

**THE INFLUENCE OF FINANCIAL LITERACY, FINANCIAL EFFICACY AND FINANCIAL INCLUSION ON INVESTMENT DECISION BEHAVIOR WITH FINANCIAL BEHAVIOR AND FINANCIAL FREEDOM AS AN INTERVENING FOR MEMBERS OF THE EAST FLORES INDONESIAN TEACHERS ASSOCIATION**

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**ABSTRACT**

This study attempts to evaluate the substantive impact of financial literacy, financial efficacy, and financial inclusion on investment decision-making behavior, incorporating financial behavior and financial independence as intervening constructs. Employing a quantitative methodology, the investigation concentrates on a population of 520 members affiliated with IGI. The sample selection employs the Slovin sample technique, yielding a representative sample of 48 individuals. The research outcomes reveal that, in a direct context, financial literacy and financial inclusion fail to exert a statistically significant influence on investment decision-making behavior. On the other hand, financial efficacy emerges as a decisive factor significantly shaping such behavior. Notably, financial behavior is discerned as a mediating factor in the intricate relationship linking financial literacy, financial efficacy, and financial inclusion to investment decision-making behavior. Furthermore, financial freedom assumes the role of a mediator in the indirect association between financial literacy and investment decision-making behavior. However, it is noteworthy that financial freedom does not mediate the connection between financial efficacy and financial inclusion in relation to investment decision-making behavior. These findings contribute to a nuanced understanding of the intricate dynamics influencing financial behavior and investment decision-making, underscoring the pivotal role of financial efficacy and financial behavior as intervening variables. The practical implications of this study offer valuable insights for the development of more effective financial literacy programs and inclusive financial strategies, considering the identified mediating roles

**Keywords:** Financial Literacy, Financial Efficacy, Financial Inclusion, Financial Behavior, Financial Freedom, Investment Decisions.

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## INTRODUCTION

Every individual generally has aspirations to achieve a happy, decent and prosperous life. One important element that supports the realization of this condition is financial condition. Stable, healthy and free financial conditions have a positive impact on achieving prosperity, happiness and a decent life. Conversely, poor financial conditions can have a negative impact on well-being and happiness. Financial freedom is defined as a condition where a person has enough financial resources to eliminate worries (Raharjo et al., 2023). Financial freedom also reflects adequate savings, freedom from the burden of debt, and ownership of assets and investments that can support a lifestyle for both yourself and your family. The process of achieving financial freedom requires effective financial management and strong financial knowledge. This is the basis for consideration in every decision related to financial management.

For Indonesian people, decisions about how to use money are reflected in consumption, savings and investment. Savings and investments are preventive steps and preparations to maintain life processes in the future and now. However, consumerist attitudes and current lifestyles have created a tendency among people to practice less of the culture of saving and investing. Challenges arise because many people do not fully realize the urgency of having personal financial management. Some people still think that financial investment planning is only relevant for those with high incomes. Interestingly, there are also groups of people who have adequate financial capabilities but their knowledge of how to invest is still not optimal or adequate for their personal finances (Rasuma Putri & Rahyuda, 2017). Consumerism and lifestyle factors are obstacles in increasing public awareness of the importance of investment. Survey results from the OCBC NISP Financial Fitness Index in 2023 show an increase in the financial health index of Indonesian people by 1.10 points compared to the previous year, reaching 41.16 from the previous 40.06. However, only 9 percent of the total respondents already have investments according to financial growth indicators. This survey also shows the public's low understanding of investment products such as term savings, mutual funds and Online Gold Savings. Further efforts are needed to increase financial literacy and investment awareness among Indonesian society.

Investment, as an economic activity, implies how to invest capital either directly or indirectly, accompanied by the hope that someone who invests their capital will gain a profit (Safryani et al., 2020). In the Indonesian context, various investment alternatives are available, including investment in the real sector which involves tangible assets such as land, buildings and gold, as well as the financial sector which involves intangible assets such as shares, bonds and mutual funds. It is important to remember that every form of investment always involves risk, with some sectors perhaps having a high level of risk while others have a low level of risk. In this regard, an emphasis on wisdom and caution is required in making investment decisions. Investment decisions, as the act of investing money as capital in the present with the aim of achieving more optimal results

or profits in the future, are closely related to someone who invests as a stakeholder. Interestingly, investment decisions are not limited to individuals with a business or finance background; Even individuals from various professional backgrounds, including teachers, can participate in investment activities. This shows that every individual has the potential to engage in investment activities, and such decisions can be based on their own risk assessment and personal financial goals. Thus, there is a need for a wise and informed approach in planning and implementing investment decisions in order to optimize profit opportunities while minimizing possible risks.

