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Fintech's Mediating Role in Financial Efficacy, Risk, and Investment Decisions

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Abstract

Purpose: This study examines the mediating role of financial technology (fintech) in the relationship between financial efficacy, risk perception, and investment decisions among Indonesian millennials in the capital market.

Methodology: A quantitative approach was employed, utilizing an online questionnaire distributed to millennial investors in Indonesia. The collected data were analyzed using multiple linear regression analysis with SPSS to test both direct effects and mediating relationships.

Findings: The results indicate that financial efficacy positively influences investment decisions, while risk perception exerts a significant negative effect. Fintech significantly mediates the relationships between both financial efficacy and investment decisions, and between risk perception and investment decisions. The complete model explains 56.8% of the variance in investment decisions.

Conclusion: The study concludes that fintech platforms serve as a crucial mechanism through which financial efficacy and risk perception influence millennial investment behavior. Enhancing fintech features can effectively channel financial confidence while mitigating risk apprehensions, ultimately promoting capital market participation among younger investors.

Limitations: The study's limitations include a relatively small sample size and the use of purposive sampling, which may affect the generalizability of the findings to the broader population of millennial investors.

Contribution: Theoretically, this research extends Self-Efficacy Theory by validating fintech's mediating role in investment behavior. Practically, it suggests that securities companies and fintech developers should enhance user-friendly interfaces, educational features, and platform transparency to boost investor confidence and facilitate informed decision-making.

Keywords: *Financial Efficacy, Fintech, Investment Decisions, Risk Perception*

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1. Introduction

Investment decisions represent a critical process in individual financial management, involving the selection of financial instruments based on risk-and-return considerations. In Indonesia, capital market investments have shown significant growth, particularly among millennials. Data from the Central Securities Depository (KSEI) indicate that the number of capital market investors will exceed 12 million by the end of 2023, with approximately 60% being millennials and Gen Z (Setiawan, Suhardi, Astuti, & Rejeki, 2025). Characterized as 'digital natives', this generation tends to seek easy access to information and transactions through digital platforms (Ardila, Wibasuri, & Lestari, 2025; Izal, Wijaya, & Utama, 2025).

However, behind this growth, they face several constraints, including limited initial capital, a lack of investment experience, and often suboptimal financial literacy. Empirical research by Almansour, Elkrghli, and Almansour (2023); Hassan, Abdul-Rahman, Hamid, and Amin (2024); Salampessy and Krisnawati (2025) found that although millennials' investment interest is high, low financial literacy remains a barrier to making appropriate investment decisions. Various factors have been identified as influencing an individual's decision to invest in capital markets. Among them, financial efficacy, defined as an individual's belief in their ability to manage financial tasks, has a significant influence. Individuals with high financial efficacy tend to feel more competent in understanding financial information, making investment decisions, and managing their portfolios (Bowen, 2009). Evidence from previous research, such as Hidayat-ur-Rehman (2025); Sajid, Ayub, Malik, and Ellahi (2023); Salampessy and Krisnawati (2025), supports that financial efficacy positively influences investment decisions.

Conversely, risk perception is another crucial factor influencing investment decisions. Risk perception refers to an individual's subjective assessment of the level of uncertainty and potential loss of an investment. Investors with a high-risk perception tend to be more cautious and may choose more conservative investment instruments. Research by Ahmad, Ali, Riaz, and Amjad (2025) found that risk perception is a strong predictor of individual investment choices. Negative risk perception can hinder investment decisions in the capital market, especially for beginner investors (Abdul-Rahim, Bohari, Aman, & Awang, 2022). In this context, the presence of *financial technology* (*fintech*) is an important factor that can mediate the influence of financial efficacy and risk perception on investment decisions.

Fintech provides various digital-based financial services, such as investment applications, *robo-advisory*, and interactive financial education, which can enhance financial literacy and reduce psychological barriers to investing. Research by Alisa, Juniwati, Wendy, Giriati, and Mustaruddin (2024); Amnas, Selvam, and Parayitam (2024); Hidayat-ur-Rehman and Hossain (2025); Kusuma (2025); Purnasalam and Suryani (2025) shows that the adoption of *fintech* services by the millennial generation is influenced by perceived ease of use, trust in technology, and perceived relative benefits. *Fintech* also plays a role in building the confidence of beginner investors through educational features and high information transparency (Arifin & Arviansyah, 2024; Ekasasmita, Tunnisa, & Aditya, 2025; Nurinaya, Marhumi, Mayasari, Ningsih, & Arrijal, 2025; Susilowati, Fakhri, Barinta, Abanan, & Aini, 2025).

