



The Influence Of Financial Technology, Herding Behavior, And Risk Tolerance On The Investment Decisions Of Generation Z In Palu City

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ABSTRACT

This study aims to analyze the influence of financial technology, herding behavior, and risk tolerance on the investment decisions of Generation Z in Palu City. This study uses a quantitative approach by distributing questionnaires to 75 respondents who are active Generation Z investors. Data analysis was conducted using multiple linear regression. The results show that financial technology has a positive and significant effect on investment decisions, meaning that the higher the use of digital financial technology, the greater the tendency for Generation Z to make investment decisions efficiently and confidently. Meanwhile, herding behavior and risk tolerance do not have a significant effect on investment decisions, indicating that Generation Z in Palu City tends to make decisions based on rational and independent considerations. Simultaneously, all three variables influence investment decisions.

INTRODUCTION

The digital economic transformation has brought significant changes to investment behavior patterns, especially among the younger generation, particularly Generation Z. Investing has become one of the trends in modern society that is carried out by various groups. Categorized as very young, Generation Z is often said to be easily obsessed and follow popular trends, including activities such as investing. Generation Z is generally interested in entering the world of investment because of the financial benefits it offers in the future. This is also supported by existing technological advances. Investment activities can now be done easily, anytime, and anywhere (Tifany & Pamungkas, 2023). According to the Indonesia Stock Exchange (2024), the number of Single Investor Identification (SID) capital market investors in Central

Sulawesi reached 120,085 people. Of this total, 37.7% are investors aged 18–25 years, followed by the 26–30 age group at 25.6%, the 31–40 age group at 24.2%, and the remaining 12% from the 41–100 age group. This data shows that the majority of capital market investors in Central Sulawesi are dominated by young people, especially Generation Z, who are an important focus in studies on investment behavior.

Interviews with several Generation Z investors in Palu City show that their investment decisions are not solely influenced by financial technology, herding behavior, or risk tolerance, as often described in previous theories and studies. Respondents revealed that Fintech applications play more of a role as a means of transaction rather than a major determinant in investment decision-making. Furthermore, despite high exposure to market trends and community recommendations through social media, respondents stated that they still conduct independent evaluations before investing, and therefore cannot be categorized as herding behavior. In terms of risk tolerance, the interview results indicate that investment decisions are driven more by rational considerations related to financial conditions and long-term goals than by the courage to take risks alone. These preliminary findings reveal differences between theoretical predictions, previous empirical findings, and the actual phenomena occurring in the field.

The data above shows that Generation Z is starting to pay attention to investing. This attention makes them aware of their financial condition at that time. However, the situation will be different if Generation Z does not understand and recognize their financial situation, especially if they do not have financial management and planning skills. As a result, the decisions they make tend to be less appropriate for their financial condition and may even put them in an unstable financial position. According to a report from OCBC, (2024) 57% of those who have invested ended up with losses. This means that the approach to growing money through investment is still not appropriate.

Investment decisions are an important aspect of financial management because they directly affect value creation for individuals and businesses. Investment itself is the placement of funds or resources with the aim of obtaining future profits (Putri & Soedarsa, 2024). The right decisions can increase asset value and provide long-term benefits, while the wrong decisions can be risky and cause losses. Over time, investment instruments have shifted from simple forms such as stocks, bonds, and mutual funds to complex instruments such as derivatives, futures contracts, options, and futures (Ayedh et al., 2021). This situation requires a deeper understanding, especially from younger generations such as Generation Z.

Generation Z, who have been familiar with technology and the internet since childhood, find it easier to learn about the financial sector and access investments through digital devices (Utami & Sitanggang, 2021). Currently, they dominate the number of investors in Indonesia, supported by a lifestyle that is closely tied to social media and gadgets. However, this ease of access is not always accompanied by good financial literacy. Many of these decisions are impulsive, influenced by trends or herd behavior without careful risk analysis, potentially leading to financial losses. Digital transformation will not achieve optimal results if it is not supported by adequate financial literacy. Financial literacy not only includes a basic understanding of financial management, but also the ability to utilize digital technology to make smarter and more efficient financial decisions (Sitriani et al., 2025). Their familiarity with technology and ability to quickly absorb information does facilitate market access, but it also increases the tendency to make hasty decisions (Mubarok et al., 2024).