An investment decision is an action that requires careful consideration and is supported by a level of financial knowledge (financial literacy) so that the results can be focused and do not appear reckless. OJK research data in 2022, as recorded in SP 82/DHMS/OJK/XI/2022 regarding financial literacy, shows that the financial literacy index of Indonesian people reached 49.68 percent, an increase from 2019 which previously only reached 38.03 percent. . Even though there has been an increase, this research indicates that the financial knowledge of the Indonesian people is still relatively low, although there has been improvement compared to the previous year. In the literature framework, Lusardi (2008) stated that the level of reading financial profiles was deemed not to be optimal, which had an impact on planning appropriate financial allocations, On the other hand, Rasuma Putri & Rahyuda (2017) show that a lack of understanding of fundamental financial theory is related to a lack of understanding regarding investing activities. Financial-related insight is recognized as a crucial foundation for every individual to avoid financial problems (Rasuma Putri & Rahyuda, 2017). In the context of investment decisions, the key role of financial knowledge (financial literacy) is manifested. This finding is consistent with previous research, such as the results of research by Rasuma Putri & Rahyuda, 2017, which shows that decision making that is relevant to investing is positively influenced by financial literacy skills. Safryani et al., 2020, also support similar findings by stating that financial literacy significantly influences investment decisions. However, it should be noted that there are differences in research results, such as those achieved by Wardani & Lutfi, 2019, who found that in the context of financial literacy, regret (regret), and motivation variables were stated to not have positive implications for activities in deciding to invest in Bali. This emphasizes the complexity and contextuality of factors influencing investment decisions, highlighting the importance of considering variability in financial research and investment behavior.

In investment activities, an investor needs to have the courage to make decisions. However, many investors tend to feel hesitant and lack courage, this shows low financial efficacy. Financial efficacy is defined as an individual's belief in his or her ability to manage and manage finances. Self-efficacy plays a central role in an individual's life, bearing in mind that optimizing the use of one's potential is very dependent on the level of self-efficacy (Wahyuningtyas et al., 2022). Especially in the financial context, financial

efficacy emerges as a critical factor with the potential to have a positive impact on investment decisions. The results of this research have a holistic constant value when compared with research, such as research by Loprang et al., 2022, which demonstrates that financial efficacy plays a significant role in shaping investment decisions in the stock market. However, along with the diversity of contexts and variability in behavioral finance research, differences in findings have become a noteworthy phenomenon. Research by Heriyani et al., 2023, provides a different perspective by showing that financial efficacy did not influence the investment decisions of the people of Jambi city during the Covid-19 pandemic. These differences may illustrate the complexity of factors influencing financial efficacy and investment decisions, including the dynamics of changing social and economic environments.

In the Industry 4.0 era, the investment sector is experiencing rapid development with the emergence of various investment offers through financial products supported by technological advances. A deep understanding of financial products is essential in making careful investment decisions. A high level of understanding of financial products is an indicator of accelerating financial inclusion. According to OJK research (2022), Indonesia's financial inclusion index showed a significant increase, reaching 85.10 percent when compared with financial inclusion that occurred in 2019 which only reached 76.19 percent. This interprets that the majority of Indonesian people have the understanding and skills to utilize formal financial service products. However, although financial inclusion is closely related to financial literacy, the 2022 OJK survey shows that a high level of inclusion is not always balanced by a high level of financial literacy. comparable. There is a gap of 35.42 percent between these two indicators. It is felt that the way Indonesian people allocate part of their wealth in the form of investment is still very inadequate, which is an implication of the low level of financial inclusion in relation to capital market products. This confirms that financial inclusion plays a central role in making investment decisions and investment steps through accessibility of financial services. There is a need for adequate accessibility of information in society regarding transparent financial inclusion. The findings from research by Viana Eka et al., 2021, which confirms that financial inclusion has positive implications are in accordance with research carried out by Nugraha et al., 2021, which also interprets that financial inclusion has implications for investment activities in Manado. However, the research results are contradictory to research conducted by Ghoravira et al., 2023, which found that there were no positive implications between the relationship between financial inclusion and investment decisions in Kramat Jegu Siduarjo. The existence of these differences has possible causes due to various different contextual factors and indicates the need for further research to detail the complexity of the relationship between financial inclusion and investment decisions.

According to the background above, regarding the complexity of the problem, there are inconsistencies between several relationships between concepts, this is

reflected in the gaps resulting from the research they conducted. Therefore, researchers try to answer the existing gap by using the concepts of Financial Freedom and Financial Behavior to mediate the relationship between concepts that are inconsistent in the background above.

## **RESEARCH METHODS**

This research adopted quantitative research methods with a population of 520 members of the East Flores Indonesian Teachers Association (IGI). Sampling was carried out using the Slovin sampling technique with a margin of error of 10 percent, resulting in a sample size of 84 people from the total population. The variables that are the focus of the research involve financial literacy, financial efficacy, and financial inclusion as independent variables, financial behavior and financial freedom as intervening variables, and investment decision behavior as the dependent variable. Variable measurement uses a Likert scale with a value range of 1 to 5. The data collection process is carried out through a questionnaire method distributed via Google Form. Data analysis was carried out using the Smart PLS 4 program, including descriptive analysis, validity and reliability testing with outer model evaluation. Next, an inner model evaluation was carried out to test the model structure by examining the R-square value. In hypothesis testing, the T-statistic value  $> 1.64$  and P-value  $< 0.05$  are used as the rule of thumb to accept or reject the hypothesis. With a careful methodological approach, this research produces a solid framework for analyzing the influence of financial literacy, financial efficacy, and financial inclusion on investment decision behavior, by considering the role of intervening variables

