

ABSTRACT

Recently, many college students haven't been realizing the importance of investing that is expected to obtain many profits in the future. Some college students have to face complex financial problems because they don't have any jobs. Besides, the reserve funds they have is limited to fulfill their monthly needs. The consumptive behavior becomes their habit and make it difficult for them to apply investment on daily life.

This study is expected to determine the effect of financial literacy on investment decision of active students of Faculty of Economics and Business, Telkom University. Financial literacy consists of four dimensions: basic financial knowledge, saving and loan, protection or insurance, and investment while Investment decision consists of 3 dimensions: return, risk and period of time.

This study used data collection technique by distributing questionnaires to 367 active students of Faculty of Economics and Business Telkom University as respondents taken with non-probability sampling technique. Data analysis technique used descriptive analysis and simple linear regression analysis. Based on the results of tests conducted in this study concludes that financial literacy has a significant effect on investment decisions of active students of Faculty of Economics and Business Telkom University. The level of financial literacy and investment decision are in the medium category.

Keywords: Financial Literacy, Investment Decision, Income, Basic Financial Knowledge, College Student