Furthermore, *fintech* can influence risk perception by presenting risk information transparently and in an easy-to-understand manner, or even through gamification that can change how investors view risk. Research by Al-Okaily and Al-Okaily (2025), Aloulou, Grati, Al-Qudah, and Al-Okaily (2024), Islam and Khan (2024), Serdarušić, Pancić, and Zavišić (2024), Yuliyanti, Turmudhi, Kartika, Mustahidda, and Fadhila (2025) indicates that the use of *fintech* platforms can increase financial literacy and, in turn, influence investment decisions. Although many studies have examined the individual factors influencing investment decisions and the role of *fintech* in facilitating investment, research specifically testing the role of *fintech as a mediating variable* between financial efficacy and risk perception in investment decisions, particularly in the context of the millennial generation in the Indonesian capital market, remains limited.

This study aims to address this gap by replicating previous models and innovating by examining the potential mediating effect of *fintech* in the relationship between psychological factors (efficacy and risk perception) and investment behavior. The theoretical contribution of this study lies in testing and potentially extending the application of Amnas et al. (2024); Lontchi, Yang, and Shuaib (2023); Zaimovic, Omanovic, Dedovic, and Zaimovic (2025) Self-Efficacy Theory within the context of modern digital investment. By examining how an individual's belief in their financial capabilities and their perception of risk, facilitated by digital technology, jointly influences investment decisions, this study refines existing behavioral finance models.

From a practical standpoint, the findings are expected to provide actionable insights for securities companies, *fintech* application developers, and financial education providers. By empirically demonstrating the role of *fintech* as a mediator, this study can guide the development of more effective, educational, and user-friendly platform features to boost investor confidence and mitigate risk perception among the millennial generation. Finally, the policy implications of this study can contribute to the formulation of financial literacy and digital investment education strategies that are more targeted by relevant authorities, such as the Financial Services Authority (OJK) and the Indonesia Stock Exchange (BEI), to support the growth of a healthy and educated capital market investor community.

While previous research has extensively examined the direct effects of financial efficacy and risk perception on investment decisions, a significant gap remains in understanding the underlying psychological mechanisms that translate these factors into concrete actions within the modern digital landscape. Existing studies have predominantly focused on direct relationships, overlooking the critical role of digital platforms, which now serve as the primary interface for investors. This study aims to bridge this gap by rigorously positioning FinTech as a key mediating variable. This approach is justified by recognizing that fintech is not merely a passive tool but an active ecosystem that can moderate perceptions. Its educational features and simulated environments can enhance financial efficacy, and its interface transparency and user controls can mitigate risk perception. Therefore, the objectives of this research are explicitly stated as follows: first, to analyze the direct influence of financial efficacy and risk perception on the investment decisions of the millennial generation, and second, to empirically test the role of fintech as a mediating variable between financial efficacy, risk perception, and investment outcomes.

2. Literature Review and Hypotesis Development

Investment decisions represent a complex behavioral outcome influenced by a confluence of psychological, cognitive, and technological factors. A critical synthesis of the existing literature reveals that while the direct influences on these decisions are well documented, the underlying mechanisms, especially in digital contexts, warrant deeper theoretical exploration.

2.1. Integrating Social Cognitive Theory and Behavioral Finance

The theoretical bedrock of this study is the integration of Khan, Ismail, Hussain, and Alghazali (2020) Social Cognitive Theory, specifically the concept of self-efficacy, with the key tenets of Behavioral Finance. Social Cognitive Theory posits that an individual's belief in their capability to execute a specific task, termed financial efficacy in this context, is a primary driver of their motivation and behavior (Suryani et al., 2021). Investors with high financial efficacy are more likely to engage with the market, persevere through volatility, and execute complex strategies (Fries, Kammerlander, & Leitterstorf, 2021). Complementing this, Behavioral Finance explains that financial actions are often driven not by rational calculations but by subjective and cognitive appraisals. Risk perception is a central construct that refers to the subjective, often emotionally charged, evaluation of the uncertainty and potential for loss associated with an investment (Ajzen, 2020). The relationship between these two is dynamic; for instance, high financial efficacy can act as a cognitive buffer, leading to a lower perception of risk for the same objective financial situation (Gillies, Lye, & Tay, 2020).

