Personality Traits Impact on Investment Decision in Capital Market through Behavioral Bias

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Abstract

Investment in capital market has trendily skyrocketed in Indonesia. Prominent figures disclose publicly-shared education related to capital market even though the majority of them has not executed such advance learning regarding capitals. The invitation for conducting the right decision of investment in capital markets is conveyed by displaying potential benefits from investment without clear and accurate analysis. Millennials, continuously, have been dominating the investment world. Throughout May 2024, young investors aged ≤30 years dominated 55.58% of the total investors. The majority of these young investors is novice investors. Novice investors, generally, assume that trading is uncomplicated because, according to them, it is easily predictable. However, reality-based, investment is unpredictable work of action. Irrational behaviour can be executed by all investors. Millennials have the tendency to participate in investment based on stereotypical assumption, Fear of Missing Out (FOMO) behaviour, and sensitivity. Thus, the objective of this research is to analyse Personality Traits Roles on Investor's Decision-Making in Capital Market through Behavioural Bias. Research methodology used in this research is quantitative method. The selection of this research's sample applies purposive sampling technique in which respondents are selected based on the required criteria. Then, the data achieved will be processed by the Structural Equation Modeling to test the influence of each independent variable to its dependent variable directly or indirectly. This study found that all variables, behavioural bias and personality traits, affect investor decision-making. Furthermore, behavioural bias also mediate the influence of personality traits on investor decision-making.

Keywords: behavioural bias; decision-making execution; financial behaviour; personality traits

1. Introduction

Investment conducted in capital market now has skyrocketed in terms of its popularity level, especially in Indonesia, influencers with national-wide reach-out is participating to propose many recommendations on their social media platform. Social media, currently, is utilized as the tools to increase the interest in investing and educate new investors on the conduction of investment (Mubarok, 2018). Artists and other public figures participate as well

that are actively involved in providing the necessary in providing the right persuasion and explanation about capital market eventhough the majority of them has never been a part of capital-market schools or even execute advance-learning regarding capital market. The persuasion on public's participation in capital market based on accurate decision-making regarding investment is supported with the display of investment's benefit achieved through unbased analysis. This potentially increase the potential of behavioural bias executed by beginner investor, especially among millenial generation as the core users of social media.

The millennial generation currently is dominating the world of investment. Since 2017, the younger generation has greatly contributed to the total number of investors in the market. According to Widyasari (2019), the dominance of investors by the millennial generation is increasingly prompted the development of technology and information in the Indonesian stock market, making it easier to invest. Millennials achieve easy access to knowledge through the devices they possess.

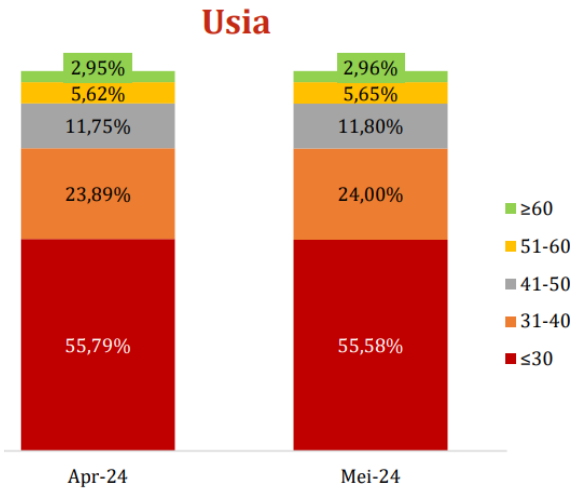

Figure 1. Individual Investor Demographics by Age
Source: KSEI (2024)

Based on data from PT Kustodian Sentral Efek Indonesia (KSEI), as of May 2024, investors are dominated by people aged 30 and below, which includes the millennial generation and Gen Z. In April 2024, the number of investors under the age of 30 was 55.79%, and in May 2024, it slightly decreased to 55.58%, but they still dominate the investor age group in Indonesia.

Influenced by many stereotypes circulating, millennials are often portrayed as lazy, Fear of Missing Out (FOMO)-characterized, overly sensitive, or loyalty-lacking audience of public (Hayes, 2018). On the other hand, the majority of millennials are novice investors. Beginner traders generally assume that trading is easy because investment's work is predictable. However, in reality, trading and investing are unpredictable work with unexpected outcomes. Millennial novice investors typically have limited knowledge and understanding when making accurate decisions. Bias conditions such as overconfidence can occur if investors receive good news or advice about trading on the internet and then engage in trading without comprehensive preparation (Pambudhy, 2020).

In the early period of 2021, the petition of "Ban Pompom Stocks in Indonesia" went viral. The intensification of millenial investors' numbers are coexisting with the case of fraudulent stock analyses from influencers or figures in Indonesia. Empirical studies indicate that overconfidence behavior is more prevalent among novice traders and emerges when investors enter pre-market trading sessions or when the market is in a bullish position following positive news entering the market (Gill et al., 2018). If investors are overconfident, they tend to exaggerate their abilities, expertise, and convictions while evaluating an investment in a given situation.

