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# THE INFLUENCE OF CONSUMPTIVE BEHAVIOR, OVERCONFIDENCE, AND LOSS AVERSION ON STOCK INVESTMENT DECISIONS WITH RISK TOLERANCE AS AN INTERVENING VARIABLE

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**Abstract.** This study aims to examine the effect of consumptive behavior, overconfidence, and loss aversion on stock investment decisions, with risk tolerance as a mediating variable. Using a quantitative associative approach with PLS-SEM analysis, data were collected from 150 active investors in Pontianak City who had at least one year of stock investment experience. The results show that loss aversion and risk tolerance have a direct and significant influence on investment decisions. Investors who tend to avoid losses and have higher risk tolerance are more likely to make investment decisions. Meanwhile, consumptive behavior and overconfidence showed a positive but insignificant influence, indicating they do not strongly drive investment actions. In terms of indirect effects, risk tolerance significantly mediates the relationship between overconfidence and investment decisions, as well as between loss aversion and investment decisions. However, no significant mediation was found between consumptive behavior and investment decisions. These findings highlight the dominant role of psychological factors particularly risk perception and aversion in shaping investment behavior. Understanding these aspects is essential for designing financial education strategies aimed at improving decision-making quality among investors.

**Keywords:** Consumptive Behavior, Overconfidence, Loss Aversion, Risk Tolerance, Stock Investment Decisions

## I. INTRODUCTION

Investment is the allocation of resources with the aim of obtaining expected returns from the value of assets in the future, and one way to increase investment returns is by making the right investment decisions [1]. Investment is often used as a strategy to build long-term wealth, prepare for retirement, or achieve various financial goals. [2] adds that investment is the activity of placing funds with the aim of obtaining profits or increasing the value of those funds. This process involves analyzing and evaluating various opportunities to allocate resources, particularly money, with the expectation of obtaining profitable returns in the future. In general, there are two main forms of investment, namely: *Real Investment* and *Financial Investment*. The difference between real investment and financial investment lies in their level of liquidity [3]. Real investment tends to be difficult to liquidate because it involves a long-term commitment between the investor and the company. Conversely, financial investment is more liquid because it can be traded at any time without any specific time commitment. The success of an investor in the world of investment depends heavily on their ability to make the right decisions, both in choosing the appropriate type of investment and determining the most appropriate time to invest [4].

The capital market plays an important role in economic activities and is even considered one of the indicators of a country's economic condition. The capital market is a facility that facilitates the buying and selling of securities with a maturity of more than one year, such as stocks, bonds, and mutual funds [5]. The capital market functions as a forum for interaction between these parties through the buying and selling of securities [6]. Investors can obtain a wealth of information from the capital market, both public and private. Additionally, the capital market has a positive impact on national economic development, where the public and private sectors serve as the main pillars in building the nation's economy. This contributes to increased growth rates across various sectors and encourages companies to continue developing in their respective fields.

As a rapidly developing city in West Kalimantan, the people of Pontianak now have broader access to various investment products. This opens opportunities for researchers to explore how consumer behavior and psychological biases influence investment decisions in an urban environment that is continuously evolving.

Based on Table 1.2, the number of registered investors on the Pontianak Stock Exchange throughout 2024 showed a significant increase. During that year, the Pontianak Stock

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Exchange recorded 62,271 SID shares, with an average monthly growth rate of 1.67 %. The trend of increasing investor numbers indicates an interesting phenomenon that warrants further investigation based on the available data. This study aims not only to analyze the phenomenon but also to enhance financial literacy among the general public.

**Table 1.2 Data on Investor Growth in Pontianak City for the Period January-September 2024**

| Period | Single Investor Identification (SID) Shares and Other Securities | | |
|---|---|---|---|
| | Total | Growth | Spread |
| January | 54.682 | - | - |
| February | 55.609 | 927 | 1,69 |
| March | 56.883 | 1.274 | 2,29 |
| April | 57.917 | 1.034 | 1,81 |
| May | 58.772 | 855 | 1,47 |
| June | 59.736 | 964 | 1,64 |
| July | 60.477 | 741 | 1,24 |
| August | 61.422 | 945 | 1,56 |
| September | 62.271 | 849 | 1,38 |

Source: rdis.idx.co.id, 2024

Investment decisions are processes carried out by individuals or companies to determine the best way to utilize available resources, such as capital and information, to achieve optimal investment results [7]. This process involves in-depth analysis of various investment options and the selection of the most appropriate strategy to achieve financial goals. In this context, the decisions made do not only focus on selecting the type of investment that has the potential to provide maximum returns, but also on careful consideration of capital management, risk management, and a clear understanding of future profit prospects [8].