## **RESULTS AND DISCUSSION**

### **General description**

The Indonesian Teachers Association (IGI) is an organization that has its roots in the Indonesian Teachers Club which was founded in 2000, chaired by Ahmad Rizali. On November 26 2009, IGI officially received recognition as a legal entity from the Ministry of Law and Human Rights, through Decree Number AHU-125.AH.01.06 of 2009. Initial leadership, led by Satrian Dharma as General Chair, Muhammad Ihsan as Secretary General, and Indra Djati Sidi as Chairman of the Board of Trustees, marked the beginning of IGI's official journey. In the 2021-2026 leadership period, IGI received recognition from the Ministry of Law and Human Rights through Decree Number AHU-0000332.AH.01.08 of 2021, with Danang Hidayatullah as General Chair who leads the organization. IGI, as an organization, bases its commitment on increasing teacher competency, considering that the challenges of education in Indonesia are holistically related to the lack of teacher competency, both from a professional, pedagogical, social and personality perspective. IGI's overall vision is to become a professional teacher organization that is independent, professional, inclusive, has a global perspective, and plays an active role

in supporting the nation's intelligence process. Meanwhile, the vision of the IGI management for the 2021-2026 period is to build IGI as a world-class professional organization that is adaptive, innovative, progressive, and in synergy with other teacher organizations. Thus, IGI positions itself as a significant agent of change in efforts to improve the quality of education in Indonesia, playing a central role in positive transformation for society and the nation

The East Flores Indonesian Teachers Association (IGI), as a branch of the Indonesian Teachers Association organization, represents focus and dedication to the development of education in East Flores Regency, East Nusa Tenggara. Under the leadership of Damsianus Sapulo Tukan, S.Pd as General Chair, supported by deputy chairs Alfonsius Ligouri Rianghepat, S.Pd, and Paskalis Nusaraya Kewwuan, S.Pd, IGI East Flores underlines its commitment to improving the quality, professionalism and welfare of Indonesian teachers. The vision of IGI East Flores reflects its efforts to improve the quality and professionalism of teachers and to be actively involved in educating the nation's life. This organization's mission covers various aspects, including improving quality, professionalism, welfare, protecting the teaching profession, and serving the community. Thus, IGI East Flores not only makes improving the quality of education its goal, but also fights for the rights and welfare of teachers as a key element in achieving its vision and mission. As an interactive tool for teachers, IGI East Flores promotes collaboration and exchange of experiences, ideas and information regarding teaching approaches, methods, strategies and techniques. This organization is also active in advancing national education and teacher training and plays a role in making the nation's life more intelligent. Collaboration with various parties was identified as the main focus, showing IGI East Flores' determination to jointly improve educational progress, quality, professionalism and welfare of teachers in the region

### Descriptive Statistics Results of Research Variables

**Table 1**  
**Respondents' Responses to Research Variables**

<b>Variable</b>	<b>Variable Mean</b>
Financial Literacy	4,302
Financial Efficacy	4,045
Financial Inclusion	4,183
Financial Behavior	4,198
Financial Freedom	4,563
Investment Decision Behavior	4,411

Source: PLS Process

By utilizing the Partial Least Squares (PLS) method in the analysis, it can be concluded that respondents showed a high response to the variables in this research. This reflects that in general, respondents have high levels of financial literacy, financial efficacy, financial inclusion, financial behavior, financial freedom and investment decision behavior. This conclusion simply shows that respondents collectively demonstrate good competence in financial literacy, financial efficacy, financial inclusion, financial behavior, as well as achieving a very positive level of financial freedom and investment decision behavior.

**Data analysis**

**Measurement model analysis**

**1. Measurement model ( outer model )**

1) Convergent validity

In the process of testing convergent validity, Chin & Dibbern (2010) set criteria with a loading factor value > 0.70 and an Average Variance Extracted (AVE) value > 0.50. Apart from that, Ghozali (2006) shows that at the correlation development stage, an outer loading value of 0.50 is still acceptable. This view is supported by F. Hair Jr et al. (2014), which states that a loading factor value of at least 0.5 is considered to have strong validity to explain the latent construct.

**Table 2  
AVE output**

	<b>Average Variance Extracted (AVE)</b>
<b>OAK</b>	0.630
<b>FF</b>	0.752
<b>IK</b>	0.600
<b>LK</b>	0.547
<b>PK</b>	0.560
<b>PKI</b>	0.712

Source: PLS Process

According to it, it can be seen that the AVE value is > 0.50, thus fulfilling the requirements according to Chin & Dibbern, 2010 so it can be said to have met the requirements for convergent validity.