In line with these conditions, the development of financial technology has also drastically changed the way people invest. Now, many investors choose digital-based investment platforms such as Bibit, Ajaib, Pluang, and other platforms that are registered and supervised by the Financial Services Authority (OJK). These platforms offer convenience through features that provide complete information related to investment instruments traded on the capital market, thereby facilitating the analysis and decision-making process (Hidayat & Muntahanah, 2024). With the advent of these digital platforms, Generation Z has developed into a group that is more

proactive in managing personal finances and investing than previous generations (Nayak, 2025). Accustomed to digital investment platforms, Generation Z often relies on financial advice from social media and friends, increasing the risk of making mistakes due to difficulty distinguishing accurate information from inaccurate information (Willie Kurnijanto et al., 2025).

Investment decisions are not only influenced by technological convenience, but also psychological factors such as herding behavior, which is the tendency to follow the majority's decisions. This behavior is more common among amateur investors who tend to be risk-loving without understanding the risks involved (Kyriazis, 2020; Yahya et al., 2024). Investors who are caught up in herding usually rely on the decisions of others, which can lead to dissatisfaction with their investment results. Unlike rational investors who are not easily influenced by public information, irrational investors tend to follow the crowd and make wrong decisions (Tamara et al., 2022). Herding often arises due to pressure or influence from the surrounding environment, causing investors to lose their independence in determining strategies, even continuing to follow the market despite their choices being less profitable (Adiputra et al., 2023).

Another psychological factor that influences investment decisions is risk tolerance, which refers to the extent to which an individual is able to accept risk in investment decisions (Risqina et al., 2023). Risk tolerance reflects the level of uncertainty that an individual is willing to tolerate in order to achieve their financial goals. The higher the risk tolerance, the more daring investors are in making decisions. Conversely, the lower the risk tolerance, the more cautious their investment steps are (Rahmawati et al., 2024; Soraya et al., 2023). Among Generation Z, the level of risk tolerance not only indicates the courage to face uncertainty but also influences investment strategies, whether to choose high-risk instruments for potential large profits or to be more conservative for long-term stability.

This study was conducted to determine how Generation Z in Palu City makes decisions when investing. Their interest in investing continues to increase, as seen from 2024 data showing that nearly 40% of investors in Central Sulawesi are Generation Z. This indicates that many young people in Palu are starting to actively invest even though economic conditions are not yet stable. They continue to try to understand market conditions and view risk as something that must be faced. Therefore, it is important to know what influences their decisions, such as the use of investment applications (fintech), the habit of following others (herding), and the courage to take risks. By focusing on Generation Z in Palu, this study aims to explain the factors that most influence their investment decisions in the digital age.

LITERATURE REVIEW

Theory Planned of Behavior

According to Ajzen, (1991) Theory of Planned Behavior (TPB) explains that a person's behavior is influenced by intention, which is formed from attitudes towards behavior, subjective norms, and perceptions of self-control. The Theory of Planned Behavior is based on the assumption that humans will behave according to their rational thinking, that humans will take information about existing behavior into consideration along with the good or bad consequences and results of the behavior performed. This theory is relevant for understanding the enthusiasm of Generation Z in investing, because it is able to predict individual behavior more accurately. TPB is also widely used in studies of technology use behavior and has advantages in analyzing conditions where individuals cannot fully control their actions.

Financial Behavior Theory

According to Ricciardi & Simon, (2000) behavioral finance theory explains patterns of reasoning and investor behavior by considering psychological and emotional factors that influence financial decisions. This field combines behavioral and cognitive psychology with conventional economics and finance to understand why individuals often make suboptimal

decisions (Kamoune & Ibenrissoul, 2022). This theory emphasizes that investment decisions are not always based on risk and return but are also influenced by psychological factors that can reduce the chances of optimal returns and trigger market panic.