In addition, in making the right investment decisions, it is important for investors to consider factors such as the level of risk they are willing to take and time factors, which are crucial elements in long-term planning. Optimal investment decisions must be based on a careful evaluation of the opportunities and risks associated with each investment instrument, which requires in-depth understanding and careful planning. Investment decisions are also closely related to how individuals allocate their funds across various types of available investment instruments [9]. This decision-making process will be more effective if individuals have clear and focused financial goals, comprehensive financial planning, and good financial management skills. Thus, to achieve optimal results, an investor must have a combination of sufficient knowledge, the right strategy, and skills in managing and assessing investment risks.

Consumptive behavior can have a major influence on a person's investment decisions. Although public interest in investment continues to grow, many individuals are still influenced by consumptive tendencies, which prioritize spending on short-term needs rather than long-term financial planning, including investing. Consumptive behavior arises from the human urge to feel satisfied in fulfilling their desires [10]. [11] Define consumer behavior as the consumption of goods that are not really needed.

Consumer behavior, which is often driven by the desire to follow trends or seek instant gratification, can lead to a lack of understanding of the importance of saving and investing for the future. This can influence investment decisions, as individuals with consumptive tendencies often spend most of their income on goods and services that do not provide long-term financial benefits. As a result, they may not have enough funds to invest or are more likely to make poor investment decisions just to meet their consumptive needs at that moment. Additionally, consumerist behavior can be understood as an individual's habitual pattern of purchasing and using goods without rational consideration. This pattern reflects a tendency toward excessive consumption, where the urge to desire outweighs actual needs. This behavior is often evident in lifestyles that prioritize luxury and excess [12].

Overconfidence is an individual behavior that demonstrates excessive confidence in one's own predictive abilities, which are considered highly reliable. This attitude often triggers high levels of self-confidence, including in investment decision-making [8]. According to [13], overconfidence describes an excessive level of self-confidence in assessing, analyzing, and one's psychological abilities. [14], explain that overconfidence occurs when individual investors fail to adequately adjust their initial assessments despite obtaining new information, thereby failing to recognize errors in their investment decisions.

Excessive overconfidence is another behavioral factor that can influence an individual's investment decision-making [15]. Overconfidence in individuals can lead investors to believe that they will obtain high returns with low risk when investing [16]. This bias arises when an investor feels overly confident in their ability or knowledge to make investment decisions, even though they may lack a deep understanding or complete data. In stock investing, overconfidence can have a significant impact, often leading to irrational or high-risk investment decisions.

Loss aversion is an emotional tendency for investors to focus more on avoiding losses than on pursuing gains. According to [7], this behavior causes investors to be more likely to hold on to losing assets and quickly sell profitable assets, as the disappointment from losses is felt more strongly than the satisfaction from gains of the same value. Additionally, loss aversion is an irrational behavior stemming from excessive fear of losses. [17] States that this causes individuals to tend to reject risks that could lead to loss. According to [18], loss aversion describes the tendency of individuals to feel the impact of losses more than equivalent gains.

Fear of loss, known as loss aversion bias, has a significant impact on investment decision-making. This bias makes individuals focus more on avoiding losses than pursuing equivalent gains. Investors who are overly focused on potential losses often prefer safer and more conservative investments to avoid risk, even though these choices may reduce the chances of achieving long-term gains. In addition, they also tend to avoid riskier investment instruments even though these instruments have higher potential returns.

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Risk tolerance refers to the extent to which an individual is able to accept and deal with risk in investing. According to [19], risk tolerance describes an investor's ability to accept risk in an effort to achieve returns from investments. [20] Explain that risk tolerance is the limit to which an investor is willing to accept the possibility of loss in order to obtain a certain profit from investing in one or more types of financial assets. Risk tolerance plays a very important role in portfolio management, because every type of investment contains uncertainty that includes the possibility of profit and loss. For example, high-risk investments offer large potential profits, but can also result in significant losses. Conversely, low-risk investments tend to be more stable but with relatively smaller returns. Each investor's risk tolerance level can vary depending on the type of investment chosen and their personal attitude toward risk [21].