Therefore, further research on financial behavior is needed. According to Asparahova and Bossaerts (2015), behavioral finance research attempts to understand how markets and individuals behave when managing their finances. This study focuses on personality traits, behavioral bias, particularly overconfidence behavior, and investment decision-making. The impact of personality traits on investment decisions has been the subject of much research in recent decades (Oehler et al., 2018). Behavioral finance study focuses on psychology, behavioral biases, and investor perceptions in order to better understand human and market behavior in financial management.

The field has advanced to uncover behavioral biases like the disposition effect, overconfidence bias, and investor personality traits. Recent studies have incorporated mediating variables such as social interactions and influences. Research continues to evolve with various models to enhance investment decision-making effectiveness.

The Big Five personality model—Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism—is frequently used to describe the personality of investors. Few studies have looked at personality qualities from the standpoint of behavioral bias, despite the fact that previous research has addressed the influence of personality factors on decision-making and how investors are perceived to make decisions (Tauni et al., 2020). With behavioral bias taken into account, the current study attempts to explain the association between the Big Five qualities and perceived investor decision-making. Personality significantly influences decision-making and investor's decision-making perceptions, and can lead to bias like overconfidence, acting as mediating factors. Based on the above phenomena and research gaps, researchers are interested in examining the financial model of investor behavior and its behavioral bias, especially in the aspect of overconfidence in investor decision-making.

2. Literature Review

2.1 Behavioural Finance Theory

The grand theory of behavioral finance is the primary source of concepts, thought patterns, and research hypotheses in this study. Psychological considerations are important when making financial decisions in behavioral finance. When making judgments, investors may act irrationally (Hirschey & Nofsinger, 2008). According to Shiller (1984), investors respond more forcefully to negative than to positive news. Risk hedging techniques have evolved since margin trading and short selling were introduced, and market participants typically respond to positive and negative news with reason. This is consistent with the theories of Thaler (1999), who argues that psychological variables, as opposed to the foundations of financial theory and economic law, frequently impact conduct. Psychological and financial

theories are combined in behavioral finance. Moreover, behavioral finance suggests that an investor's personality can influence their financial decisions (Pompian, 2012).

Behavioral bias generally occurs in risky decision making. Furthermore, it was developed into various aspects of investor personality and can influence decision making which has an impact on investor's decision-making (Akhtar & Das, 2020). In making decisions, investors can find out the causes of declining investor's decision-making and then make the right decisions in the following period. Investors monitor performance to determine the results obtained in the portfolio.

2.2 Investor's Decision-Making

Investor's decision-making is process that investors execute to determine where and how much capital should be allocated to generate maximum returns or investor's decision-making for the investors themselves. The return from an investment portfolio influences an investor's decision-making (Akhtar et al., 2018). One or more assets can be used to calculate an investment portfolio, according to Alrabadi et al. (2018). The decisions made by investors are often evaluated in a particular currency and over a specified time frame. Investors can use a variety of returns to gauge how well they are making investment decisions. For example, they can measure the difference between total return and price return, measure their income (interest and dividends), or account for capital appreciation.

The dimensions and indicators of decision-making executed by investors (Alrabadi et al., 2018) are returns, portfolio value, information held and security. On the other hand, (Akhtar et al., 2018) increases the dimensions and indicators of decision-making executed by investors regarding investment, including considerations of return, risk, security and time or period. The dimensions and indicators utilized in this study, which take return, risk, information stored and security, time or period, and other factors into account, are adapted from (Alrabadi et al., 2018) and (Akhtar et al., 2018).

2.3 Personality Traits

The overall general way in which a person responds and engages (interacts) with other people is called personality traits. Another interpretation of personality traits is that character traits refer to individual distinguishing qualities. In psychology, personality traits play an important role in determining investor behavior and decision-making in financial markets (Chen et al., 2019). Personality traits refer to an individual's pattern of thoughts, feelings and behavior that differentiates him from other individuals and reflects his tendency to respond (interact) in various conditions and situations (Tauni et al, 2020).

This research uses the big five personality structure model (Baron & Byrne, 2005), based on findings from a series of previous research and concept development, there are five factors or personality dimensions, including, Openness to Experience (O), Conscientiousness (C), Extraversion (E), Agreeableness (A), Neuroticism (N). Each factor is composed of properties with characteristics that indicate high and low levels of that factor. The big five personality concept (OCEAN) was developed through personality traits from several independent studies of previous research. Factor analysis is used on adjectives to identify a set of independent group personality traits (Baron & Byrne, 2005)

2.4 Behavioral Bias

Overconfidence bias is a behavioral bias when investors have excessive self-confidence when making decisions (transactions). According to Baker and Nofsinger (2010) Overconfidence is excessive self-confidence. Overconfidence bias influences investors' decision making when they feel more confident in their approach or strategy. Rational investors with good judgment aim to reduce risk and maximize returns. On the other hand, investors who are too confident tend to take more risks beyond their investment tolerance limits. The tendency is to buy equities with high risk and it is difficult to reduce the portfolio amount when market anomalies occur. The overconfidence bias experienced by investors generally occurs when investors focus on skills in analyzing companies that have growth potential without paying attention to developing information.

