

Factors Affecting Mutual Fund Investment Decisions In The Community In Medan

Faktor-Faktor Yang Mempengaruhi Keputusan Investasi Reksadana Pada Masyarakat Di Kota Medan

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Abstract

The research direction is an analysis of factors in influencing mutual fund investment decisions in the community in Medan related to mutual funds, financial literacy and psychological factors. Quantitative approach to the population in this study is a community in the city of Medan who invest in mutual funds at Bank Mandiri. the number of samples was 97 people who invested in mutual funds at Bank Mandiri and applied purposive sampling. The results of the study showed that partially mutual funds influence mutual fund investment decisions in the community in the city of Medan, partially financial literacy influence mutual fund investment decisions in the community in the city of Medan, partially psychological factors influence mutual fund investment decisions in the community in the city of Medan. Simultaneously mutual funds, financial literacy and psychological factors influence mutual fund investment decisions in the community in Medan City.

Keywords: Financial Literacy, Psychological Factors, Mutual Fund Investment Decisions

Abstrak

Haluan penelitian merupakan penganalisis faktor-faktor dalam memengaruhi keputusan investasi reksadana pada masyarakat di Medan yang berkaitan dengan reksadana, finansial literasi keuangan dan faktor psikologi. Pendekatan kuantitatif dengan populasi dalam penelitian ini merupakan masyarakat di Kota Medan yang berinvestasi di reksadana di Bank Mandiri. jumlah sampel adalah sebanyak 97 masyarakat yang berinvestasi di Reksadana di Bank Mandiri dan menerapkan *purposive sampling*. Simpulan penelitian menghasilkan secara parsial reksadana memengaruhi keputusan Investasi reksadana pada masyarakat di kota Medan, secara parsial literasi keuangan memengaruhi keputusan Investasi reksadana pada masyarakat di kota Medan, secara parsial faktor psikologi memengaruhi keputusan Investasi reksadana pada masyarakat di kota Medan. Secara simultan reksadana, literasi keuangan dan faktor psikologi memengaruhi keputusan Investasi reksadana pada masyarakat di kota Medan.

Kata Kunci: Reksadana, Literasi Keuangan, Faktor Psikologi, Keputusan Investasi Reksadana

1. Introduction

Bank Mandiri mutual funds are one of the investment platforms where customers can invest in various types of investments, such as stocks and bonds. At Bank Mandiri, the minimum purchase of mutual funds is IDR 10,000, both at branches and at Livin Mandiri. However, this minimum purchase may vary depending on the conditions of each mutual fund product.

Many people today realize investors to earn profits. Investment decisions are a repetitive process. The investment process consists of five stages: determination of investment objectives, determination of investment policies, selection of portfolio strategies, selection of assets, measurement, and evaluation of portfolio performance. Investors expect high returns from their investments. However, investing also means taking risks. In many cases, risk is defined as the actual return that is different from

the expected return. The expected rate of return is positively correlated with risk. Fluctuations in the number of mutual funds at Bank Mandiri. In 2023, the number of mutual funds increased by 73.98% compared to 2022. However, in 2024, the condition decreased by 20.34% from 2023. From this data it can be concluded that the decline in investment decisions on mutual funds.

Investment becomes an economic activity in which people invest capital to make a profit from that capital. In the modern world, everyone should understand the importance of investing and managing their own finances. A person is more selective in making investments when society is more capable.

According to the OJK, Indonesian capital market conditions will change throughout 2024 due to global economic sentiment. In addition, mutual fund AUM was recorded to decline to Rp428.12 trillion in 2024, down from Rp484.34 trillion in 2023, and down to Rp491.1 trillion in 2022. The composite stock price index (JCI), called the domestic stock market, closed at 7,079.91 on December 30, 2024. Although the position reflected a correction of 0.48% year-on-year (MtD) and a decrease of 2.65% year-on-year (YtD), the capital market showed a positive trend with an increase of 5.74% year-on-year (YtD) of Rp12,336 trillion.

One of the most popular ways of investing in the capital market is mutual funds. Since mutual funds are accessible to those with limited funds, mutual fund investments become attractive. Mutual funds are made for potential investors who want to invest but don't have much time or knowledge. The risk of failure of the investment community, fluctuations in net asset value (NAV), and management costs are some of the mutual fund issues that can affect your investment decisions. A study conducted by Damayanti and Hrp (2022) found that mutual funds influence investment decisions. However, according to research by Wahyunidan Masdiantini (2023), mutual funds do not influence investment decisions.