2) Discriminant validity

**Table 3  
Cross Loading**

	<b>OAK</b>	<b>FF</b>	<b>IK</b>	<b>LK</b>	<b>PK</b>	<b>PKI</b>

X1.1	0.397	0.426	0.471	0.715	0.506	0.491
X1.2	0.354	0.352	0.338	0.615	0.357	0.357
X1.3	0.403	0.386	0.362	0.732	0.419	0.426
X1.4	0.312	0.324	0.396	0.708	0.46	0.432
X1.5	0.309	0.351	0.26	0.762	0.344	0.398
X1.6	0.298	0.414	0.29	0.811	0.336	0.414
X1.7	0.229	0.623	0.215	0.771	0.307	0.513
X1.8	0.349	0.538	0.332	0.784	0.421	0.551
X2.1	0.829	0.471	0.65	0.359	0.714	0.549
X2.2	0.853	0.362	0.644	0.287	0.69	0.451
X2.3	0.811	0.261	0.696	0.307	0.659	0.38
X2.4	0.855	0.272	0.707	0.324	0.629	0.36
X2.5	0.845	0.328	0.64	0.418	0.666	0.463
X2.6	0.773	0.269	0.678	0.412	0.657	0.433
X2.7	0.733	0.297	0.579	0.403	0.6	0.367
X2.8	0.624	0.16	0.551	0.336	0.572	0.321
X3.1	0.648	0.29	0.759	0.259	0.608	0.395
X3.2	0.455	0.232	0.625	0.336	0.453	0.303
X3.3	0.679	0.253	0.738	0.382	0.668	0.419
X3.4	0.539	0.412	0.694	0.369	0.599	0.467
X3.5	0.671	0.42	0.85	0.414	0.721	0.568
X3.6	0.655	0.376	0.854	0.357	0.643	0.493
X3.7	0.659	0.219	0.809	0.315	0.645	0.337
X3.8	0.682	0.308	0.834	0.349	0.682	0.456
Y1.1	0.591	0.644	0.604	0.608	0.73	0.852
Y1.2	0.573	0.527	0.629	0.544	0.74	0.771
Y1.3	0.395	0.713	0.407	0.468	0.655	0.877
Y1.4	0.318	0.761	0.352	0.492	0.573	0.863
Y1.5	0.455	0.735	0.491	0.462	0.639	0.888
Y1.6	0.365	0.651	0.391	0.553	0.523	0.806
Z1.1	0.507	0.547	0.635	0.557	0.793	0.77
Z1.2	0.567	0.566	0.69	0.537	0.803	0.761
Z1.3	0.476	0.22	0.417	0.201	0.548	0.364
Z1.4	0.63	0.319	0.495	0.31	0.704	0.416
Z1.5	0.686	0.351	0.729	0.407	0.821	0.446
Z1.6	0.828	0.382	0.647	0.301	0.784	0.551
Z2.1	0.367	0.778	0.342	0.529	0.525	0.699
Z2.2	0.326	0.87	0.323	0.497	0.449	0.65
Z2.3	0.381	0.883	0.419	0.5	0.478	0.7
Z2.4	0.304	0.888	0.337	0.427	0.436	0.62

Z2.5	0.265	0.909	0.311	0.533	0.423	0.678
Z2.6	0.379	0.869	0.405	0.561	0.541	0.777

Source: PLS Processed Results

By referring to Table 3, it can be interpreted that the correlation between the construct and its measuring items tends to be high when compared with the correlation between different constructs. This statement indicates that the various indicators used as references in this research can interpret discriminant validity correctly, showing the ability to differentiate between the variables being measured and measure the construct variables well.

### 3) Reliability test

**Table 4**  
**Reliability Test**

	Cronbach's Alpha	Composite Reliability	Conclusion
OAK	0.915	0.931	Reliable
FF	0.933	0.948	Reliable
IK	0.903	0.922	Reliable
LK	0.881	0.906	Reliable
PK	0.841	0.883	Reliable
PKI	0.919	0.937	Reliable

Source: Processed PLS Data

According to the data analysis presented in Table 4 above, it can be interpreted that the Cronbach's alpha and composite reliability values for all research variables exceed 0.70. This statement indicates that the variables in this research show that the level of reliability tends to be high. In other words, these variables have a consistent and reliable level that tends to be high in measuring the construct in question. So the results are according to the general criteria accepted in this research, namely the rule of thumb according to Chin & Dibbern (2010), the reliability test results are acceptable

## 2. Structural model ( inner model)

To evaluate the structural model or inner model, this research pays attention to the estimation of parameter coefficients and significance levels, in line with the methodology described by Ghazali (2011). The inner model assessment was carried out through R-square calculations for the dependent construct, t test, and the significance of the structural path parameter coefficients. The R-square results ranging from 0.34 to 0.67 indicate that the model can be categorized as "good." In addition, a value range of