Investment Decisions

According to Shaik et al., (2022) investment is a financial asset purchased to obtain income or profits in the future. Investment decisions include determining the place, time, method, and amount of funds allocated to various financial instruments (Chandra et al., 2023). Information is an important factor because investment decisions are influenced by returns, risks, and the relationship between the two. The main motivation for individuals to invest is the potential for high returns, so relevant information is needed to choose the best investment alternatives (Ardini & Achyani, 2023).

Conceptual Framework

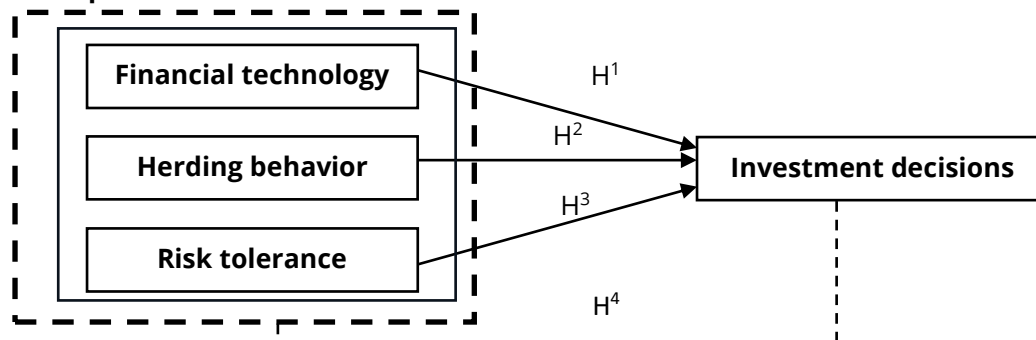


Figure 1. Conceptual Framework

For information

—— : partial

----- : simultan

Hypothesis Development

The influence of financial technology on investment decisions

Financial Technology (Fintech) is a digital-based financial innovation that provides practical, fast, secure, and user-friendly services, including digital payments, fund transfers, and online investments (Fidelio & Fadhillah, 2025). Fintech offers innovative solutions such as mobile banking, investment platforms, and crowdfunding, which improve accessibility, convenience, and transparency of information, thereby influencing investment interest (Ugli et al., 2025). Through technology, investors can more easily obtain information to support their (Maharani & Sari, 2023).

Research by Fidelio & Fadhillah, (2025) shows that fintech has a significant positive effect on investment decisions because it provides secure, fast, and easily accessible services while encouraging the younger generation to invest more actively.

H1: Financial technology has a positive effect on investment decisions.

The influence of herding behavior on investment decisions

According to Devenow & Welch, (1996) herding is a psychological condition in which investors ignore their own beliefs and abilities and follow the actions of others without rational consideration. This behavior is risky because it encourages investors to imitate the majority or investment experts (Shabri & Sakir, 2024). Thus, herding in investment decisions can be understood as a tendency to follow the decisions of others and ignore personal judgment, which

is often triggered by behavioral biases (Angela et al., 2023). This behavior usually arises when there is market uncertainty or asymmetric information, and in the stock market it is often associated with emotional, speculative, and irrational decisions (Zhafira & Pramono, 2025).

Research by Limarus & Pamungkas, (2023) found that herding has a positive effect because investors tend to follow the recommendations of experienced parties.

H2: Herding behavior has a positive effect on investment decisions

The influence of risk tolerance on investment

According to Sung & Hanna, (1996) risk tolerance is the extent to which individuals are willing to accept uncertainty in investment outcomes and is an important aspect of financial planning because it determines the choice of instruments. Risk tolerance reflects the balance between potential gains and possible losses; investors with high tolerance tend to choose high-risk investments for high returns, while those with low tolerance prefer stable instruments even if the returns are low (Sudirman et al., 2023). This level of tolerance is influenced by factors such as age, gender, income, education, and experience (Adiputra, 2021), and it has an impact on both short- and long-term investment behavior. (Harini & Subramanian, 2024).

Research by Sani & Paramita, (2024) confirms that risk tolerance has a positive effect on investment decisions; the higher the tolerance, the more daring and frequent the investor's decisions.

