ABSTRACT

This research was conducted based on the approach of behavioural finance theory. Behavioural finance is a theoretical approach that explains the influence of psychology on the humans behavior in investing and their relationships with finance. This theory states that investors are not always rational in making decisions and tend to be affected by psychological aspects. The objective of this research is to examine the effect of several independent variables, namely overconfidence, herding behavior, and risk tolerance to the dependent variable, stock investment decisions of millennial investors in Semarang City.

The population in this study is millennial investors in the city of Semarang. The sample used 98 respondents. The sampling technique is using purposive random sampling. The data in this study is primary data obtained through questionnaires (google form). While the data analysis technique applied is multiple regression analysis using the SPSS version 22.0 application.

The results showed that the independent variables consisting of overconfidence, herding behavior, and risk tolerance provided significant positive effect on stock investment decisions of millennial investors in Semarang City. The determination coefficient test revealed an R2 value of 0.706 or 70.6%, which means that the stock investment decisions are influenced by overconfidence, herding behavior, and risk tolerance. Meanwhilem, the remaining 29.4% is influenced by other variables outside the scope of this research.

Keywords *: Overconfidence, Herding Behaviour, Risk Tolerance, Stock Investment Decisions, Millenial Investors.*