

## **ABSTRACT**

*Overconfidence is a behaviour where someone, feeling very confident about the things, ignoring unimportant factors, taking excessive risk because of their abilities. This is one of bias in behavioural finance, which is the modern financial theory that has a relation with the economics and psychological factors. Overconfidence itself affected by cognitive biases such as an illusion of control, better-than-average, miscalibration, desirability bias and education. This study will take a case study on the economic students and non-economic students through financial decision.*

*Research population used was bachelor degree students at the Diponegoro University, and taken samples of the all-purpose 172 respondents which consisting of two categories. First, respondent against a background of economic education, and the second one is respondent with non-economics educational background. The separation of the group performed in order to know whether there are significant differences regarding the overconfidence behaviour in terms of financial decisions.*

*The results showed that the illusion of control, better-than-average and desirability bias in respondents from the Faculty of Economics & Business has a positive and significant effect to the overconfidence related in financial decisions. Otherwise, miscalibration indicate negative and significant effect on overconfidence behaviour. Different side shown by respondents from NON-Faculty of Economics & Business. The results showed that the illusion of control and better-than-average has a positive and significant effect to the overconfidence. Furthermore, desirability bias has the positive and no significant effect on the overconfidence behaviour. While miscalibration has the negative and no significant effect on overconfidence. Mastery in economic and finance have a positive and significant influence to create overconfidence behavioural in terms of financial decision with the coefficient value of 0,591.*

**Keywords :** *Behavioural Finance, Overconfidence, Illusion of Control, Better-Than-Average, Miscalibration, Desirability Bias, Multiple Linear Regression Analysis, Dummy Variables Test*