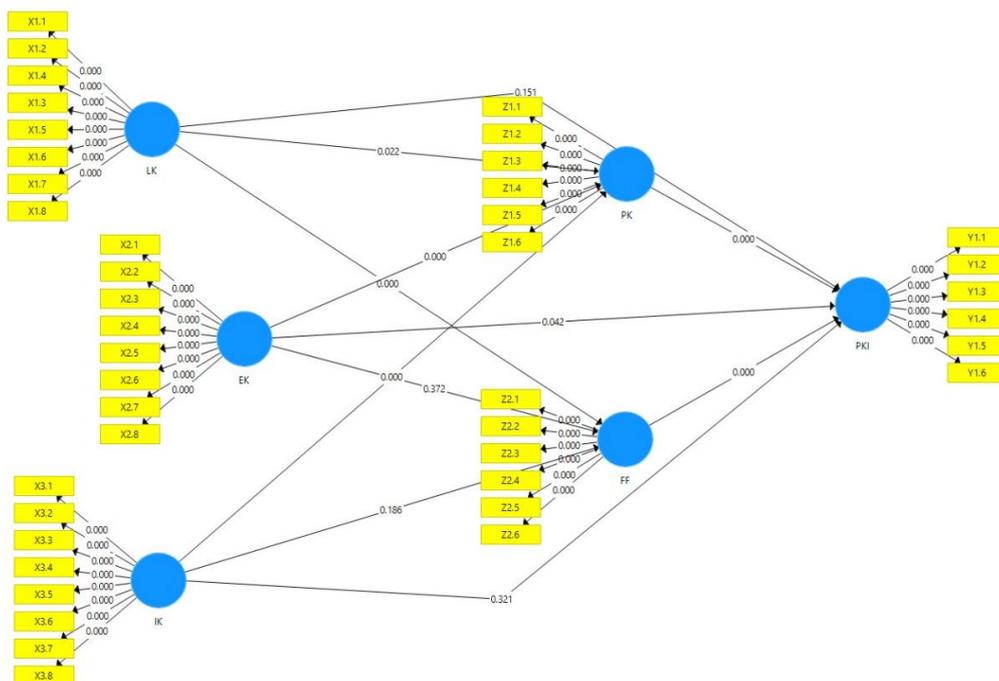
0.20 to 0.33 indicates a "moderate" model category, while a value of 0 to 0.19 indicates a "weak" model, in accordance with the evaluation framework described by Jogiyanto & Abdillah (2014)

**Table 5**  
**R-Square**

	R Square	Prediction Model
<b>FF</b>	0.376	Moderate
<b>PK</b>	0.762	Strong
<b>PKI</b>	0.803	Strong

Source: PLS Processed Results

**Hypothesis testing**



**Figure 2**  
**Bootstapping Output Results**

## Direct Effect Test (Direct effect)

**Table 6**  
**Direct Effect Output**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
EK -> FF	0.045	0.017	0.135	0.332	<b>0.370</b>
EK -> PK	0.419	0.422	0.101	4,145	<b>0,000</b>
EK -> PKI	-0.178	-0.170	0.104	1,704	<b>0.044</b>
FF -> PKI	0.485	0.496	0.076	6,356	<b>0,000</b>
IK -> FF	0.151	0.185	0.171	0.880	<b>0.190</b>
IK -> PK	0.403	0.404	0.099	4,077	<b>0,000</b>
IK -> PKI	-0.047	-0.052	0.099	0.480	<b>0.316</b>
LK -> FF	0.502	0.512	0.096	5,230	<b>0,000</b>
LK -> PK	0.166	0.161	0.077	2,142	<b>0.016</b>
LK -> PKI	0.093	0.078	0.090	1,029	<b>0.152</b>
PK -> PKI	0.629	0.632	0.110	5,739	<b>0,000</b>

Source: PLS Processed Results

## Indirect Effect Test

**Table 7**  
**Output Indirect Effect**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
EK -> FF -> PKI	0.022	0.007	0.066	0.328	<b>0.372</b>
IK -> FF -> PKI	0.073	0.094	0.089	0.820	<b>0.206</b>
LK -> FF -> PKI	0.244	0.256	0.071	3,451	<b>0,000</b>
EK -> PK -> PKI	0.264	0.270	0.091	2,912	<b>0.002</b>
IK -> PK -> PKI	0.254	0.254	0.074	3,446	<b>0,000</b>
LK -> PK -> PKI	0.104	0.098	0.044	2,363	<b>0.009</b>

Source: PLS Processed Results

## DISCUSSION

### 1. Financial literacy has a significant effect on financial behavior

According to research findings, it was found that financial behavior is positively influenced by financial literacy. The implication is that increasing financial literacy in individuals can produce improvements in how they allocate their finances. This

statement goes hand in hand with research that has been carried out by other researchers, such as research by Pratiwi & Atmoko (2022), Lestari et al. (2022), and Hasanudin et al. (2022), which supports the theory that financial literacy involves financial understanding, behavior and attitudes. Therefore, behavioral aspects of finance are considered an integral component of financial literacy and have a significant correlation. This conclusion is strengthened by the characteristics of the respondents, especially their high level of education, with the majority having a first degree level of education. This reflects a good understanding of financial literacy among respondents, enabling them to apply it in personal financial behavior and form optimal and appropriate financial behavior patterns.

## **2. Financial literacy has a significant effect on financial freedom.**

The results of this research reveal that financial freedom is positively influenced by financial literacy. This means that increasing an individual's financial literacy can make it easier for them to achieve a higher level of financial freedom. This finding is in line with previous research, such as the study conducted by Raharjo et al. (2023), which states that financial literacy has a significant influence on achieving financial freedom. These findings also validate the theory or views of Bhushan and Medury (2013), who highlight that financial literacy helps individuals understand financial aspects to achieve quality of life and financial freedom in the future. This research also shows support for the higher educational background and teaching profession of the majority of respondents. A high level of education and a profession as a teacher generally indicates a good level of financial literacy, in line with a high perception of financial freedom. This can be seen from the respondents' responses to the financial literacy and overall financial freedom variables which show a high level. Therefore, someone who is able to manage finances well becomes a driving force for respondents in managing and planning finances, guiding them towards achieving prosperity with free financial conditions.