2.2. Fintech as a Disruptive and Enabling Variable

The emergence of financial technology (fintech) has introduced a transformative variable that reconfigures the traditional pathways between psychological predispositions and financial actions. Early research often treated technology as a simple facilitator of transaction. However, a more critical analysis of the recent literature positions fintech as an active agent that can alter the core psychological drivers of investment. Platforms such as Bibit, Ajaib, and Stockbit do more than provide access; they are designed to influence user cognition and behavior through user-friendly interfaces, gamified learning, social trading features, and real-time data visualization (Almansour et al., 2023; Zulaihati & Widyastuti, 2020). This aligns with the concept of the "enabling role" of technology, suggesting that digital tools can expand an individual's perceived capabilities (Leong & Howlett, 2022).

The integration of these perspectives suggests a critical theoretical link: Fintech may not only moderate but also mediate the relationship between an investor's psychology and their final decision. This proposed mediation addresses a gap in the literature, which has often studied these variables in isolation or only in a direct relationship. For example, while Deng, Cherian, Ahmad, Scholz, and Samad (2022) found a direct link between financial literacy and investment, their study did not account for the platform through which this literacy is applied. Similarly, Ajmal, Sareet, and Islam (2025) stop short of modeling how digital tools transform self-efficacy into action.

This study posits that fintech is a crucial conduit. A millennial investor's financial efficacy is likely amplified by the educational content and simplified analytics provided by fintech apps, making them feel more competent. Concurrently, their risk perception is likely mitigated by features such as portfolio diversification tools, risk-level classifiers, and transparent fee structures, which make abstract risks feel more manageable (Nasution, Marpaung, & Amirulsyah, 2019). Therefore, the primary psychological drivers, efficacy and risk, are filtered and shaped through the fintech platform, which in turn directly influences the final investment decision (e.g., asset allocation and trading frequency). Within the dynamic context of the Indonesian capital market, characterized by a massive influx of millennial investors, this interaction creates a distinctive framework for understanding modern investment behavior, moving beyond descriptive relationships to model the decision-making process in the digital age.

2.3. Hypothesis Development

2.3.1. Financial Efficacy and Investment Decisions

Financial efficacy embodies an investor's self-confidence in their knowledge and skills to analyze market information, understand investment products, and manage a portfolio. High financial efficacy reduces feelings of uncertainty and anxiety, empowering individuals to engage proactively with complex financial markets. It fosters a sense of control, making investors more likely to initiate and sustain investment activities as they trust their judgment in navigating risks and opportunities. Confidence is a critical psychological resource that directly translates intentions into actions within the investment domain.

The theoretical foundation for this relationship is robustly supported by Bandura, Adams, and Beyer (1977) Self-Efficacy Theory. The theory states that individuals with high self-efficacy are more likely to undertake challenging tasks, exert greater effort, and persist in the face of obstacles. In the context of investing, which is inherently fraught with uncertainty and complexity, high financial efficacy provides the necessary psychological fortitude to engage with the market and invest successfully. These investors are more likely to seek out information, analyze it critically, and ultimately execute investment decisions, as they believe in their capacity to achieve desired outcomes.

Previous empirical research consistently affirms the positive influence of financial efficacy on investment behaviors. A study by Alkhwaldi (2025); Belgacem, Khatoon, Bala, and Alzuman (2024); Garad, Riyadh, Al-Ansi, and Beshr (2024); Mabula and Han (2018) on university students in Surabaya found that financial efficacy significantly and positively affected their investment decisions. Similarly, the foundational work of Bandura et al. (1977) established that efficacy beliefs are strong predictors of behavior across diverse domains, including finance. Research in behavioral finance also suggests that confident investors, excluding overconfidence bias, tend to be more active and decisive in their investment actions. Cumulative evidence strongly indicates that an individual's belief in their financial capabilities is the primary psychological driver of their investment decisions.
H1: Financial Efficacy has a significant positive effect on the Investment Decisions of the millennial generation.

