

ABSTRACT

The remarkable economic growth in the city of Cirebon is reflected in the increased investment activities, particularly in the capital market sector. In 2022, a significant surge was observed, with the number of new investors reaching 225,680 Single Investor Identifications (SID), which then sharply rose to 276,680 SIDs by October 2023, as reported by the Financial Services Authority (OJK) in Cirebon, West Java. This upturn was primarily driven by a key factor, namely, the 22.60% increase in the financial literacy index in 2023. The aim of this research is to examine the impact of financial literacy, risk tolerance, and overconfidence on investment decisions among the residents of Cirebon who have been involved in the capital market.

The data collection method involves Multiple Linear Regression Analysis, with the distribution of questionnaires to 400 respondents. The research findings indicate that individually, financial literacy, risk tolerance, and overconfidence significantly influence investment decisions among the residents of Cirebon. Furthermore, collectively, these three variables also exert a significant influence on investment decisions in the region. It is hoped that these findings will contribute to a deeper understanding of the factors influencing investment decisions amid the rapid economic growth in the city of Cirebon.

Keywords: *financial literacy, risk tolerance, overconfidence, investment decisions, the people of Cirebon City.*