## **3. Financial literacy has a significant effect on investment decision behavior.**

According to research findings, it was found that decisions in carrying out activities regarding investing were not positively influenced by financial literacy so the implication was that the hypothesis that supported this statement had to be rejected. These results are consistent with previous research findings by Wardani & Lutfi (2019), Sun & Lestari (2022), and Mursyidan & Syaipudin (2023), who also concluded that financial literacy does not have a significant influence on investment decision behavior. This finding is in line with the theory which states that financial literacy includes a combination of knowledge, skills and beliefs, which should influence individual attitudes and behavior in improving the quality of decision making and financial management. Several factors that may influence the results of this research include income, market

conditions, interest rates, social environmental situations, as well as consumptive and impulsive behavior. One of the key factors that may be behind the results of this research is the income and socio-economic situation of the respondents. Even though he has a steady income as a teacher, there are economic challenges, especially related to the expensive education needs of his children. In addition, the condition of the East Flores region which is still relatively underdeveloped may play a role, so that even though respondents have high financial literacy, this is not enough to form investment decisions because of complex considerations involving economic and social aspects.

#### **4. Financial efficacy has a significant effect on financial behavior.**

According to research findings, it can be concluded that financial efficacy shows a significant influence on financial behavior. The implication is that increasing a person's level of self-efficacy in a financial context can have a positive impact on the quality of his or her financial behavior. This finding is in line with previous research by Hasanudin et al. (2022), who also concluded that financial efficacy has a significant impact on financial behavior. This understanding also supports Sina's (2013) view of financial efficacy as a driver for individuals to manage money effectively and strive to improve financial management skills in order to achieve financial satisfaction, which is reflected through financial behavior patterns. Support for the findings of this research can be seen from the characteristics of the respondents, especially their high level of education and work as teachers. Respondents with a high educational background and work as teachers tend to have a high level of self-efficacy, especially in a financial context. This is likely to make a positive contribution to the development of good financial behavior and in accordance with sound financial principles.

#### **5. Financial efficacy has a significant effect on financial freedom .**

According to research findings, it can be concluded that financial efficacy does not have a significant influence on financial freedom. These findings suggest that, even though individuals have a high level of financial efficacy, this cannot be considered a guarantee of achieving financial freedom. Financial efficacy, as a reflection of self-confidence and positive belief in the ability to manage finances, does not automatically result in a state of financial freedom. These research findings may be related to factors such as cognitive bias and overconfidence, which can have a negative impact on financial decisions and become obstacles in achieving financial freedom. This research also received support from limited financial resources, low income levels and the socio-economic conditions of respondents. This is reflected in the average value of respondents' answers to the statement regarding confidence in saving regularly, which shows a lower value compared to other statements. Furthermore, lack of proper financial planning also acts as an inhibiting factor in achieving financial freedom. Thus, even though a teacher shows a high level of self-efficacy, supported by a high level of

education, this does not guarantee the achievement of financial freedom if there are limited financial resources and a lack of anticipation of cognitive bias and overconfidence in each individual.

#### **6. Financial efficacy has a significant effect on investment decision behavior.**

According to research findings, it can be concluded that financial efficacy has a significant influence on investment decision behavior. These findings indicate that increasing a person's efficacy regarding finances can result in better investment decision behavior. The results of this research are in line with the findings of previous research, such as that conducted by Jamil et al. (2023), Loprang et al. (2022), and Laili et al. (2022). These findings also verify the theory of Brandon and Smith (2009), which states that financial efficacy reflects positive beliefs about one's ability to manage money, and that financial efficacy influences the decisions taken in managing individual finances. Support for the results of this research can be found in the characteristics of the respondents, especially their high level of education and profession as a teacher. Respondents with a high level of education and profession as teachers tend to have a high level of self-efficacy, especially in financial matters. This is likely to make a positive contribution to the formation of good and appropriate financial decision behavior, especially in the context of investment decision making

#### **7. Financial inclusion has a significant effect on financial behavior.**

According to research findings, it can be concluded that financial inclusion has a significant influence on financial behavior. These findings show that when there is an increase or acceleration in financial inclusion, this will have a positive impact on financial behavior patterns, improving them in a better direction. The results of this research are in line with previous research findings by Sufyati HS & Alvi Lestari (2022), which also confirmed that financial inclusion has a significant influence on financial behavior. These findings also support the statement of Wira Iko Putri Yanti, who stated that financial inclusion has a significant impact on financial behavior because it facilitates financial access and facilitates economic activities. Financial inclusion, literally, reflects the conditions in which people can access and use various financial products and services as well as financial information. Thus, the results of this research can be accepted in line with the characteristics of the respondents, especially their high level of education and role as teachers. The ability to learn quickly and understand, especially in financial literacy, can support the acceleration of financial inclusion and contribute to the formation of good financial behavior

#### **8. Financial inclusion has a significant effect on financial freedom.**

Research findings show that financial inclusion has no significant effect on financial freedom. This indicates that even though there is a high level of financial

inclusion in the community environment, in the sense that the existence of easy access and knowledge of formal financial service products in a community environment will not encourage conditions of financial freedom. One way to achieve financial freedom is through investment. Investment requires financial knowledge skills and of course capital to start investing. The results of this research may be due to certain factors such as people's cognitive level as well as different intentions and determination or life principles, ineffective financial management, structural poverty, the effects of the pandemic and low income levels. If assessed according to the characteristics of the objects or respondents in this research, the factors behind the results of this research are likely income factors as well as socio-economic conditions and priority scales such as children's education. So even though teachers have a high level of education and cognitive abilities and have easy access to financial products, it will not help them achieve financial freedom.

