

## ABSTRACT

*This study aims to examine the effect of behavioral aspects on the stock investment decisions of retail investors investing in the Indonesia Stock Exchange. Based on this, the researcher raised a number of variables from financial behavior theory as independent variables, namely overconfidence, herd behavior, loss aversion and risk perception.*

*This research is aimed at retail investors who are domiciled in Semarang City who actively invest in the Indonesia Stock Exchange. Researchers distributed questionnaires online through social media which were filled in by 127 respondents. The data is then collected and analyzed using structural equation modeling (SEM) and using the smartPLS application.*

*The results of this study indicate that there is an influence of financial behavior bias on the Indonesia Stock Exchange as represented by three behavioral factors that influence individual investors' investment decisions, namely overconfidence, herd behavior, and risk perception variables. On the other hand, the loss aversion variable does not affect investors' investment decisions. This research provides several recommendations for investors who wish to conduct stock transactions to adopt a scientific basis in making stock investment decisions, and suggests conducting further research to study the impact of financial behavior on various types of risk and returns on the Indonesia Stock Exchange.*

*Keywords: Behavioral Finance, Overconfidence, Herd Behavior, Loss Aversion, Risk Perception, Investment Decision.*