to problems that arise when making investment decisions. The results of Pertiwi et al. (2020) research show that financial knowledge significantly positively affects investment decisions. The study suggests that investors with a higher or greater understanding of financial risk will make more careful investment decisions. This research is in line with Damayanti & Fauzi (2020), who show that the financial knowledge variable significantly affects investment decisions. It can be interpreted that there is a direct relationship between financial knowledge and investment decisions. The more someone deepens their financial knowledge, the more likely they are to carry out investment activities for long-term needs.

The Influence of Income Level on Investment Decisions

Hypothesis 6 in this study states that income level has positive effect on investment decisions. Hypothesis 6 in this study is supported. Research conducted by Yundari & Artati (2021) shows that the income variable positively and significantly affects investment decisions. It aligns with research by Arianti Baiq Fitri (2018), shows that income significantly influences investment decisions. If the income received is higher, an individual will be more confident in making investment decisions and understand the benefits of saving for the future.

The Influence of Financial Behavior on Investment Decisions

Hypothesis 7 in this research can be accepted, and it is concluded that financial behavior influences investment decisions. This is in line with research conducted by (Nugraha et al., 2022), where the research states that in this case the indicators contained in financial behavior, namely Financial Planning, Financial Management, then play a role in influencing investment decisions. Thus, it can be interpreted that financial behavior influences investment decisions.

The influence of regret experience on investment decisions

Hypothesis 8 in this study states that regret experience has positive effect on investment decisions. Hypothesis 8 in the research is supported. This is in line with research (Hikmah et al., 2020) which states that the experience of regret influences investment decisions.

The influence of locus of control on investment decisions

Hypothesis 9 in this research can be proven by locus of control influences investment decisions, meaning that hypothesis 9 can be supported. This is in accordance with research (Fitra et al., 2018), (Amanda et al., 2023) and (Adiputra et al., 2023) which shows that locus of control can have an influence on investment decisions. The results of this research are in line with the phenomenon that occurred which was reported on the official website CNBC Indonesia (Puspadini, 2023) where there were incidents of people being deceived by fake investments. This

is also a consideration for someone to be more careful and choose safe investments.

When someone has a high internal locus of control, they will tend to choose real assets, while someone who tends to have a low internal locus of control will tend to choose a bank account for investing. A person with a high Internal Locus of Control has a high sense of self-confidence in determining everything in his life, with a high sense of self-confidence a person will choose a type of investment that has a higher risk, namely real assets (Adiputra et al., 2023).

The role of locus of control in mediating the influence of financial knowledge on investment decisions

Hypothesis 10 in this study is not supported, locus of control that it cannot mediate the influence of financial knowledge on investment decisions. This is in accordance with research conducted by (Atmaningrum et al., 2021) and (Nisak & Santoso, 2023) Even though someone has high financial knowledge and investment decisions, it does not guarantee that someone can make good investment decisions if it is not accompanied by a good locus of control. Self-control needs to be exercised to improve an individual's ability to make good investment decisions, not to be easily tempted to generate large income, but also to remain alert and have other alternatives if at any time the investment made experiences a loss.

The role of locus of control in mediating the influence of income level on investment decisions

Hypothesis 11 in this study is supported and it is concluded that locus of control can mediate the influence of income level on investment decisions. This is in accordance with research conducted by (Masdupi & Rasyid, 2020) and (Yundari & Artati, 2021) showing that higher income causes increased desire and understanding of the benefits of saving or investing for the future. Vice versa, the lower the income one has, the more difficult it is for a person to invest and the level of desire to invest may decrease. Someone who has a better income that is good cannot form good self-control in his financial problems (Masdupi & Rasyid, 2020)

The role of locus of control in mediating the influence of financial behavior on investment decisions

Hypothesis 12 in this research is supported and it is concluded that locus of control can mediate the influence of financial behavior on investment decisions. This is in line with research conducted by (Nugraha et al., 2022) and (Sari & Widoatmodjo, 2023). Financial Management plays a role in influencing investment decisions. Thus, it can be interpreted that financial behavior influences investment decisions (Nugraha et al., 2022). Managing long-term and short-term finances proves that individuals are confident in their ability to organize strategies in managing their finances, so that individuals can easily determine what strategies they will take in making investment decisions (Sari & Widoatmodjo, 2023).

The role of locus of control is able to mediate the influence of regret experience on

investment decisions

Hypothesis 13 in this study is not supported, meaning that locus of control cannot mediate the influence of regret experiences on investment decisions. This is in line with research conducted by (Hikmah et al., 2020) and (Wulandari & Iramani, 2014). A person who has been investing for years and has failed to get the desired profit or return, that individual or person is said to have just experienced regret. In this way, individuals will be more careful the next time they make their next investment (Hikmah et al., 2020). However, the character or self-control of Indonesians tends to be religious, so that decision making always leads to better hopes and beliefs, thus causing regret for negligence in making investment decisions (Wulandari & Iramani, 2014).

Conclusion

The results of this study state that: first, financial knowledge and experience of regret have no effect on locus of control, while income level and financial behavior have an effect on locus of control. second, financial knowledge, income level, financial behavior and experience of regret influence investment decisions. third, locus of control cannot mediate the influence of financial knowledge and experience of regret on investment decisions, but on the influence of income level and financial behavior on investment decisions, locus of control has a mediating role.

Suggestion

From the Regret Experience variable, the overall experience of regret in Banjarnegara City MSME businesses is good. However, in terms of experience and desire to invest in Banjarnegara City MSME business actors, they still need to be improved. From the Income Level variable, overall, the income level in Banjarnegara City MSME businesses is good. However, regarding the order to carry out the work and salaries that is appropriate for Banjarnegara City, MSME businesses still need to be improved. From the Financial Behavior variable, overall financial behavior in Banjarnegara City MSME businesses is good. However, understanding financial conditions and resolving financial problems for Banjarnegara City MSME business actors still need to be improved.

From the Financial Knowledge variable, the overall financial knowledge of Banjarnegara City MSME business actors is good. However, regarding knowledge about finances, the causes of rising cost of living, helpful insurance, and interest in investing among Banjarnegara City MSME business actors still need to be improved. Overall, the locus of control for Banjarnegara City MSME business actors is good from the Locus of the control variable. However, it still needs to be improved in terms of knowledge about the influence of life and how to overcome life

problems for the Banjarnegara City MSME business actors. From the investment satisfaction variable, overall investment decisions for MSME business actors in Banjarnegara City are good. However, in terms of investment product profits, understanding risks and how to reduce investment risks for MSME business actors in Banjarnegara City still need improvement.

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