The characteristics of overconfidence bias—predictive ability, mental self, historical achievement, and knowledge—that will be employed in this study are adapted from (Gill, 2018) (Metawa et al., 2019).

3. Material and Method

This research is quantitative research. The object of this research is investment decisions in the capital market with the scope of economic behavior and personality characteristics in investing. The respondents used were Millennial Generation who invested on the Indonesian Stock Exchange. The population in this research is the Millennial Generation who invest on the Indonesian Stock Exchange. The sampling method used was nonprobability sampling with purposive sampling technique. The criteria used in determining the sample size are: 1) Are active investors in the capital market, 2) have been actively trading in the last three months, 3) belong to the millennial generation. The data source used in this research is primary data. Primary data in this research are respondents' answers to the questionnaire. The research was carried out by distributing questionnaires online via a questionnaire link which was informed to respondents by the researcher until the required data could be said to be sufficient. The analytical method used in this research is Structural Equation Modeling (SEM).

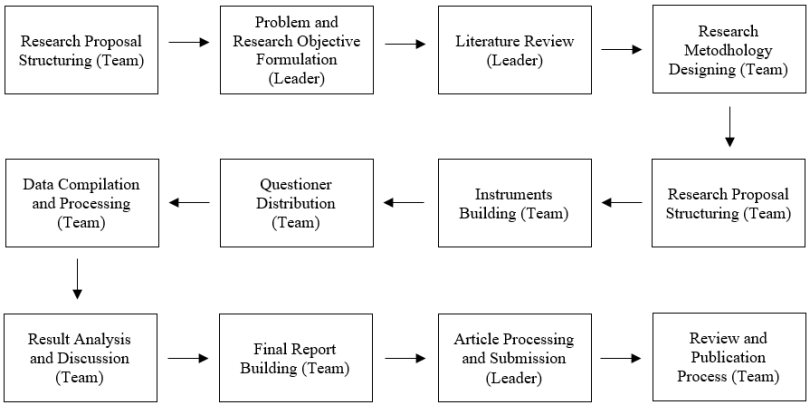

Figure 2. Flowchart of The Research Process

3.1 Design Study

In this section, the demographic analysis of respondents will be presented to support quantitative analysis and provide an overview of the demographics of respondents consisting of gender, position, tenure, age, education. In chapter 3 it is stated that the sample size is 100

respondents. The results of the score of each item in the overall research variable made a frequency distribution for each research indicator.

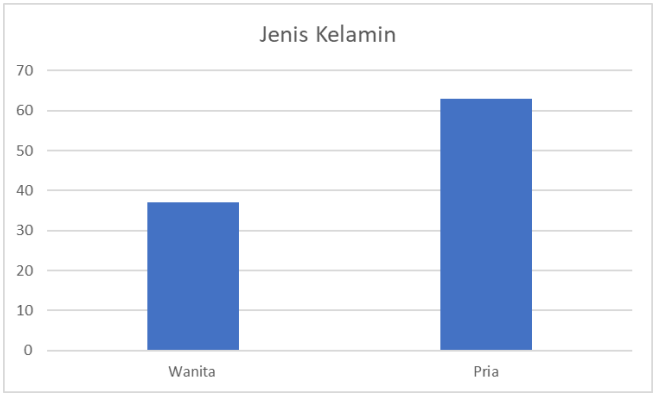

Figure 3. Demographics of Respondents Based on Gender

Of the total 100 employee respondents in this study, 37 respondents or 37% were women. Meanwhile, male respondents totaled 63 respondents or 63%. The majority of respondents are men. Based on the results, the distribution of data is dominated by men.

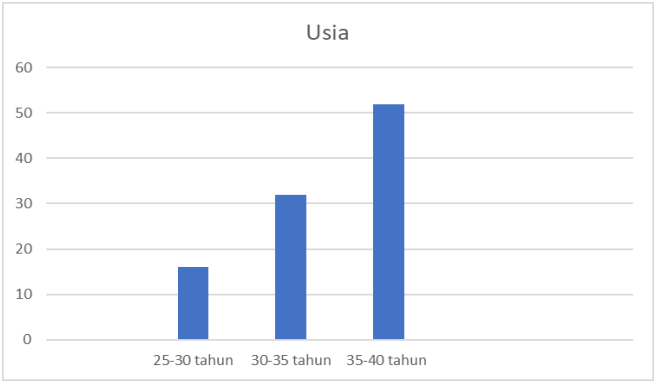

Figure 4. Demographic of Respondents Based on Age

The survey was conducted by distributing questionnaires to respondents, in accordance with the scope of the research, namely the Millennial generation (born 1981-1996). Demographics based on age in employee respondents, the largest number is 35-40 years old with 52 respondents or 52%, then respondents aged 30-35 years amounted to 32 or 32%. While the remaining 25-30 years old amounted to 16 or 16%.