H3: Risk tolerance has a positive effect on investment decisions

METHODS

This study uses quantitative methodology to collect numerical data that is statistically tested to obtain scientific results that can be generalized (Sugiyono, 2017). Data was obtained through a Google Forms questionnaire distributed through various media to Generation Z investors in Palu City who actively invest online on digital investment platforms. The population of Generation Z investors in Palu is not known with certainty, so the sample was determined using purposive sampling with the following criteria: (1) born between 1997 and 2012, (2) already investing or currently investing, and (3) residing in Palu. The sample size was set at 75 respondents, in accordance with the guidelines of Hair et al., (2019) which state that the minimum sample size is 5 times the number of indicators; this study has 15 indicators on the variables of financial technology, herding behavior, risk tolerance, and investment decisions ($5 \times 15 = 75$). The research instruments were tested in advance through validity and reliability tests. Data analysis was performed using multiple linear regression, preceded by classical assumption tests including normality, multicollinearity, and heteroscedasticity. The regression model was then evaluated through the coefficient of determination (R^2) and partial regression coefficient (β), as well as hypothesis testing using t-tests and f-tests to determine the partial and simultaneous effects on investment decisions.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Y = Investment decision

a = Constant

X_1, X_2, X_3 = Financial Technology, Herding Behavior, Risk Tolerance

b_1, b_2, b_3 = Regression coefficients for each independent variable

e = Error (residual)

Variable Operations

Operational variables are used to explain the definitions and measurable indicators of each research variable. This study has independent variables (financial technology, herding behavior, and risk tolerance) and dependent variables (investment decisions). Details of the indicators for each variable are presented in the following table.

Table 1 Operational Variables

Variable	Indicator
Investment decisions (Utami & Sitanggang, 2021)	• Investments that provide high returns • Seek information from various sources to find out the rate of return • Assess the risks before investing • Minimize investment risks • Invest for future needs
Financial technology (Oktaviani & Habiburahman, 2024)	• Understanding financial technology • Understanding the advantages of financial technology • Encouragement to use financial technology
Herding (Herlina et al., 2020)	• I trust information from my friends. • I trust information from my colleagues. • I trust information from my family members.
Risk tolerance (Adiputra, 2021)	• Income from speculative investments • High-risk investments to obtain high returns • Accepting investments if they fail • Risk does not always mean loss

RESULTS

Applications Used

The following diagram shows the distribution of various investment app usage among respondents, providing an overview of the most popular apps and the popularity level of each platform.

**Figure 2. Applications Used**

Based on the diagram above, Bibit is the most widely used application by respondents with a proportion of 48%, indicating that this application is the primary choice for investing. The high usage of Bibit is due to its various advantages, such as a simple and easy-to-understand interface for beginners, an automatic portfolio recommendation feature through Robo Advisor, the availability of various types of mutual funds, and a relatively fast and efficient registration and transaction process. In addition, Bibit also offers relatively low fees and provides educational materials that are easy for users to follow.

Next, Ajaib ranks second with a percentage of 17.3%, indicating that this application is also quite popular. Pintu ranks next with 9.3%, while Pluang and Stockbit each have a usage share of 6.7%, indicating that both are used at almost the same level. Meanwhile, Indodax has a usage rate of 5.3%, indicating that only a small portion of respondents utilize this app. Overall, the diagram illustrates a significant difference in the usage rates of investment apps, with Bibit coming out on top thanks to its ease of use, comprehensive features, and user-friendly experience for beginner investors.

Instrument Investment

The following diagram shows the distribution of investment instruments used by respondents, providing an overview of the most popular instruments and how their investment preferences are divided.