Financial literacy is becoming very important for millennials today, especially when it comes to investing, because many assume that they will face financial difficulties. Financial literacy also relates to a person's ability to manage their own finances, understand the concept of risk, and make effective financial planning decisions to improve their financial well-being. Financial ignorance can be a big problem when making investment decisions. This is because understanding the basics of finance, such as what investments are, risks, and benefits, is essential to making mutual fund investment decisions. According to research Pratiw and Atmoko., (2023) financial literacy greatly influences investment decisions. However, according to Lestari et al., (2022), financial literacy does not affect investment decisions.

One of the components of psychology that influences investment decisions is risk resistance. Many people are too expecting a certain return even though the risk is smaller. In fact, people often make systematic mistakes in investment predictions and think irrationally. Investment selection, wise people will consider many things. They will consider the amount of funds invested. People's tolerance for the risks that will be faced also greatly affects the choice of type of investment and the amount of funds. Psychology greatly influences investment decisions, according to the research of Ramshar et al. (2022). However, the research of Aji and Astuti (2023) is different, showing that psychological factors do not influence investment decisions.

The purpose of this study was to analyze the influence of mutual funds, financial literacy and psychological factors influence on mutual fund investment decisions in the community in Medan.

Implementation Methods

The research using quantitative methods. A population is a group of individuals who possess certain characteristics and are the object of research. The population in this study is a community in the city of Medan who invest in mutual funds Bank Mandiri. Sampling using lemeshow formula because the number of unknown populations.

$$n = \frac{Z^2 - P (1-P)}{d^2} \quad n = \frac{1,96^2 - 0,5 (1-0,5)}{0,1^2} = 96,04 \approx 97$$

Description :

N= Sample

Z= 95% of Confidence (1,96)

P= Estimated Ratio

d= precision used

A sample of 97 people invested in mutual funds at Bank Mandiri. Sampling techniques in research using purposive sampling.. Purposive sampling is a technique based on the researcher's consideration of the most appropriate or representative members of the population for the purpose of research. Data collection techniques based on research questionnaires, interviews, documentation studies. The data analysis technique used is multiple linear regression analysis with SPSS.

2. Results And Discussion

Validity and reliability testing

Validity test results r count (Pearson Correlation) > rtable (0.361) and each GIS.(2-tailed)< 0.05 that all questionnaires for mutual fund variables, financial literacy, psychological factors and mutual fund investment decisions are confirmed valid. Then the reliability test also obtained cronbach alpha value > 0.6 that all mutual fund questionnaires, financial literacy, psychological factors and investment decisions were declared reliable.

Descriptive Statistics

Descriptive statistics in this study are :

Table 1. Descriptive Statistics

	Minimum	Maximum	Mean
Mutual funds	8	40	22.76
Financial literacy	6	30	16.44
Psychological Factors	8	40	24.78
Investment Decisions	8	40	21.78

Mutual funds produce the smallest value of 8 and the largest 40 then an average of 22.76 and a standard deviation of 10.236. Financial literacy with a sample of 97 respondents and a minimum value of 6 people and a maximum of 30 with a mean value of 16.44 and a standard deviation of 8.223. Psychological factors with a sample of 97 respondents and a minimum value of 8 people and a maximum of 40 with a mean value of 24.78 and a standard deviation of 10.233. Mutual fund investment decisions with a

sample of 97 respondents and a minimum value of 8 people and a maximum of 40 with a mean value of 21.78 and a standard deviation of 9.745.

Classical Assumption Test

Normality Test

A histogram showing a symmetrical bell shape, with a peak in the middle and an even distribution of data on both sides, is an indication that the data may be normally distributed

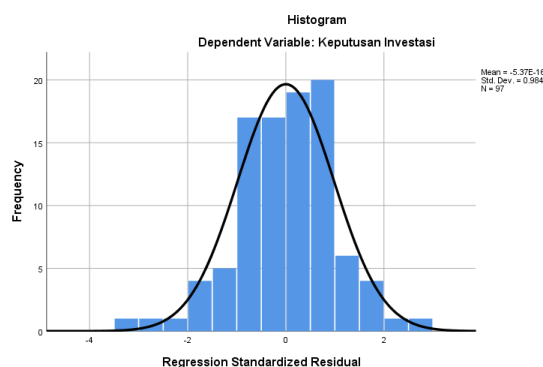


Figure 1. Histogram

Normality test with P-P graph plots obtain data spread around the diagonal line and spread close to the diagonal line. This means that the data is normally distributed.