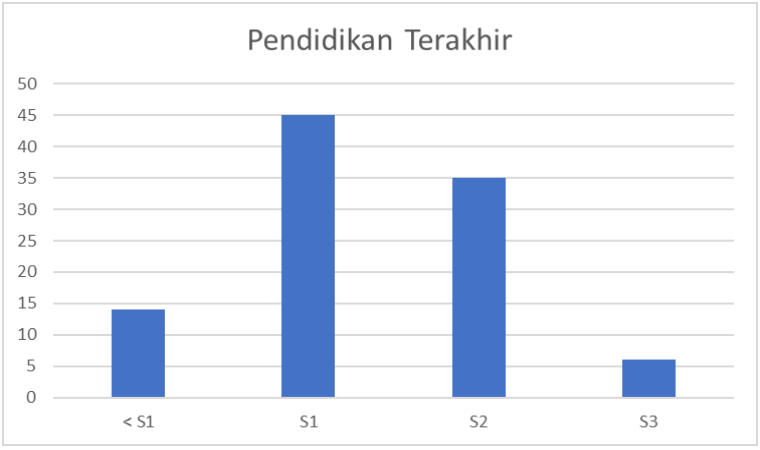

Figure 5. Demographics of Respondents Based on Last Education

In this study, the most respondents with the latest education were those with the last level of S1 education as many as 45 respondents or 45% of the total. Furthermore, the S2 education level was 35 respondents or 35%, then the last education level under S1 was 14 respondents or 14% and finally the last education level was S2 as many as 6 respondents or 6%.

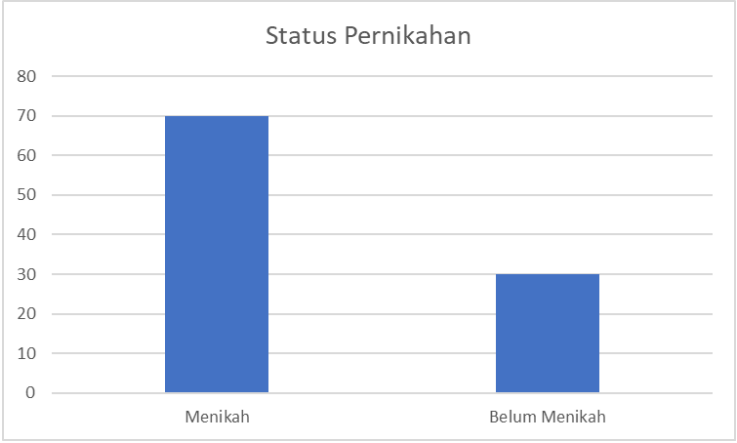

Figure 6. Demographics of Respondents Based on Marital Status

In this study, the most respondents based on marital status were married as many as 70 respondents or 70% of the total, then unmarried respondents as many as 30 respondents or 30%.

3.2 Measurement Model Analysis

After developing the research instrument, the subsequent step involves distributing the questionnaire online via social media. Once the sample size is obtained, the data is analyzed using Cov-Based SEM with the assistance of SmartPLS 3.0. In Cov-Based SEM, indicators that can form variables are measured through questions in the questionnaire.

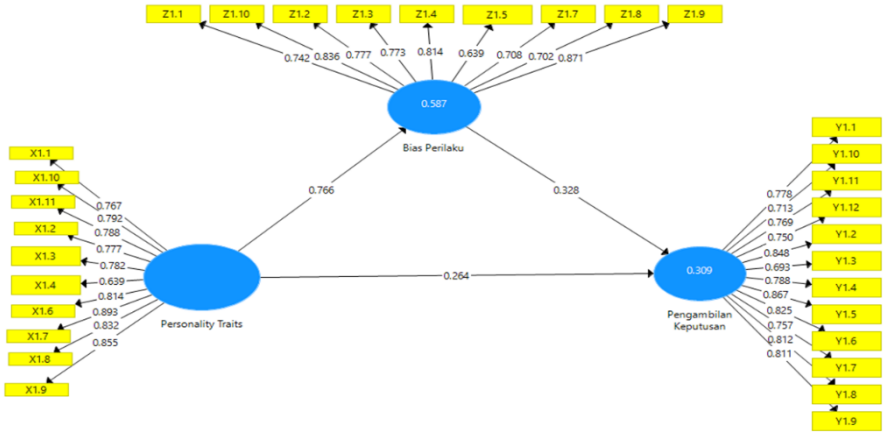

Figure 7. Research Model Using Cov-Based SEM

4. Result

4.1 Validity and Reliability Post-Test

In this research, hypothesis testing was conducted using Partial Least Square (PLS) analysis techniques with the SmartPLS 3.0 program. The PLS program model scheme tested is presented below.