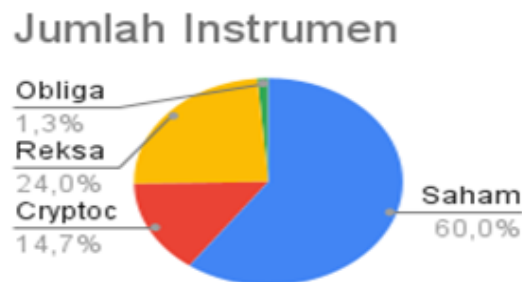


Figure 3. Instrument Investment

Based on the diagram above, stocks are the most popular investment instrument among respondents, with a proportion of 60%. This shows that the majority of investors view stocks as a relatively safe and reliable investment instrument, making them the primary choice for allocating their investment funds. In the next position, mutual funds contribute 24%, indicating that this instrument is also quite popular because it offers more diversified risks and is suitable for beginner investors. Then, cryptocurrency ranks third with a percentage of 14.7%, illustrating that despite its high volatility, some respondents still see attractive potential returns. Meanwhile, bonds only contribute 1.3%, indicating that this instrument is the least popular choice in the respondents' portfolios.

Respondent Income

The following diagram shows the distribution of respondents' monthly income, providing an overview of their economic conditions and how their income is spread across several categories.



Figure 4. Respondent Income

Based on the diagram above, it shows that the income category of Rp500,000–Rp1,000,000 is the group with the largest percentage, namely 32%, which indicates that most respondents are in the lower-middle income bracket. Next, the income category above Rp2,000,000 ranks second with 26.7%, reflecting that more than a quarter of respondents have relatively higher incomes.

The income category below Rp500,000 has a percentage of 25.3%, indicating that nearly a quarter of respondents are in the low income bracket. Meanwhile, the Rp1,000,000–Rp2,000,000 income group had the smallest percentage, namely 16%, making it the category with the fewest respondents.

Descriptive Statistics

Table 2 Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Financial technology	75	3,00	5,00	4,0720	0,57435
Herding behavior	75	1,00	5,00	3,5373	0,75027
Risk tolerance	75	2,30	5,00	3,7347	0,63405
Investment decisions	75	3,00	5,00	4,2827	0,48222

1. Descriptive statistics show that the Financial Technology variable assessed by 75 respondents had a value range of 3.00 to 5.00 with an average of 4.0720. This average value indicates that the level of fintech usage among respondents is relatively high. Meanwhile, the standard deviation of 0.57435 shows that the respondents' perceptions are fairly consistent and do not show significant variation.
 2. For the Herding Behavior variable, respondents gave the lowest score of 1.00 and the highest score of 5.00, with an average score of 3.5373. This average reflects that the respondents' tendency to follow other people's decisions is in the middle category. The standard deviation of 0.75027 indicates that respondents' differences of opinion are more diverse than the Financial Technology variable, but still within reasonable levels.
 3. The Risk Tolerance variable of respondents gave the lowest value of 2.30 and a maximum of 5.00, with an average of 3.7347. This shows that the level of courage of respondents in facing risks is quite good. The standard deviation of 0.63405 illustrates that the differences in respondents' perceptions of risk tolerance are at a moderate level of variation.
- Respondents gave the lowest score of 3.00 to 5.00 for the Investment Decision variable, with an average of 4.2827. This average score indicates that respondents have high-quality investment decision-making skills. The standard deviation of 0.48222, which is the lowest among the other variables, shows that the respondents' answers are very stable and have a small spread.

Validity Test Result

All indicators in the variables of Financial Technology, Herding Behavior, Risk Tolerance, and Investment Decisions show a calculated r value that exceeds the table r value of 0.266. These findings confirm that each indicator meets the validity requirements and can accurately describe the variables being measured. Thus, all items in the research instrument are deemed suitable for use.

Reliability Test Result

The reliability test results show that all variables have a Cronbach's Alpha value above 0.60. This means that the variables of Financial Technology, Herding Behavior, Risk Tolerance, and Investment Decisions are reliable. Thus, the research instrument is considered consistent and reliable for measuring each variable.

Normality Test Result

The results of the Kolmogorov-Smirnov normality test show a significance value of 0.200, which is greater than 0.05. With a sample size of 75 and a Z value of 0.72, it can be concluded that the data is normally distributed and therefore meets the assumption of normality.

Multicollinearity test

The multicollinearity test results show that the Tolerance values of all variables are greater than 0.10 and the VIF values are below 10. Thus, the variables of Financial Technology, Herding Behavior, and Risk Tolerance do not experience multicollinearity.