**9. Financial inclusion has a significant effect on investment decision behavior.**

According to research findings, it can be stated that there is no significant influence between financial inclusion and investment decision behavior. Although respondents showed a high assessment of the financial inclusion variable, this finding is in line with previous research by Ghoravira et al. (2023), which states that financial inclusion does not have a significant impact on investment decisions. Simply put, having broad access to formal financial services does not always translate into investment decisions. The existence of factors such as personal preferences, emotional influences, and especially low income conditions may be the cause of this condition, preventing the community, including members of the Indonesian Teachers Association in East Flores, from making investment decisions. High or low income is a determining factor in investment decisions and financial behavior, considering that investment requires capital. Even though a teacher has a fixed income, sometimes this income is only enough to meet daily needs. Apart from that, different life priorities, high costs of children's education, and other needs can also be reasons why high financial inclusion, even though it is supported by good financial literacy, does not have an impact on investment decision behavior.

**10. Financial behavior has a significant influence on investment decision behavior.**

According to research findings, it can be concluded that financial actions have a significant impact on investment decisions. These findings suggest that the quality of a person's financial actions can shape quality investment policies as well. The results of this research consistently support previous research findings, such as those conducted by Siregar & Anggraeni (2022), which stated that financial behavior has a significant impact on investment decisions. This research also validates the view that financial behavior is a realm of psychology, especially in the emotional and mental aspects of the

financial realm, which explores how humans engage in investments or financial activities. If someone can manage their emotions and have mental stability, this will most likely lead to positive financial behavior, which will ultimately create better investment policies. This finding is strengthened by the respondent's job role as a teacher, who generally has a high level of education. The presence of a high level of education and positive financial behavior among teachers provides significant cognitive support, thereby optimizing and guiding individuals towards appropriate investment decisions.

#### **11. Financial freedom has a significant influence on investment decision behavior.**

According to research findings, it can be concluded that financial freedom has a significant impact on investment decision behavior. These findings indicate that the perception of adequate financial freedom can be a driver of rational investment decision behavior. The results of this research validate the view that financial freedom reflects a condition where individuals have accumulated sufficient investments to meet their needs and lifestyle. This understanding is in line with the view of Orman (2000) who emphasizes that investment is a key step towards achieving financial freedom. Financial freedom is desired by all groups, including teachers. This motivation, in particular, can guide individuals in making smart investment decisions that align with their financial goals.

#### **12. Financial literacy has a significant influence on investment decision behavior through financial behavior.**

Based on the results of the hypothesis test in this study, it is known that financial behavior mediates the relationship between financial literacy and investment decision behavior. In other words, financial literacy indirectly has a significant effect on investment decision behavior through financial behavior. The results of this study support the results of previous research conducted by Hasanudin et al., 2022 and K. A. S. Putri & Andayani, 2022 which stated that financial behavior mediates the relationship between financial literacy and investment decisions significantly. The results of this study also confirm the theory of planned behavior which explains that humans are rational creatures who will use the information and experience they have to make behavioral decisions, with good financial behavior, the better the level of planning and making investment decisions. The results of this study also confirm the statement of Perwito et al., 2020 which states that financial literacy that only relies on a knowledge approach needs to be supported by good and wise financial behavior to determine one's decisions. Financial behavior is needed as a driver for individuals to determine financial goals, financial planning, and decision making such as investment decisions.

**13. Financial literacy has a significant effect on investment decision behavior through financial freedom.**

Based on research findings, the conclusion is that financial freedom has a role as a mediator in linking financial literacy with investment decision behavior. In more detail, financial literacy has an indirect influence on investment decision behavior through financial freedom. Financial freedom, as a driving force in taking or making investment decisions, is recognized as an important element because relying on the cognitive factor of financial literacy alone is not enough to form mature investment decisions. This conclusion is strengthened by the characteristics of respondents in the research, where respondents who have a higher level of education tend to have better financial literacy, and encouragement or perception of financial freedom will result in more appropriate and wiser investment decision behavior. Strong motivation to achieve prosperity through conditions of financial freedom is a common urge possessed by every individual, including teachers

**14. Financial efficacy has a significant effect on investment decision behavior through financial behavior.**

According to research findings, it can be concluded that financial behavior is a mediator that mediates the relationship between financial efficacy and investment decision behavior. This means that there is an indirect influence of financial efficacy on investment decision behavior which is realized through the intermediary of financial behavior. The results of this research are consistent with previous findings by Hasanudin et al. (2022), which also confirms that financial behavior has a significant mediating role in the relationship between financial efficacy and investment decisions. In other words, increasing financial efficacy through financial behavior can increase intelligence in making investment decisions. This finding also validates Ajzen's Planned Behavior theory, which states that a person's attitude or behavior comes from behavioral beliefs. Higher education and professional role as a teacher are the main factors that support the results of this research. A high level of education and a profession as a teacher tend to correlate with self-efficacy and good and appropriate financial behavior. Therefore, individuals with a higher educational background and working as teachers are more likely to produce rational and targeted investment decision behavior.