4.1.1 Measurement Model Analysis: Validity Testing (Convergent Validity)

The outer loading value, also known as the loading factor, is used to verify convergent validity. If the outer loading value of an indicator is higher than 0.7, it is considered to meet convergent validity in the good category. The outer loading value of each indicator on the study variables is as follows:

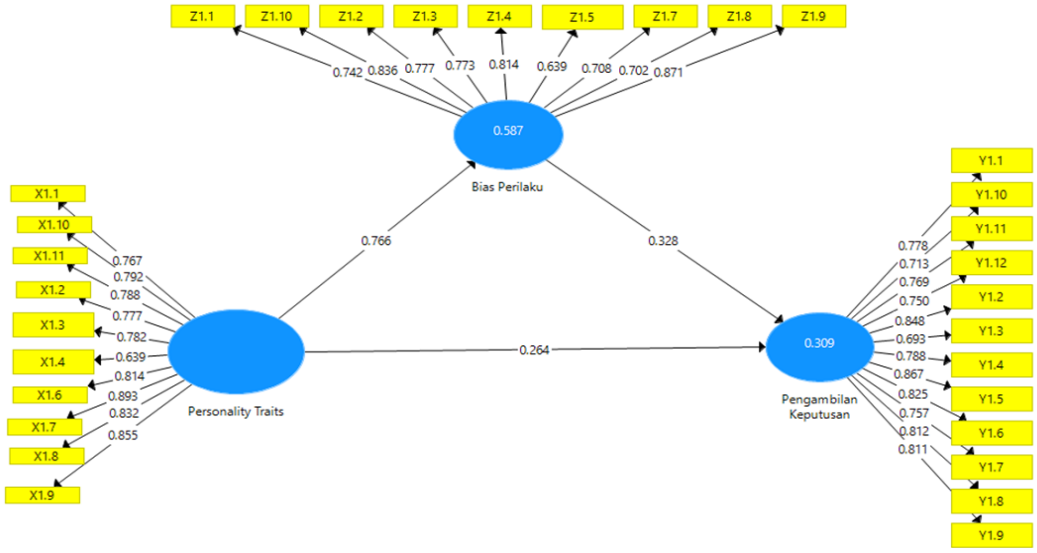

Figure 8. Outer Loading Testing 1

It is evident from the data presentation in the above figure that every study variable indicator has numerous outer loading values higher than 0.7. Still, it seems like there are a number of indicators with outer loading values less than 0.7. Imam Ghozali cites Chin as saying that the outer loading value between 0.6 and 0.7 is thought to be adequate to satisfy the convergent validity criterion (Ghozali, 2014). Based on the aforementioned data, all variable indicators are deemed practicable or legitimate for research purposes and can be used for additional study because no variable indicator has an outer loading value less than 0.6.

4.1.2 Discriminant Validity

The findings of the discriminant validity test will be discussed in this section. The cross loading value is used in the discriminant validity test. If an indicator's cross loading value on its variable is greater than that of other variables, it is said to meet discriminant validity. The cross loading value for each indication is as follows:

Table 1. Cross Loading

Discriminant Validity

Fornell-Larcker Criterion | Cross Loadings | Heterotrait-Monotra

	Bias Perilaku	Pengambilan Keputusan	Personality Traits
X1.1	0.583	0.474	0.767
X1.10	0.631	0.323	0.792
X1.11	0.585	0.399	0.788
X1.2	0.523	0.427	0.777
X1.3	0.635	0.413	0.782
X1.4	0.495	0.312	0.639
X1.6	0.604	0.453	0.814
X1.7	0.696	0.459	0.893
X1.8	0.617	0.416	0.832
X1.9	0.701	0.407	0.855
Y1.1	0.461	0.778	0.478
Y1.10	0.443	0.713	0.427
Y1.11	0.444	0.769	0.471
Y1.12	0.518	0.750	0.509
Y1.2	0.430	0.848	0.449
Y1.3	0.264	0.693	0.233
Y1.4	0.393	0.788	0.348
Y1.5	0.395	0.867	0.321
Y1.6	0.363	0.825	0.366
Y1.7	0.342	0.757	0.311
Y1.8	0.414	0.812	0.330
Y1.9	0.403	0.811	0.446
Z1.1	0.742	0.357	0.579
Z1.10	0.836	0.484	0.588
Z1.2	0.777	0.418	0.555
Z1.3	0.773	0.407	0.597
Z1.4	0.814	0.457	0.690
Z1.5	0.639	0.412	0.556
Z1.7	0.708	0.278	0.538
Z1.8	0.702	0.221	0.469
Z1.9	0.871	0.524	0.659

It is evident that each indicator in the research variable has the highest cross-loading value on the variable it is intended to form, compared to its cross-loading values on other

variables. This indicates that the indicators used in this study exhibit good discriminant validity for their respective variables.

Aside from examining the cross-loading values, discriminant validity can also be assessed by looking at the Average Variance Extracted (AVE) value for each indicator. An AVE value higherthan 0.5 is required for a model to be considered good (Ghozali, 2014).