Heteroscedasticity test

The results of the heteroscedasticity test show that all independent variables, namely X1 (Financial Technology), X2 (Herding Behavior), and X3 (Risk Tolerance) have significance values (Sig.) greater than 0.05. The Sig. values for each variable are 0.818, 0.102, and 0.119. Since all significance values exceed the 0.05 threshold, it can be concluded that the regression model does not contain heteroscedasticity. In other words, the residual variance is constant, so the model meets the assumption of heteroscedasticity.

Determination Test

The results of the coefficient of determination test can be seen in the following table, which contains the values of R, R Square, and Adjusted R Square.

Table 3 Determination Test Results

Model	R	R square	Adjusted R square	Std. Error of the estimate
1	0,680 ^a	0,463	0,440	1,80366

The analysis results show an Adjusted R² value of 0.440. This indicates that 44% of the variation in Generation Z's investment decisions in Palu City can be explained by the variables of financial technology, herding behavior, and risk tolerance. Meanwhile, the remaining 56% is influenced by other factors outside the scope of this research model. Thus, the regression model used has moderate ability in explaining the relationship between the variables studied.

Partial Test

The results of the partial test (t-test) can be seen in the following table, which shows the effect of each independent variable on the dependent variable.

Table 4 Partial Regression Test Result

Model	Unstandardized B	Coefficients Std.Error	Standardized Coeffients Beta	t	Sig.
Constant	8,724	1,798		4,851	0,000
financial technology X1	0,927	0,135	0,658	6,885	0,000
Herding behavior X2	0,169	0,096	0,157	1,761	0,083
Risk Tolerance X3	-0,028	0,092	-0,030	-0,310	0,758

1. Financial technology (X1) has a t-value of 6.885 with a significance value of 0.000 and a significance level of 0.05 (5%). Furthermore, financial technology has a significant effect on investment decisions. This is indicated by a significance value of 0.000, which is less than 0.05. Thus, it can be concluded that the first hypothesis is accepted or supported.
2. Herding behavior (X2) has a t-value of 1.761 with a significance value of 0.083 at a significance level of 0.05 (5%). Since the significance value of 0.083 > 0.05, herding behavior does not have a significant effect on investment decisions. Thus, the second hypothesis is rejected or not supported.
3. Risk tolerance (X3) has a t-value of -0.310 with a significance value of 0.758 at a significance level of 0.05 (5%). Since the significance value of 0.758 > 0.05, it can be concluded that risk tolerance does not have a significant effect on investment decisions. Thus, the third hypothesis is rejected or not supported.

Simultaneous Test

The results of the simultaneous test (F test) can be seen in the following table, which illustrates the combined effect of the independent variables.

Table 5 Simultaneous Test Results

Model	Sum of squares	df	Mean square	f	Sig
Regression	199,210	3	66,403	20,412	0,000 ^b
Residual	230,977	71	3,253		
Total	430,187	74			

Based on the results of the analysis in the table above, the hypothesis test (F test) was 20.412 and the significance value of the simultaneous regression model was 0.000. This value is smaller than the significance value of 0.05%. Therefore, it can be concluded that the independent variables, namely financial technology, herding behavior, and risk tolerance, influence investment decisions.

DISCUSSION

The influence of financial technology on investment decisions

The results of the study reveal that financial technology has a significant influence on the investment decisions of Generation Z in Palu City. The developments in digital technology have made it easier to obtain information, conduct transactions, and manage investment portfolios efficiently and transparently, thereby encouraging increased interest and participation among young people in investment activities. These results are in line with the Theory of Planned Behavior (Ajzen, 1991) which asserts that a person's behavior is determined by their attitude toward the behavior, subjective norms, and perceived self-control. In this context, the convenience and sense of control resulting from the use of fintech strengthen individuals' perception of control over investment activities, which ultimately increases their intention and actual actions to invest.

The results of this study are in line with the findings of Fidelio & Fadhillah (2025) and Oktaviani & Habiburahman (2024) which state that fintech plays a major role in creating efficiency, security, and convenience for young investors. Thus, fintech can be considered a key element in encouraging faster, more independent, and more rational investment decisions among Generation Z.