In the context of investment decision-making, understanding risk tolerance levels is crucial as it determines the appropriate investment strategy. Each individual has a different level of risk tolerance, which influences their decisions in choosing the type of investment. By understanding an investor's risk tolerance, researchers can assess the extent to which individual involvement influences the investment decision-making process. The addition of this variable provides a more in-depth dimension in the analysis of the interaction between psychological factors, consumer behavior, and risk in investment decision-making.

With improved understanding of investment, the people of Pontianak are expected to make smarter and more measured financial decisions. This understanding not only helps prevent impulsive decisions but also supports more strategic financial planning by considering the risks, opportunities, and long-term consequences of each investment decision.

## II. RESEARCH METHOD

This study uses an associative research design to analyze the direct and indirect effects of independent variables, namely consumptive behavior, overconfidence, and loss aversion, on stock investment decisions, with risk tolerance as an intervening variable. This approach allows researchers to understand the relationships between variables comprehensively in accordance with the research problem formulation [22].

Data were collected from two sources, namely primary and secondary data. Primary data were obtained using a closed questionnaire distributed to respondents, where answer choices were provided so that respondents did not provide free answers. Meanwhile, secondary data were sourced from official information from the Indonesia Stock Exchange (IDX) regarding the number of investors and relevant literature reviews as the basis for analysis [22].

The population in this study was all stock investors active in Pontianak City in 2024, with a total of 62,271 people. Sampling was conducted using purposive sampling, considering specific criteria, namely active investors with at least one year of experience in stock investment. Based on the Slovin formula with a 10% error rate, the minimum sample size was 100 respondents; however, the researcher selected 150 respondents to facilitate data analysis [22].

The research variables consist of three independent variables, namely consumptive behavior, overconfidence, and loss aversion, symbolized by X; the dependent variable is stock investment decisions (Y); and the intervening variable is risk tolerance (Z), which acts as a mediating variable influencing the relationship between the independent and dependent variables. These variables were measured using a 5-point Likert scale to obtain valid and reliable quantitative data based on respondents' perceptions [23].

Data analysis was conducted using Structural Equation Modeling with a Partial Least Squares (SEM-PLS) approach, consisting of two stages: testing the measurement model (outer model) and the structural model (inner model). The outer model testing includes convergent validity using Average Variance Extracted (AVE), discriminant validity, and reliability through composite reliability and Cronbach's alpha to ensure that the research instruments have good consistency and accuracy [24]. Furthermore, the inner model is analyzed to test the relationship between latent variables through R-square [24].

Hypothesis testing was conducted to see the direct influence of consumptive behavior, overconfidence, loss aversion, and risk tolerance on stock investment decisions using a significance criterion of p-value < 0.05. In addition, indirect influence testing was also conducted to determine the mediating role of risk tolerance in the relationship between independent variables and stock investment decisions. This study aims to gain a deeper understanding of the mechanism of influence of psychological and behavioral variables on investment decisions [24].

## III. RESULT AND DISCUSSION

### Convergent Validity

Convergent validity testing can be done by looking at the loading factor value for each construct indicator. A high loading factor value indicates that each construct indicator converges at one point. This loading factor value will show how strong the correlation is between the indicator and the latent variable. The expected loading factor value is > 0.7. The results of the convergent validity test for all variables in this study can be seen in Table 3.1 below:

**Table 3.1. Convergent Validity Test Results**

| Variable | Indicator | Loading Factor | Description |
|---|---|---|---|
| Consumptive Behavior (X1) | X1.1 | 0,744 | Valid |
| | X1.2 | 0,738 | Valid |
| | X1.3 | 0,766 | Valid |
| | X1.4 | 0,732 | Valid |
| | X1.5 | 0,775 | Valid |
| | X1.6 | 0,783 | Valid |
| | X1.7 | 0,768 | Valid |
| | X1.8 | 0,737 | Valid |