Table 2. Average Variant Extracted (AVE)

YusufData.txt | YusufData.splsm | PLS Algorithm (Run No. 1) | Bootstrapping (Run No. 1)

Construct Reliability and Validity

Matrix | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE)

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Bias Perilaku	0.911	0.918	0.927	0.586
Pengambilan Keputusan	0.944	0.948	0.951	0.618
Personality Traits	0.935	0.939	0.945	0.634

It is known that the AVE value of the behavioral bias variable, decision making, and personality traits >0.5, based on the results shown in table 2 above. It is therefore possible to conclude that each variable has strong discriminant validity.

4.1.3 Measurement Model Analysis: Reliability Testing (Composite Reliability)

Composite Reliability is used to evaluate the reliability of indicators within a variable. A variable satisfies the composite reliability criteria if its composite reliability value is greater than 0.6. The composite reliability values for each variable used in this study are as follows:

Table 3. Composite Reliability

YusufData.txt | YusufData.splsm | PLS Algorithm (Run No. 1) | Bootstrapping (Run No. 1)

Construct Reliability and Validity

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Based on the data presented in table 3 above, it can be perceived that the composite reliability values of all research variables are > 0.6. That result indicates that each variable has met the composite reliability criteria, thus it can be concluded that all variables contain high level of reliability.

4.1.4 Cronbach Alpha

Cronbach's alpha value can be used to further improve the reliability test that makes use of the composite reliability mentioned above. If a variable's Cronbach's alpha value is more

than 0.7, it is deemed reliable or meets the criterion for reliability. The Cronbach's alpha values for each variable are listed below.

Table 4. Cronbach Alpha

YusufData.txt | YusufData.splsm | PLS Algorithm (Run No. 1) | Bootstrapping (Run No. 1)

Construct Reliability and Validity

Matrix | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE)

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Personality Traits	0.935	0.939	0.945	0.634

It is possible to conclude that each research variable has Cronbach's alpha values that are more than 0.7 based on the information shown in Table 4. It is therefore possible to conclude that all research variables have a high degree of reliability because these results show that each one has satisfied the conditions of the Cronbach's alpha value.

4.2 Inner Model Evaluation

In this research, path coefficient test, goodness of fit test and hypothesis test will be described.

4.2.1 Path Coefficient Test

To ascertain the degree of influence or effect that independent factors have on dependent variables, path coefficient evaluation is carried out. In the meantime, the goal of using the coefficient of determination (R-Square) is to ascertain the extent to which endogenous variables are influenced by exogenous factors. According to Chin and Ghozali (2014), an R2 value of 0.67 or more for endogenous latent variables in structural models indicates that exogenous factors—those that influence—have a positive impact on endogenous variables—those that are influenced. In contrast, the result falls into the weak category if it is between 0.19 and 0.33 and the moderate category if it is between 0.33 and 0.67 (Ghozali, 2014).

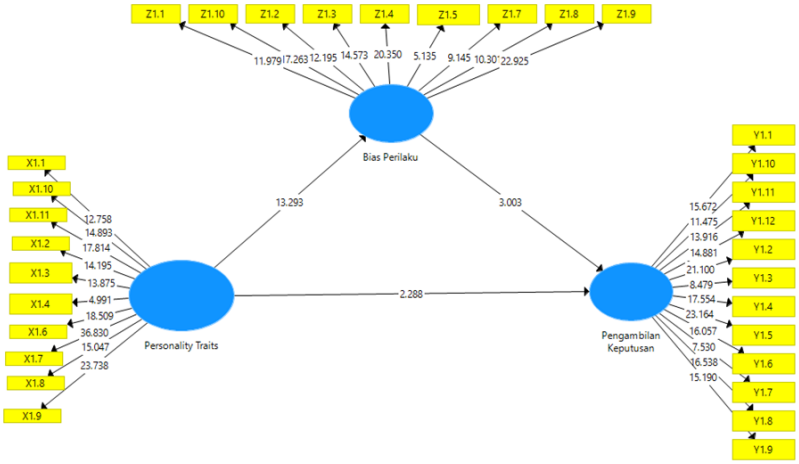

Figure 9. Inner Model Evaluation

The influence of personality factors on investor behavioral bias is indicated by the greatest path coefficient value, which adds up to 13.293, according to the inner model scheme shown in Figure 9 above. Behavioral bias has been determined to have the second-largest influence on investor decision-making, with a value of 3.003. Third place goes to the influence of personality qualities on investor decision-making, with a score of 2.288.

It is evident from the results above that every variable in this model has positive path coefficients. This implies that the influence between these variables gets stronger as the path coefficient of an independent variable towards a dependent variable grows.