**15. Financial efficacy has a significant influence on investment decision behavior through financial freedom.**

According to research findings, it is concluded that financial freedom does not act as a mediator in the relationship between financial efficacy and investment decision behavior. This means that increasing financial efficacy and high perceptions regarding financial freedom do not indirectly influence investment decisions. Factors such as financial constraints arising from low income, significant life responsibilities such as

children's education costs, and complex life priorities can be strong reasons to hold individuals back from making investment decisions, despite having self-efficacy and a positive outlook towards financial freedom. In addition, the existence of cognitive bias and overconfidence in highly educated circles can explain why individuals tend to be overconfident and may ignore input or information from other parties, which in the end can hinder the formation of appropriate investment behavior or decisions.

**16. Financial inclusion has a significant effect on investment decision behavior through financial behavior.**

According to the research findings, it can be concluded that the intermediary role of financial behavior emerges clearly in linking financial inclusion with investment decision behavior. In other words, financial inclusion does not have a direct impact on investment decision behavior; on the contrary, it requires an intermediary role in the form of financial behavior. These findings indicate that financial inclusion is not the only factor that shapes investment decision behavior; instead, it requires support from aligned financial behavior. This conclusion confirms that the higher the level of financial inclusion, followed by positive financial behavior, will form optimal investment decision behavior. These research findings are supported by the characteristics of respondents which reflect a high level of education and positive responses to research variables, indicating a tendency for respondents with a high level of education to adopt positive financial behavior. Therefore, a high level of education can accelerate financial inclusion and shape correct financial behavior, which will ultimately result in appropriate and correct investment decision behavior.

**17. Financial inclusion has a significant effect on investment decision behavior through financial freedom .**

According to research findings, it is known that financial freedom does not mediate the relationship between financial inclusion and investment decision behavior. This means that there is no indirect influence of financial inclusion on investment decision behavior. This indicates that when financial inclusion increases in society and is followed by a high perception of financial freedom, it does not refer to or shape investment decision behavior. This may be influenced by several factors such as economic conditions such as low income, risk, motivation and people's cognitive abilities, so that even though the level of financial inclusion is high and the perception of financial freedom is high, it will not shape investment decision behavior. The factors behind the results of this research could also be overconfidence and cognitive bias. Even though a high level of education will support financial inclusion and appropriate financial behavior in society, high education will also tend to experience overconfidence so that people ignore information or input from other parties regarding a decision so that it will not result in an investment decision and appropriate behavior.

## CONCLUSION

According to the problem formulation, literature review, analysis of research results and discussion, the results of this research can be concluded as follows:

1. Financial literacy directly and significantly influences the financial behavior of IGI East Flores members.
2. Financial literacy directly and significantly influences the financial freedom of IGI East Flores members.
3. Financial literacy directly and insignificantly influences the investment decision behavior of IGI East Flores members.
4. Financial efficacy directly and significantly influences the financial behavior of IGI East Flores members.
5. Financial efficacy directly has an insignificant effect on financial freedom among IGI East Flores members.
6. Financial efficacy directly and significantly influences the investment decision behavior of IGI East Flores members.
7. Financial inclusion directly and significantly influences the financial behavior of IGI East Flores members.
8. Financial inclusion directly has an insignificant effect on financial freedom among IGI East Flores members.
9. Financial inclusion directly and insignificantly influences the investment decision behavior of IGI East Flores members.
10. Financial behavior mediates the indirect relationship between financial literacy and investment decision behavior among IGI East Flores members.
11. Financial freedom mediates the indirect relationship between financial literacy and investment decision behavior among IGI East Flores members.
12. Financial behavior mediates the indirect relationship between financial efficacy and investment decision behavior among IGI East Flores members.
13. Financial freedom does not mediate the indirect relationship between financial efficacy and investment decision behavior among IGI East Flores members.
14. Financial behavior mediates the indirect relationship between financial inclusion and investment decision behavior among IGI East Flores members.
15. Financial freedom does not mediate the indirect relationship between financial inclusion and investment decision behavior among IGI East Flores members.
16. Financial behavior directly has a significant influence on the investment decision behavior of IGI East Flores members.
17. Financial freedom directly and significantly influences investment decision behavior.

## SUGGESTION

1. Further research should be carried out on different research objects and adding financial concern variables.
2. The results of this research can be a reference for researchers in conducting better research. In further research, it could be considered to add variables in the form of income, demographic motivation which also influence investment decision behavior.
3. Hopefully, the results of this research can be input for IGI Flotim members and the community in general about the importance of investment and investment decisions to achieve prosperity as well as the factors that influence investment decision behavior.

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