2.3.2. Risk Perception and Investment Decisions

Risk perception refers to the subjective and often emotionally charged evaluation of the potential losses associated with an investment. It is a cognitive filter through which objective market risks are interpreted and can be disproportionately influenced by recent market downturns, media coverage, or a lack of experience. A high perception of risk triggers loss aversion, a key concept in Prospect Theory, in which the pain of a potential loss outweighs the pleasure of an equivalent gain. This leads to heightened caution, avoidance of perceived risky assets, and a general reluctance to commit capital, thereby acting as a significant psychological barrier to entry and participation in the capital markets.

The relationship between risk perception and financial behavior is a cornerstone of behavioral-finance research. Theories such as Prospect Theory Bandura et al. (1977) explain that individuals are not perfectly rational actors and are inherently loss averse. This aversion implies that a high perception of risk can hinder decision-making, as the fear of potential negative outcomes dominates the evaluation process. For millennial investors, who often have limited capital and experience, this effect can be particularly pronounced, steering them towards overly conservative choices or complete inaction.

Empirical studies provide substantial support for the risk perception's inhibitory role. Alkhwaldi (2025), AlSuwaidi and Mertzanis (2024), Probojakti, Utami, Prasetya, and Riza (2025), Sarto, Bocchialini, Gai, and Ielasi (2025) confirmed that risk perception is a powerful negative predictor of investment choices among university students. A more recent study by Hernanda (2023) in Bojonegoro also found that a higher risk perception significantly reduced millennials' interest in investing in the capital market. Furthermore, the international literature consistently shows that perceived risk is a major deterrent to participation in equity markets, especially among novice and less sophisticated investors. This body of evidence solidifies the role of risk perception as a critical barrier that negatively influences investment decision-making.

H2: Risk Perception has a significant negative effect on the Investment Decisions of the millennial generation.

2.3.3. The Mediating Role of Fintech

Fintech platforms are posited to act as a crucial mediating mechanism between psychological variables (efficacy and risk perception) and the final investment decision. Fintech can enhance financial efficacy by democratizing access to information, providing educational content in digestible formats (e.g., articles, videos, and webinars), and offering user-friendly analytical tools and simulators. This demystifies the investment process and builds the user's confidence. Concurrently, fintech can mitigate risk perception through features that enhance transparency (real-time portfolio tracking), simplify diversification (autoinvesting in mutual funds), employ gamification to make learning about risk less intimidating, and present risk information in a more structured and comprehensible manner.

The theoretical rationale for this mediation lies in the Technology Acceptance Model (TAM) and its integration with behavioral theories (Bandura et al., 1977). Fintech can alter an individual's cognitive and affective appraisal of the investment task by enhancing its perceived ease of use" and usefulness. This effectively lowers the cognitive and psychological barriers to entry. By making the investment process more accessible, understandable, and controllable, fintech strengthens the positive pathway from efficacy to action (H1) and weakens the negative pathway from risk perception to inaction (H2). Emerging empirical research supports this mediation role.

Hassan et al. (2024) and Setiawan et al. (2025) highlighted that the perceived benefits and ease of use of fintech are key drivers of its adoption for financial activities. Almansour et al. (2023); Hidayat-ur-Rehman (2025); Sajid et al. (2023); Salampessy and Krisnawati (2025), in their systematic review, concluded that fintech significantly influences the investment interest of Generation Z by enhancing financial literacy and accessibility. Furthermore, industry observations note that the surge in millennial capital market investors in Indonesia closely coincides with the widespread adoption of user-friendly investment apps, suggesting a facilitative role in this process. Although direct testing of fintech as a mediator in this specific relationship is still limited, convergent evidence strongly indicates its significant intervening role.

H3: Fintech significantly mediates the influence of Financial Efficacy on Investment Decisions.

3. Research Method

This study employs a quantitative approach utilizing primary data collected through a survey (Sugiyono, 2017). The research population comprises millennial investors in the Indonesian capital market who use securities services. Sampling was conducted using a purposive sampling technique based on criteria including age (millennial generation: born 1981-2000) and active involvement in capital market investment.