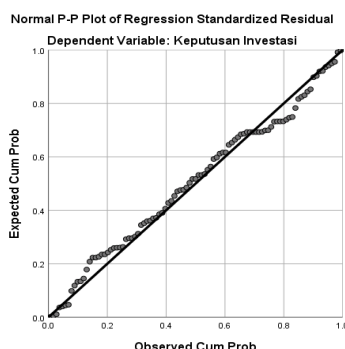


Figure 2. P-P Plot

Table 2. Kolmogorov Smirnov

	Unstandardized Residual
Asymp. Sig. (2-tailed) ^c	.200 ^d

Significant value 0.099 > 0.05. Kolmogorov Smirnov test results show normally distributed data.

Multicollinearity Test

Multicollinearity test results are:

Table 3. Multicollinearity Test

Models	Tolerance	VIF
Mutual funds	.695	1.438
Financial literacy	.545	1.834
Psychological Factors	.729	1.372

Tolerance value for the independent variable >0.1 while the value of VIF for the independent variable < 10. Thus in multicollinearity test there is no correlation

between independent variables.

Heteroscedasticity Test

Heteroscedasticity test in a way to detect the presence or absence of heteroscedasticity.

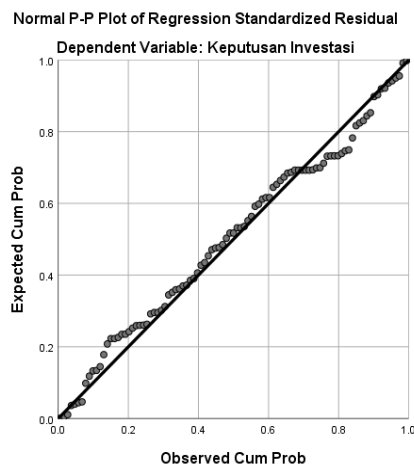


Figure 3. Scatterplot

The points spread out in an indistinct pattern on the Y-axis, do not converge in one place that does not occur heteroscedasticity in the regression model.

Table 4. Heteroscedasticity Test

Models	Sig.
Mutual funds	.317
Financial literacy	.089
Psychological Factors	.367

The significant value of mutual fund variable is $0.317 > 0.05$, financial literacy variable is $0.089 > 0.05$ and psychological factor is $0.367 > 0.05$. Thus, from the results of Gletjer test, it can be said that there is no heteroscedasticity problem.

Research Model

Multiple regression analysis is:

Table 5. Multiple regression Analysis

Model	B	Unstandardized Coefficients	
			Std. Error
(Constant)		1.467	1.943
Mutual funds		.245	.074
Financial literacy		.533	.103
Psychological Factors		.241	.072

$$\text{Mutual Fund Investment Decisions} = 1.467 + 0.245 \text{ Mutual Funds} + 0.533 \text{ Financial Financial Literacy} + 0.241 \text{ Psychological Factors}$$

Explanation of multiple linear regression above is a constant value of 1.467 which shows the mutual fund variables, financial financial literacy and psychological factors are considered zero (0) then mutual fund investment decisions of 1.467. The value of the mutual fund regression unit of 0.245 states that every increase of 1, the mutual fund investment decision will increase by 0.245 units. Financial literacy regression unit value of 0.533 states that every increase of 1, the mutual fund investment decisions will increase by 0.533 units. The value of the psychological factor

regression unit of 0.241 states that every increase of 1, the mutual fund investment decision will increase by 0.241 units.

Coefficient of Determination

Determination of results is:

Table 6. Determination

Models	R	R Square	Adjusted R Square
1	.783 ^a	.613	.601

Mutual fund investment decisions in the community in the city of Medan can be explained by the variation of mutual fund variables, financial literacy and psychological factors by 60.1% while the remaining 39.9% (100% - 60.1%) is explained by other variables not studied in this study.

