

ABSTRACT

Undergraduate students represent a productive age group actively establishing financial independence and demonstrating an interest in investment activities. However, their investment decision-making quality can be influenced by varying levels of financial literacy, risk perception, and social factors. Furthermore, advancements in digital technology have transformed decision-making patterns, particularly among younger generations accustomed to instant information access. In this context, market discipline becomes crucial as a foundation for rationality and adherence in investment decision-making

This study aims to analyze the influence of financial literacy, risk perception, digital technology advancement, and herding behavior on investment decisions, with market discipline as a mediating variable. The research population includes all master's (STRATA 2) students in Jakarta, aged 22–35 years, have a good educational background, access to digital technology, and experience or interest in investment. The research sample consists of 210 master's students selected purposively based on relevant criteria, including access to digital investment platforms.

Data were collected through a questionnaire that had been tested via a pretest to ensure its validity and reliability. Data analysis was conducted using the Structural Equation Modeling (SEM) method based on Partial Least Squares (PLS). This study is designed to provide insights into the factors influencing investment decisions and the mediating role of market discipline. The research findings are expected to contribute to educational institutions and financial organizations in improving financial literacy, the utilization of digital technology, and the quality of students' investment decisions.

The research results show that financial literacy and digital technology advancement positively influence investment decisions, while risk perception and herding behavior have a negative impact. Additionally, financial literacy and digital technology enhance market discipline, whereas high risk perception and herding behavior weaken it. Market discipline is proven to be a significant mediator that strengthens the influence of those variables on investment decisions.

This research contributes to the development of an investment behavior model among students by emphasizing the role of market discipline. The findings may serve as a reference for educational institutions and regulators to enhance financial understanding, leverage digital technology, and promote more rational and strategic investment behavior. Future research is recommended to expand the population scope and explore other influencing variables such as social influence and economic environment.

Keywords: *Financial Literacy, Risk Perception, Digital Technology Advancement, Herding Behavior, Market Discipline, Investment Decisions, SEM-PLS*