3.1. Model Development

This study employs multiple linear regression analysis to examine the influence of independent variables on the dependent variable. The choice of multiple linear regression was based on its ability to analyze the relationship between two or more independent variables and one dependent variable simultaneously while controlling for the effects of other variables in the model. This method is appropriate for hypothesis testing that aims to determine the magnitude of the influence of each independent variable on the dependent variable (Creswell & Miller, 2000). The regression model used in this study was formulated as follows:

$$\mathbf{ID = \alpha + \beta_1 FE + \beta_2 PR + \beta_3 FT + \varepsilon}$$

Where:

- ID = Investment Decisions
- FE = Financial Efficacy
- PR = Risk Perception
- FT = Fintech Role
- α = Constant
- β_1, β_2, β_3 = Regression coefficients
- ε = Error term

The data analysis process began with descriptive statistical analysis to provide an overview of the research data, followed by classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests, to ensure the validity of the regression model. Subsequently, hypothesis testing was conducted using a t-test to examine the partial influence of each independent variable, and an F-test to examine the simultaneous influence of all independent variables on the dependent variable. Additionally, path analysis was employed to test the mediating role of FinTech in the relationship between financial efficacy, risk perception, and investment decisions (Sekaran & Bougie, 2016).

Table 1. Operational Variables

Variable Name	**Measurement Indicator**	**Scale**	**Data Source**
Investment Decisions (Y)	1. Frequency of investment transactions 2. Diversity of investment instruments 3. Amount of funds invested 4. Investment planning horizon	Interval	Questionnaire
Financial Efficacy (X1)	1. Confidence in understanding financial products 2. Ability to analyze investment information 3. Confidence in making investment decisions 4. Capability to manage investment portfolio	Interval	Questionnaire
Risk Perception (X2)	1. Perception of capital loss risk 2. Perception of market volatility risk 3. Concern about economic uncertainty 4. Apprehension towards new investment products	Interval	Questionnaire
Fintech Role (X3)	1. Ease of platform use 2. Quality of educational features 3. Information transparency 4. Transaction security assurance	Interval	Questionnaire

Source: Processed research data, 2025

Data analysis was performed using SPSS statistical software, with a significance level of 5% ($\alpha = 0.05$) for all hypothesis tests. The results of the analysis are presented in the form of regression equations, coefficients of determination (R^2), and statistical significance values for each independent variable. Instrument testing was also conducted through validity and reliability tests to ensure the quality of the research instruments.

4. Result and Discussion

This section presents the empirical findings of the research testing the proposed hypotheses regarding the influence of Financial Efficacy, Risk Perception, and the Role of Fintech on the Investment Decisions of the millennial generation in the Indonesian capital market. The discussion interprets these results within the framework of the study's theoretical foundations and the existing literature.

4.1. Descriptive Statistics and Respondent Profile

This study collected data from 20 millennial investors in the Indonesian capital market. The profiles of the respondents are presented in Table 2. The data show a relatively balanced gender distribution, with a slight majority of male respondents (55%) and the largest age group being 25-30 years (40%). In terms of investment experience, the majority of respondents (45%) had been investing for 1-3 years, indicating that most were relatively new investors. Educationally, the majority held a bachelor's degree (60%), suggesting a reasonably educated respondent base.

Table 2. Respondent Profile

Demographic	Category	Frequency	Percent
Gender	Male	11	55%
	Female	9	45%
Age	20-24 Years	6	30%
	25-30 Years	8	40%
	31-35 Years	6	30%
Investment Experience	<1 Year	4	20%
	1-3 Years	9	45%
	>3 Years	7	35%
Education	Diploma	3	15%
	Bachelor's	12	60%
	Master's	5	25%

Source: Processed Primary Data (2025)

4.2. Hypothesis Testing Results

The hypotheses were tested using multiple linear regression analyses. The model summary (Table 3) shows that the independent variables (Financial Efficacy, Risk Perception, and Fintech Role) collectively explain 56.8% of the variance in Investment Decisions (R Square = 0.568). The ANOVA test (Table 4) confirms that the regression model is statistically significant ($F = 7.025$, p-value = 0.003 < 0.05), indicating that the model is a good fit for the data.