Simultaneous Hypothesis Testing

Table 7. Simultaneous Test

Models	F	Sig.
1 Regression	49.162	.000 ^b

The value of F count (49.162) > F table (2.70) and the probability of significance of 0.000 < 0.05, means that H4 is accepted Ho rejected, so it is concluded that simultaneously mutual funds, financial literacy and psychological factors affect mutual fund investment decisions in the community in Medan. The results of this study are in line with research conducted by Rahmawati, et al., (2023), Gustika and Yaspita (2021) and Eamashar, et al., (2022), that simultaneously mutual funds, financial literacy and psychological factors influence mutual fund investment decisions. Financial literacy, psychological factors and mutual funds have a complex relationship in the context of investment decisions. Good financial literacy helps investors understand the risks and potential benefits of various investment instruments, including mutual funds. Psychological factors, such as overconfidence or tendency to follow trends (herding), can influence investment decisions positively as well as negatively. Mutual funds, as a popular investment alternative, offer convenience and diversification, but a good understanding of financial literacy and psychological factors remain crucial in making wise investment decisions.

Partial Hypothesis Testing

Table 8. Partial Test

Models	t	Sig.
Mutual funds	3.330	.001
Financial literacy	5.154	.000
Psychological Factors	3.345	.001

Partial hypothesis testing is the result of partial testing for mutual fund variables to obtain a value of tcount > ttable or 3.330 > 1.986 and significant obtained 0.001 < 0.05, meaning that H1 is accepted that partially mutual funds affect mutual fund investment decisions in the community in Medan. The results of this study are in line with research conducted by Ahzar, et al., (2023), that partially mutual funds influence mutual fund investment decisions . Mutual funds have a close relationship with investment decisions because they are one of the instruments that investors can

choose to achieve their financial goals. Mutual funds offer portfolio diversification, so investors can reduce investment risk and the potential to get more stable profits.

Partial test results for financial literacy financial variables obtained a value of $t_{count} > t_{table}$ or $5.514 > 1.986$ and significant obtained $0.000 < 0.05$, means that H2 is accepted that partially financial literacy affect mutual fund investment decisions in the community in Medan. The results of this study are in line with research conducted by Hasanudin et al., (2022), that partially financial literacy influences mutual fund investment decisions . Financial literacy has a strong relationship with investment decisions. The higher the level of financial literacy of a person, the better investment decisions he makes. Financial literacy helps individuals understand financial concepts, analyze risks, and make informed investment choices to achieve financial goals.

The results of partial testing for psychological factor variables obtained a value of $t_{count} > t_{table}$ or $3.345 > 1.986$ and significant obtained $0.001 < 0.05$, means that H3 is accepted that partially psychological factors affect mutual fund investment decisions in the community in Medan. The results of this study are in line with research conducted by Sari (2021), that partially psychological factors influence mutual fund investment decisions . Psychological factors have a significant influence on investment decisions, often causing investors to act irrationally and take non-optimal decisions. Emotions, cognitive biases, and herd (herding) behavior can affect how investors process information and make investment choices

3. Conclusion

The conclusion of the study showed that partially mutual funds affect mutual fund investment decisions in the community in the city of Medan, partially financial literacy affect mutual fund investment decisions in the community in the city of Medan, partially psychological factors affect mutual fund investment decisions in the community in the city of Medan and then simultaneously mutual funds, financial literacy and psychological factors affect mutual fund investment decisions in the community in the city of Medan. The recommended suggestions in the research include understanding the types of mutual funds such as money market funds, fixed income funds, stock funds and mixed funds. The public needs to adjust the type of mutual fund to the investment period and financial goals. To improve financial literacy regarding mutual fund investments, it is important to understand the basic concepts of mutual funds, risks and potential returns, as well as how to choose and manage such investments. To increase the psychological factor in mutual fund investing, it is important to understand and manage emotions, research and diversify, and have a mature investment plan. Previous research on investment decisions can serve as a solid basis for future research. Suggestions for previous research include several important aspects, such as a focus on factors that influence investment decisions, analytical methods used, and specific case studies. Researchers are also advised to consider the context of the time and place of the study, as well as dig deeper into the impact of investment decisions on financial performance.

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