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| Variable | Indicator | Loading Factor | Description |
|---|---|---|---|
| | X1.9 | 0,813 | Valid |
| | X1.10 | 0,800 | Valid |
| | X1.11 | 0,748 | Valid |
| | X1.12 | 0,741 | Valid |
| Overconfidence (X2) | X2.1 | 0,720 | Valid |
| | X2.2 | 0,733 | Valid |
| | X2.3 | 0,759 | Valid |
| | X2.4 | 0,778 | Valid |
| | X2.5 | 0,762 | Valid |
| | X2.6 | 0,727 | Valid |
| | X2.7 | 0,714 | Valid |
| | X2.8 | 0,768 | Valid |
| | X2.9 | 0,737 | Valid |
| Loss Aversion (X3) | X3.1 | 0,778 | Valid |
| | X3.2 | 0,819 | Valid |
| | X3.3 | 0,702 | Valid |
| | X3.4 | 0,837 | Valid |
| | X3.5 | 0,763 | Valid |
| | X3.6 | 0,746 | Valid |
| Risk Tolerance (Z) | Z.1 | 0,716 | Valid |
| | Z.2 | 0,835 | Valid |
| | Z.3 | 0,708 | Valid |
| | Z.4 | 0,711 | Valid |
| | Z.5 | 0,746 | Valid |
| | Z.6 | 0,805 | Valid |
| Stock Investment Decision (Y) | Y.1 | 0,710 | Valid |
| | Y.2 | 0,735 | Valid |
| | Y.3 | 0,769 | Valid |
| | Y.4 | 0,720 | Valid |
| | Y.5 | 0,792 | Valid |
| | Y.6 | 0,754 | Valid |

Source: Processed Data, 2025

Based on the results of the convergent validity test in Table 3.1 above, it can be seen that the loading factor observed in the original sampling shows that all construct indicators in each variable, namely Consumptive Behavior, Overconfidence, Loss Aversion, Risk Tolerance, and Stock Investment Decisions, have a loading factor greater than 0.7. Thus, each variable indicator can be declared valid as a measure of its latent variable.

**Discriminant Validity**

The values of the Fornell-Larcker criteria in the targeted constructs had to be greater than the latent construct values. The results of the discriminant validity test in this study can be seen in Table 3.2 below:

**Table 3.2. Discriminant Validity Test Results**

| Variable | SID | LA | Oc | CB | RT |
|---|---|---|---|---|---|
| Stock Investment Decision | 0,747 | | | | |
| Loss Aversion | 0,658 | 0,775 | | | |
| Overconfidence | 0,652 | 0,743 | 0,745 | | |
| Consumptive Behavior | 0,176 | 0,182 | 0,277 | 0,763 | |
| Risk Tolerance | 0,546 | 0,553 | 0,641 | 0,196 | 0,755 |

Source: Processed Data, 2025

Based on the results of the discriminant validity test shown in Table 3.2, it can be seen that each indicator has a higher Fornell-Larcker value than the value for other variables measured. This indicates that the indicators are valid in measuring the corresponding dimensions or variables, provided that the Fornell-Larcker values exceed 0.70. In other words, if the correlation between an indicator and its own construct is greater than the correlation with other constructs, it can be concluded that the latent construct is more capable of explaining the indicators than other constructs.

**Average Variance Extracted (AVE)**

The next method to determine construct validity can be done by looking at the Average Variance Extracted (AVE). A construct is considered valid if it has an AVE value > 0.5. The AVE values in this study can be seen in Table 3.3 below:

**Table 3.3. Average Variance Extracted (AVE)**

| Construk | AVE |
|---|---|
| Consumptive Behavior (X1) | 0,582 |
| Overconfidence (X2) | 0,554 |
| Loss Aversion (X3) | 0,601 |
| Risk Tolerance (Z) | 0,570 |
| Stock Investment Decision (Y) | 0,558 |

Source: Processed Data, 2025

Based on the AVE test results in Table 3.3 above, it can be seen that the AVE value for all variables has exceeded 0.5. Therefore, all constructs meet the discriminant validity test criteria and it can be concluded that the indicators used in this study have met the validity criteria.