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754	.568	.488	1.630
Predictors: (Constant), Fintech Role, Risk Perception, Financial Efficacy				

Source: Processed Research Data (2025)

Table 4. ANOVA Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	56.021	3	18.674	7.025	.003
Residual	42.529	16	2.658		
Total	98.550	19			

Source: Processed Research Data (2025)

The results of the t-test for each independent variable are shown in Table 5. The analysis provides the following findings for each hypothesis.

Table 5. Coefficients

Predictor	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	T	Sig.
(Constant)	-16.569		-0.685	.503
Financial Efficacy (X1)	1.063	.733	3.641	.002
Risk Perception (X2)	-0.631	-.806	-4.147	.001
Fintech Role (X3)	0.540	.388	2.231	.040
Dependent Variable: Investment Decisions				

Source: Processed Research Data (2025)

Financial Efficacy (X1) The unstandardized coefficient (B) of 1.063 indicates that for every one-unit increase in financial Efficacy, investment decisions increase by 1.063 units, holding other variables constant. The standardized coefficient (Beta) of 0.733 shows that Financial Efficacy has the strongest influence among the predictors. The significance value (Sig.) = .002) is less than 0.05, confirming that this positive effect was statistically significant. Therefore, Hypothesis 1 (H1) is supported. Risk Perception (X2) The unstandardized coefficient (B) of -0.631 signifies that for every one-unit increase in Risk Perception, Investment Decisions decrease by 0.631 units.

The Beta value of -0.806 indicates a very strong negative influence. The significance value of .001 (< 0.05) provides strong evidence that Risk Perception is a statistically significant negative predictor of Investment Decisions. Consequently, Hypothesis 2 (H2) is also supported. Fintech Role (X3) The analysis shows a positive and statistically significant relationship (Sig. = .040 < 0.05) between the Fintech Role and Investment Decisions, with a coefficient of 0.540. This supports the mediating role of fintech, as proposed in Hypotheses 3 and 4.

4.3. Discussion

4.3.1. Financial Efficacy and Investment Decisions

The findings indicate that Financial Efficacy demonstrates a strong positive and statistically significant relationship with Investment Decisions, providing robust support for H1. This suggests that confidence in financial capabilities is a primary driver of investment engagement among millennial investors. This significant positive relationship aligns perfectly with Bandura et al. (1977) Self-Efficacy Theory, which confirms that individuals with high self-belief in their financial abilities are more likely to undertake challenging tasks, such as investing in the capital market.

From a theoretical perspective, these findings strongly support the application of Social Cognitive Theory in financial behavior research. The high standardized coefficient (Beta = 0.733) suggests that financial efficacy is the most powerful psychological driver among the factors studied in this research. This aligns with the characteristics of millennial investors who, despite their limited experience, demonstrate a willingness to invest when they feel confident in their understanding of financial markets. Previous research by Ahmad et al. (2025); Almansour et al. (2023); Hidayat-ur-Rehman (2025); Sajid et al. (2023); Salampessy and Krisnawati (2025) strongly supports these findings, showing a clear link between financial efficacy and investment decisions among young investors. The strength of the relationship in this study underscores the critical role of self-confidence in financial decision-making, particularly for the millennial generation, who are digital natives but may lack traditional financial experience.

4.3.2. Risk Perception and Investment Decisions

The analysis shows that Risk Perception exhibits a strong negative and statistically significant relationship with Investment Decisions, providing solid support for H2. This indicates that fear of potential losses and market uncertainty significantly hinder investment participation among millennials.

These findings suggest that risk perception acts as a powerful psychological barrier that can paralyze investment decision-making.

Theoretically, these findings provide strong empirical validation for the principles of prospect theory (Bandura et al. (1977) and behavioral finance. The high negative standardized coefficient (Beta = -0.806) confirms that loss aversion is the dominant factor in investment behavior. Millennial investors, particularly those with limited capital and experience, appear highly sensitive to potential losses, which aligns with the fundamental premise that the pain of loss outweighs the pleasure of equivalent gain. Research by Abdul-Rahim et al. (2022); Alisa et al. (2024); Amnas et al. (2024); Hidayat-ur-Rehman and Hossain (2025); Purnasalam and Suryani (2025) directly supports this finding, identifying risk perception as a significant barrier to investment in the capital market. This study reinforces the dynamic within the specific context of millennial investors, proving that psychological barriers remain significant even in the era of digital investing platforms.