4.2.2 Goodness of Fit

Using the smartPLS 3.0 tool to process the data, the following is the resultant value for the R-Square:

Table 5. R-Square Value

R Square

Mean, STDEV, T-Values, P-Values | Confidence Intervals | Confidence Intervals Bias Corrected | Samples

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Bias Perilaku	0.587	0.588	0.087	6.773	0.000
Pengambilan Keputusan	0.309	0.328	0.093	3.332	0.001

The Investor's Behavioral Bias variable's R-Square value is deduced to be 0.587. This number shows that personality factors account for 58.7% of the behavioral bias in investors. Consequently, the Investor Decision-Making variable's R-Square value is 0.309. This figure indicates that behavioral bias and personality factors account for 30.9% of investor decision-making. Q-Square value is used to estimate the quality of fit assessment. In regression analysis, the Q-Square value and coefficient determination (R-Square) imply the same thing. It is inferred that the model fits the data better the higher the Q-Square value. The following are the Q-Square value calculation results:

Q-Square = $1 – (1 – R1^2) (1 – R2^2)$

= 1 – [(1 – 0,587) (1 – 0,309)]
= 1 – (0, 413) (0,691)
= 0,285

With reference to the previous computations, 0.285 is the Q-Square value. This suggests that the research model accounts for 28.5% of the variability in the study data. Aside from this study model, additional factors account for 71.5% of the remaining data. Thus, it may be concluded from these findings that the study model has a suitable goodness of fit.

4.2.3 Hypothesis Test

The findings can be used to determine the study's hypotheses based on the data analysis that was done. In this study, the T-Statistics values and the P-Values are used to test hypotheses. If the P-Values are less than 0.05, the study hypotheses can be accepted. The outcomes of the hypothesis testing this study's inner model produced are as follows:

Table 6. T-Statistics and P-Values

Mean, STDEV, T-Values, P-Values | Confidence Intervals | Confidence Intervals Bias Corrected | Samples

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Bias Perilaku -> Pengambilan Keputusan	0.328	0.330	0.109	3.003	0.003
Personality Traits -> Bias Perilaku	0.766	0.765	0.058	13.293	0.000
Personality Traits -> Pengambilan Keputusan	0.264	0.268	0.115	2.288	0.022

According to the data presented in Table 6 above, both hypotheses proposed in this study are likely to be accepted, as each shows an influence with P-Values less than 0.05. Therefore, it can be concluded that the independent variables have a significant impact on the dependent variables.

Hypothesis the influence of personality traits on investor's decision-making #1

H0 #1: personality traits do not possess significant influence on investor's decision-making
H1 #1: personality traits possess significant influence on investor's decision making

It is inferred that the P-Values shaping the influence of personality traits towards investor's decision-making is 0.022 resulting a T-Statistics value of 2.288, thus indicating that personality traits influence investor decision-making.

Hypothesis the influence of personality traits on investor's behavioural bias #2

H0 #2: personality traits do not possess significant influence on investor's behavioural bias
H1 #2: personality traits possess significant influence on investor's behavioural bias

It is concluded that the P-Values shaping the influence of personality traits towards investor behavioral bias is 0.000 resulting a T-Statistics value of 13.293, thus indicating that personality traits influence investor behavioral bias.

Hypothesis the influence of behavioural bias on investor's decision-making #3

H0 #3: behavioural bias of investors does not possess significant influence on investor's decision-making.

H1 #3: behavioural bias of investors possesses significant influence on investor's decision-making.

It is inferred that the P-Values shaping the investor behavioral bias towards investor decision-making is 0.003 with a T-Statistics value of 3.303, thus indicating that investor behavioral bias influences investor decision-making.

Hypothesis the influence of behavioural bias as mediating variable and personality traits on investor's decision-making #4

H0 #4: behavioural bias do not mediate the influence of personality traits on investor's decision making

H1 #4: behavioural bias mediate the influence of personality traits on investor's decision-making

As a result, a T-Statistics value of 2.842 indicates that investor behavioral bias mediates the influence of personality traits on investor decision-making. The P-Values constructing the mediation of investor behavioral bias on the influence of personality traits on investor decision-making are found to be 0.005.

4.2.4 Analysis of Hypothesis Test Results

It is known that both of the offered hypotheses are accepted based on the outcomes of the data processing that was done in order to address the hypothesis. An examination of the relationship between variables in light of the put forward hypothesis is provided below:

The Influence of Personality Traits on Investor's Decision-Making

H1: Personality traits possess significant influence on investor's decision making

From the hypothesis testing results, the P-Values shaping the influence of personality traits on investor's decision-making of 0.022 as well as T-Statistics value of 2.288 indicate that personality traits influence investor decision-making. This is compatible with the stated statement that personality traits affect investor decisions. Essentially, personality traits can enhance decision-making.

The findings of the path coefficient test used to evaluate the inner model scheme show that the influence of personality traits on decision-making is very significant, as indicated by a T-Statistics value of 2.350.

The Influence of Personality Traits on Investor's Behavioural Bias

H2: Personality traits possess significant influence on investor's behavioural bias

Based on the findings of the hypothesis testing, it can be deduced that the T-Statistics value is 13.293 and the P-Values influencing the influence of personality factors on investor behavioral bias are 0.000. These values indicate that personality traits influence investor behavioral bias. This is compatible with the research findings explaining that the personality traits possessed by investors can enhance behavioral bias.

The path coefficient test findings in analyzing the inner model scheme show that the influence of personality factors on behavioral bias is very significant, with a T-Statistics value of 13.293.

The Influence of Behavioural Bias on Investor's Decision-Making

H3: Behavioural bias of investors possesses significant influence on investor's decision-making.