**Reliability Test**

Composite reliability testing in measurement models aims to evaluate the reliability of a construct. The expected value in composite reliability is > 0.7. Composite reliability with a value > 0.7 is considered to have high reliability. In addition, other criteria for determining the reliability of a construct and confirming the results can be seen in the value of Cronbach's alpha, which is expected to be > 0.6. The results of reliability in this study can be seen in Table 3.4 below:

**Table 3.4. Composite Reliability & Cronbach's Alpha**

| Variable | Composite Reliability | Cronbach's Alpha |
|---|---|---|
| Consumptive Behavior (X1) | 0,943 | 0,938 |
| Overconfidence (X2) | 0,918 | 0,900 |
| Loss Aversion (X3) | 0,900 | 0,867 |
| Risk Tolerance (Z) | 0,888 | 0,849 |
| Stock Investment Decision (Y) | 0,883 | 0,843 |

Source: Processed Data, 2025

Based on the reliability test results in Table 3.4 above, it can be seen that all estimated model constructs meet the reliability criteria because each construct has a *Composite Reliability* value above 0.7 and a *Cronbach's Alpha* value above 0.7. Thus, it can be said that the measurement items for each variable are reliable and can be used in further research.

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### R-Square Test

In SEM-PLS analysis, the R-square ($R^2$) value is used to measure how much the independent variables can explain the variance of the dependent variables. A high $R^2$ value indicates that the model has good predictive ability. The coefficient of determination (R-Square) is a test to see how much of the endogenous construct is explained by the exogenous construct. The R-Square value from the calculation results can be seen in Table 3.5 below:

**Table 3.5. R-Square Values**

| Endogenous Variable | R-Square | R-Square Adjusted |
|---|---|---|
| Stock Investment Decision (Y) | 0,509 | 0,496 |
| Risk Tolerance (Z) | 0,424 | 0,412 |

Source: Processed Data, 2025

Based on the results of the R-Square test in Table 3.5 above, the results can be interpreted as follows:

a. The value of Adjusted R-Square on the Stock Investment Decision (Y) variable is 0.496, which means that the Stock Investment Decision (Y1) variable is simultaneously influenced by the Consumption Behavior (X1) Overconfidence (X2), Loss Aversion (X3), and Risk Tolerance (Z) by 49.6%, with the remaining 50.4% influenced by other variables outside the scope of this study. Based on the R-Square value of 0.5089, it can be concluded that the influence of the exogenous constructs of Consumer Behavior (X1), Overconfidence (X2), Loss Aversion (X3), and Risk Tolerance (Z) on Stock Investment Decision (Y) is moderate.

b. The value of Adjusted R-Square for the variable Risk Tolerance (Z) is 0.412, which means that the variable Risk Tolerance (Z) is simultaneously influenced by the variables Consumer Behavior (X1), Overconfidence (X2), and Loss Aversion (X3) by 41.2%, and the remaining 58.8% is influenced by other variables outside outside the scope of this study. Based on the R-Square value of 0.424, it can be concluded that the influence of the constructs of Consumer Behavior (X1), Overconfidence (X2), and Loss Aversion (X3) on Risk Tolerance (Z) is moderate.

### Hypothesis Testing

### Direct Effec Test

*Direct effect* is a test to see the direct influence of an exogenous latent construct or variable on an endogenous latent variable. The *Direct Effect* test can be seen based on the results of the bootstrapping output path coefficient. The *Direct Effect* test in this study can be seen in Table 3.6 below:

**Table 3.6. Direct Effect Test**

| H | Relationship Between Variables | Original Sample Estimate | T Statistic | P Value | Description |
|---|---|---|---|---|---|
| H1 | Consumptive Behavior –> Stock Investment Decision | 0,101 | 1,145 | 0,253 | Not Significant |
| H2 | Overconfidence –> Stock Investment Decision | 0,049 | 0,467 | 0,641 | Not Significant |
| H3 | Loss Aversion –> Stock Investment Decision | 0,297 | 2,581 | 0,010 | Significant |
| H4 | Risk Tolerance –> Stock Investment Decision | 0,462 | 4,636 | 0,000 | Significant |

Source: Processed Data, 2025

Based on the results of the direct effect test in Table 3.6 above, the direct effect results can be interpreted as follows:

a. Consumptive Behavior (X1) has a direct effect on Stock Investment Decisions (Y) with a T-statistic of 1.145, a significance level of < 1.976, and a P-value of 0.253 with a significance level of > 0.05. Therefore, it can be concluded that the direct effect of Consumer Behavior on Stock Investment Decisions is positive but not significant.

b. *Overconfidence* (X2) has a direct effect on Stock Investment Decisions (Y) with a T-statistic of 0.467, a significance level of < 1.976, and a P-value of 0.641, indicating a significance level of < 0.05. Therefore, it can be concluded that the direct effect of Overconfidence on Stock Investment Decisions is positive but not significant.

c. Loss Aversion (X3) has a direct effect on Stock Investment Decisions (Y) with a T-statistic of 2.581, a significance level > 1.976, and a P-value of 0.010, indicating a significance level < 0.05. Therefore, it can be concluded that the direct effect of Loss Aversion on Stock Investment Decisions is positive but significant.

d. Risk Tolerance (Z) has a direct effect on Stock Investment Decisions (Y) with a T-statistic of 4.636, a significance level > 1.976, and a P-value of 0.000, a significance level < 0.05. Therefore, it can be concluded that the direct effect of Risk Tolerance on Stock Investment Decisions is positive and significant.