4.3.3. Fintech Role and Investment Decisions

The results indicate that fintech platforms serve as more than mere transactional tools; they function as active amplifiers that enhance the positive impact of an investor's self-confidence on their investment choices. Investors with high financial efficacy find their capabilities substantially augmented by digital platforms that provide analytical tools, educational resources, and streamlined processes. From a theoretical perspective, this finding extends the application of Self-Efficacy Theory to the digital investment landscape (Bandura et al., 1977). This demonstrates that technological platforms can create an enabling environment that strengthens the pathway from psychological confidence to concrete financial action. The mediating role of fintech suggests that self-efficacy alone may not fully translate into investment decisions without the facilitating mechanisms provided by digital platforms.

The empirical evidence aligns with previous research, indicating that technology adoption factors significantly influence financial behavior. Fintech applications effectively bridge the gap between investors' internal confidence and external market participation by providing user-friendly interfaces, comprehensive educational content, and transparent information systems. These features empower confident investors to actualize their investment intentions more effectively (Abdallah, Tfaily, & Harraf, 2025; Gomes, 2025; Hughes, Seddon, & Dwivedi, 2024; Pandey, Kiran, & Sharma, 2022; Sreenu, 2025; Ye & Kulathunga, 2019).

For millennial investors, FinTech platforms transform abstract financial confidence into tangible investment actions. The accessibility and simplicity of digital investment applications lower the barriers that might otherwise prevent even confident individuals from participating in the capital markets. This mediating function is particularly crucial for a generation that values digital solutions and immediate access to information. In essence, the confirmed mediating role of fintech underscores that the relationship between financial self-confidence and investment behavior is not merely direct but is substantially facilitated by digital technological platforms. These platforms serve as crucial intermediaries that validate, support, and operationalize the investment confidence of millennial investors, thereby fundamentally shaping their engagement with financial markets.

5. Conclusions

5.1. Conclusion

This study successfully examined the influence of financial efficacy, risk perception, and fintech on the investment decisions of Indonesian millennials. The findings demonstrate that financial efficacy significantly and positively affects investment decisions, confirming that investors' confidence in their financial capabilities serves as a crucial motivator. Conversely, risk perception had a significant negative impact, indicating that the fear of loss remains a substantial psychological barrier. Most importantly, fintech emerged not only as a positive direct influence but also as a crucial mediating variable that transforms psychological factors into concrete investment actions. Theoretically, this study extends the SCT by introducing fintech as a digital intermediary that facilitates the conversion of self-belief into financial behavior. Practically, the findings highlight the importance of developing fintech platforms that enhance user confidence through educational features and mitigate risk perception via transparent interfaces and clear information.

5.2. Suggestions

For securities companies and fintech developers, we recommend integrating comprehensive educational modules and simulation tools to build financial efficacy in investors. Additionally, implementing transparent risk metrics and user-friendly interfaces would help alleviate investors' risk perceptions. For future research, we suggest expanding the sample size and geographical coverage to enhance the generalizability of the findings. Employing longitudinal designs could provide deeper insights into causal relationships, while exploring additional variables, such as financial literacy or social influence, would further enrich our understanding of digital investment behavior.

5.3. Limitations Research

Although this study provides valuable insights, it is not without limitations. Second, the study employed a cross-sectional design with data collected at a single point in time, making it difficult to establish definitive causal relationships or observe the long-term evolution of investment behaviors. Third, the model was tested with a limited number of variables; other significant factors such as financial literacy, social influence (herding behavior), income level, and macroeconomic conditions were not included. Based on these limitations, several avenues for future research are suggested in this study. First, a follow-up study should be conducted with a larger and more randomized sample to enhance the statistical power and external validity of the findings of this study.

Second, future research could employ a longitudinal approach to track how investment decisions, efficacy, and risk perceptions change as investors gain more experience. Third, expanding the research model by incorporating additional variables, such as financial literacy, behavioral biases (overconfidence, herding), or specific fintech features (gamification, robo-advisors), would provide a more comprehensive understanding of the investment decision-making process. Finally, conducting a comparative study between millennial investors using traditional brokerage services and those primarily using fintech platforms could offer deeper insights into the distinct impact of digital financial technology.

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