It is inferred that the P-Values shaping the influence of investor behavioral bias toward investor's decision-making is 0.003 with a T-Statistics value of 3.303. This indicates that investor behavioral bias significantly influences investor decision-making.

This is consistent with the research findings explaining that bias can enhance decision-making. The findings of the route coefficient test used to evaluate the inner model scheme show that the influence of behavioral bias on decision-making is highly significant, as indicated by a T-Statistics value of 3.303.

The Influence of Behavioural Bias as Mediating Variable and Personality Traits on Investor's Decision-Making

H4: Behavioural bias mediate the influence of personality traits on investor's decision-making

Referring to the hypothesis testing results, the P-Values constructing the mediation of investor's behavioral bias on the influence of personality traits on investor's decision-making obtaining the value of 0.005 as well as T-Statistics value of 2.842 indicate that investor's behavioral bias mediates the influence of personality traits on investor decision-making.

The results of the path coefficient test in evaluating the inner model scheme reveal that the influence of behavioral bias mediating personality traits on decision-making has a high level of significance, as indicated by a T-Statistics value of 2.842.

5. Discussion

The Influence of Personality Traits on Investor's Decision-Making

This research is supported by Akhtar et al. (2018) in their study titled "The Impact of Social Influence on the Relationship Between Personality Traits and Perceived Investment Performance of Individual Investors: Evidence from the Indian Stock Market" which indicates that personality traits such as extraversion and neuroticism influence investor decision-making. Additionally, Tauni et al. (2020), in their study "Investor-Advisor Big Five Personality Similarity and Stock Trading Performance" explain that personality traits affect stock investment performance. Investors with positive personality traits are capable of making wiser decisions.

The Influence of Personality Traits on Investor's Behavioural Bias

Rzeszutek (2015) in his research explains that Personality Traits are strongly correlated with the vulnerability of behavioral bias (excessive trust). In his research it is explained that the greater the level of Personality Traits, the influence on behavioral bias. His research measures the level of behavioral bias that occurs in Warsaw stock exchange (Poland) investors and also measures the personality traits of investors using instruments that have been compiled.

Durand et al. (2008) which explains that there is a positive relationship of personality traits to dispositional effect bias and overconfidence bias among Australian investors. Sadi et al. (2011) also discovered in their research that there is a positive relationship between the personality trait of extraversion and behavioral bias, while there is no relationship between the personality traits of neuroticism, agreeableness, and openness and investor behavioral bias.

The Influence of Behavioural Bias on Investor's Decision-Making

Akhtar & Das (2020) research supports the results of the study, namely behavioral bias affects the perception of decision-making using household investors in India as respondents, because the level of participation of Indian households in the financial market is very low compared to other countries. In line with these findings, Kubilay and Bayrakdaroglu (2016) found a substantial link between psychological bias and perceptions of decision making.

Behavioral financial management (behavioral bias) is absolutely necessary for an investor before entering the world of capital markets or business. Controlled behavioral finance will shape a person's ability to make decisions and create value and profit and also be able to manage an existing risk so as to get good investment performance.

The Influence of Behavioural Bias as Mediating Variable and Personality Traits on Investor's Decision-Making

Akhtar & Das (2020) research supports the results of the study, namely using behavioral bias as a mediating variable on the perception of decision making using household investors in India as respondents, because the level of participation of Indian households in the financial market is very low compared to other countries. Consistent with these findings, Chen et al. (2019) in their study titled "Does Investor Personality Predict Investment Performance?" further supports the idea that personality traits influence the investor's decision-making, with behavioral bias playing a mediating role.

According to Kubilay & Bayrakdaroglu's (2016) research findings, psychological bias and perceived investment performance are significantly correlated. Investor behavioral bias can affect investment performance perceptions.

This illustrates that the personality traits of individual investors affect decision making through behavioral bias. A good personality can manage investor behavioral biases and allow investors to make the right decisions.

6. Conclusion, Implication, and Recommendation

Based on the data processing and analysis of the entire research data, the conclusions that can be concluded are as follows:

1. Personality traits significantly influence investor's decision-making. This signifies the implication that an improvement in personality traits will affect an increase on investor decision-making.
2. Personality traits significantly influence investor's behavioral bias. This signifies the implication that an improvement in personality traits will affect an increase in investor behavioral bias.
3. Investor behavioral bias significantly influences investor decision-making. This signifies the implication that an improvement in investor behavioral bias will affect an increase.
4. Investor behavioral bias mediates the influence of personality traits on investor decision-making. This means a good personality can manage investors' behavioral biases and enable investors to make the right decisions.

This study has limitations, among others, the behavioral bias factor in this study only focuses on overconfidence, even though there are many other investment biases that influence investors in making investment decision-making.

Future research is recommended to add variables that will act as independent variables such as demographic factors and dependent variables such as behavioral bias of onfirmation bias, disposition effect, self attribution bias, familiarity bias, loss aversion bias so that the research results are better and more useful for investors and issuers.

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