### Indirect Effect Test

*Indirect effect* is a test to see the indirect influence of an exogenous latent construct or variable on an endogenous latent variable through a mediating variable. The *Indirect Effect* test can be seen based on the results of the specific indirect effect of bootstrapping output. The *Indirect Effect* test in this study can be seen in Table 3.7 below:

**Table 3.7. Indirect Effect Test**

| H | Relationship Between Variables | Original Sample Estimate | T Statistic | P Value | Description |
|---|---|---|---|---|---|
| H5 | Consumptive Behavior –> Risk Tolerance –> Stock Investment Decision | 0,038 | 0,509 | 0,611 | Not Significant |
| H6 | Overconfidence –> Risk Tolerance –> Stock Investment Decision | 0,136 | 2,118 | 0,035 | Significant |
| H7 | Loss Aversion –> Risk Tolerance –> Stock Investment Decision | 0,129 | 2,254 | 0,025 | Significant |

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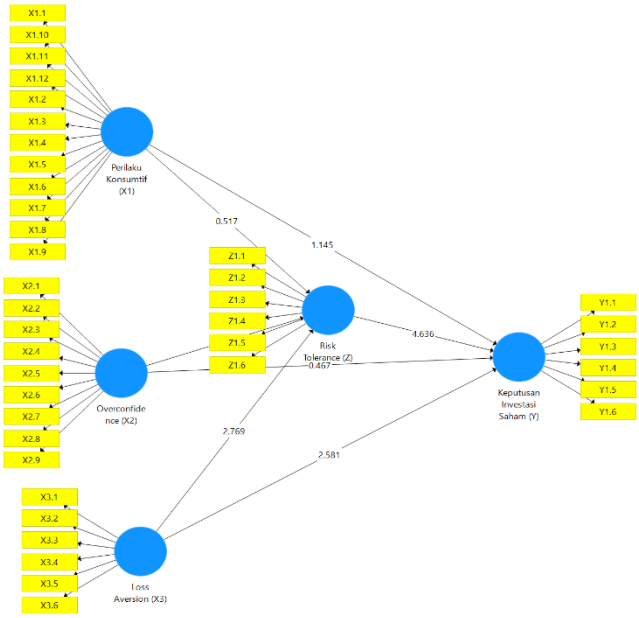
Source: Processed Data, 2025

Based on the results of the *indirect effect* test in Table 4.15 above, the results of the *indirect effect* can be interpreted as follows:

1. Consumption Behavior (X1) has an indirect effect (indirect effect) on Stock Investment Decisions (Y) mediated by Risk Tolerance (Z) with a T-statistic of 0.509, a significance level > 1.976, and a P-value of 0.611, indicating a significance level > 0.05. Therefore, it can be concluded that the indirect effect of Consumer Behavior on Stock Investment Decisions through Risk Tolerance is positive but not significant.
2. *Overconfidence* (X2) has an indirect effect on Stock Investment Decisions (Y) mediated by Risk Tolerance (Z) with a T-statistic of 2.118, a significance level > 1.976, and a P-value of 0.035, a significance level < 0.05. Therefore, it can be concluded that the direct effect of Overconfidence on Stock Investment Decisions through Risk Tolerance is positive and significant.
3. *Loss Aversion* (X3) has an indirect effect (indirect effect) on Stock Investment Decisions (Y) mediated by Risk Tolerance (Z) with a T-statistic of 2.254, a significance level > 1.976, and a P-value of 0.025, indicating a significance level < 0.05. Therefore, it can be concluded that the direct effect of Loss Aversion on Stock Investment Decisions through Risk Tolerance is positive and significant.

The results of the Inner Model testing in this study can be seen in Figure 3.1 below.