The influence of herding behavior on investment decisions

The results of the study show that herding behavior does not have a significant effect on the investment decisions of Generation Z in Palu City, indicating that young investors do not necessarily follow the decisions of others or market trends without careful consideration. Although Generation Z has a high level of exposure to information through social media and online investment communities, they still tend to conduct independent analysis by considering the information obtained before making investment decisions. This condition reflects a rational and selective attitude in responding to circulating information so that social influence is not a major factor in determining investment decisions.

The results of this study are in line with the findings of Syarif et al (2023), which state that herding behavior is not always a determinant of investment decisions because some investors maintain a rational attitude. Additionally, the results of this study are also supported by Erianda et al. (2023) who found that investors tend to rely on personal judgment when they have sufficient access to information, so the tendency to follow majority decisions becomes increasingly low.

The influence of risk tolerance on investment decisions

The research findings indicate that risk tolerance does not have a significant influence on the investment decisions of Generation Z in Palu City. This finding suggests that although some individuals demonstrate a willingness to face risk, in general, Generation Z has not yet developed an adequate understanding of the concept of risk tolerance. This lack of understanding causes risk-bearing capacity not to be a primary consideration in determining investment choices. This condition is also in line with the Financial Fitness Index, (2022), which reports that approximately 78% of Generation Z admit that they do not fully understand the risks and benefits of investment products, resulting in limited ability to assess investment risk. The results of this study are consistent with the findings of Hidayah, (2024), which state that Generation Z tends to have a low level of risk tolerance and therefore prefers investment instruments with minimal risk. They are not yet prepared to face uncertainty and tend to favor safer investment strategies. Consequently, the investment decisions of Generation Z reflect a more conservative and cautious attitude rather than a tendency to take higher risks.

The influence of financial technology, herding behavior, and risk tolerance on investment decisions

The results of the simultaneous test (F-test) indicate that financial technology, herding behavior, and risk tolerance jointly have a significant effect on the investment decisions of Generation Z in Palu City, as evidenced by an F-statistic of 20.412 with a significance level of $0.000 < 0.05$. Simultaneously, financial technology emerges as the most dominant variable influencing Generation Z's investment decisions, due to its ease of access, information transparency, transaction efficiency, as well as the availability of educational features and real-time market data on digital investment platforms, which substantially enhance Generation Z's confidence and independence in making investment decisions. This finding is consistent with the studies of Fidelio & Fadhillah, (2025) and Oktaviani & Habiburahman, (2024), which confirm that FinTech exerts the strongest influence in shaping the investment behavior of younger generations. Meanwhile, herding behavior serves as a supportive and informational factor rather than a dominant determinant, as noted by Erianda et al., (2023) In contrast, risk tolerance functions as a controlling factor that reflects the cautious attitude of young investors in aligning their investment decisions with their financial capacity and acceptable levels of risk, in line with the findings of Rahmawati et al., (2024) Overall, these results reinforce Behavioral Finance Theory, which suggests that modern investment decisions are not solely driven by rational economic considerations, but are also shaped by technological innovation and individual behavioral factors.

CONCLUSION

The results show that financial technology has a significant effect on the investment decisions of Generation Z in Palu City. The use of digital financial technology, including online investment applications, encourages Generation Z to invest more. Herding behavior does not have a significant effect on the investment decisions of Generation Z in Palu City. The tendency to follow other people's decisions or market trends is not a determining factor in investment decision-making. Risk tolerance also does not significantly influence investment decisions. The level of individual courage in facing risks is not the basis for determining investment choices. Financial technology, herding behavior, and risk tolerance simultaneously influence Generation Z's investment decisions in Palu City. These findings show that these three factors remain interrelated and together shape this generation's investment decision-making patterns.

LIMITATION

This study focuses only on three variables, namely financial technology, herding behavior, and risk tolerance, while other factors such as financial literacy, income level, and investment experience also have the potential to influence investment decisions but are not analyzed in this study. For future researchers who will study similar variables, it is recommended to expand the sample size, add other relevant variables, and consider using qualitative research methods so that the results obtained are more comprehensive and in depth.

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