**Figure 3.1. Inner Model Test Results**




Source: SmartPLS output, 2025

## DISCUSSION

**The following is a direct discussion of the hypothesis (Direct Effect):**

**1. Consumptive Behavior**

The analysis results indicate that consumptive behavior has a positive but insignificant effect on stock investment decisions. This means that although consumptive individuals may be interested in investing, their short-term consumption tendencies hinder the realization of such decisions. This condition indicates the need for financial education that emphasizes the importance of expenditure management and long-term financial planning. Simple training on investment and the provision of easily accessible products can be a strategy to attract consumptive individuals to be wiser in managing their finances and start investing.

**2. Overconfidence**

The analysis results show that overconfidence has a positive but insignificant effect on stock investment decisions. This indicates that although individuals with high self-confidence tend to feel confident in making investment decisions, its influence on actual actions has not been proven to be strong. Excessive self-confidence can cause individuals to feel more knowledgeable or capable in assessing the market, but this does not always lead to significant investment decisions.

**3. *Loss Aversion***

The results of the analysis showing that loss aversion has a significant positive effect on stock investment decisions indicate that fear of loss influences investment decisions more than the desire to gain profits. Although this can reduce risk, avoiding losses too much can make investors overly conservative and miss out on profit opportunities. Therefore, financial education that teaches a balance between risk and return is very important so that investors can manage risk more wisely to achieve long-term profits.

**4. *Risk Tolerance***

` The results of the analysis showing that *risk tolerance* has a positive and significant effect on stock investment decisions indicate that individuals with higher risk tolerance tend to be more daring in making investment decisions. This illustrates that investors with a greater comfort level with market fluctuations are more likely to invest in stocks, which are high risk but have the potential to provide high returns. This significant influence indicates that psychological factors, such as perceptions of risk, can substantially influence investment decisions.

**The following is a discussion of the indirect effect hypothesis:**

**1. Consumption Behavior and Risk Tolerance**

The analysis results showing that the interaction between consumer behavior and risk tolerance has a positive but insignificant effect on stock investment decisions indicate that while these two factors influence each other, their impact is not strong enough to significantly affect investment decisions. Other factors such as investment knowledge and experience may be more dominant. Therefore, additional factors such as financial education and risk management should be considered to enhance their influence on investment decisions.

**2. Overconfidence and Risk Tolerance**

The results of the analysis show that the interaction between overconfidence and risk tolerance has a significant positive effect on stock investment decisions, indicating that individuals

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with high self-confidence and high risk tolerance are more likely to make bold investment decisions. Overconfidence can make someone feel confident in their ability to analyze the market, while risk tolerance allows them to face market uncertainty without fear. The combination of these two factors encourages investors to be more active and daring in investing, although this can also increase risk if not balanced with an appropriate risk management strategy.

3. ***Loss Aversion* and *Risk Tolerance***

The analysis results showing that the interaction between loss aversion and risk tolerance has a significant positive effect on stock investment decisions indicate that although individuals tend to avoid losses, this combination with high risk tolerance encourages them to invest despite the potential risks. This illustrates that even though they are concerned about losses, investors with high risk tolerance can still make bolder investment decisions. Therefore, it is important for investors to understand how to manage risk wisely in order to take advantage of investment opportunities without being trapped by the fear of loss.

## III. CONCLUSSION

Based on the results of the direct effect test, it can be interpreted that Loss Aversion (X3) and Risk Tolerance (Z) have a positive and significant direct effect on Stock Investment Decisions (Y). On the other hand, although Consumptive Behavior (X1) and Overconfidence (X2) show a positive direction of influence, this influence is not significant, so it does not contribute strongly to influencing investment decisions. This finding indicates that psychological factors such as the tendency to avoid losses and the level of risk tolerance play a more dominant role than consumptive lifestyle or excessive self-confidence in determining stock investment decisions. Based on the results of the indirect effect analysis, it can be concluded that Overconfidence (X2) and Loss Aversion (X3) have a positive and significant indirect effect on Stock Investment Decisions (Y) through Risk Tolerance (Z) as a mediating variable. Conversely, Consumption Behavior (X1) shows a positive but insignificant indirect effect, meaning that Risk Tolerance does not act as an effective mediator in the relationship between consumption behavior and investment decisions. These findings indicate that Risk Tolerance functions as a strong mediating pathway for certain psychological factors in influencing stock investment decisions.

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