Modeling of West Java Citizens' Investment Preference Based on Structural Equation Modelling with Partial Least Square Approach

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Abstract: In line with economic recovery, banks continue to collect Third Party Funds (DPK) to strengthen liquidity. Bank Indonesia announced that there was a slowdown in growth in all types of savings, including current accounts, savings, and deposits. Compared with other provinces, the characteristics of collecting DPK in West Java are relatively unique in current accounts. However, the slowdown in savings growth and the depth of deposit contraction also caused a slowdown in deposits in West Java. A person's behavior in saving funds is influenced by how that person generates income. So, investment decisions are determined by the composition of funding. If people change their investment preferences, where previously they kept their funding in banks and switched to other instruments, there will be a decrease in deposits. This research was conducted to study the modeling of investment preferences of the people of West Java which are influenced by government regulations, financial performance, and behavioral finance based on the Structural Equation Modeling method with the Partial Least Square Approach. This research uses primary data with data collection techniques using quota sampling obtained from 240 samples of West Javanese society. The results of this research show that the perception variable regarding financial performance has a significant effect on interest in investing in the money market and commodity markets. The perception variable regarding behavioral finance has a significant effect on interest in investing in the capital market, money market, and commodity market. The overall model value obtained using the Goodness of Fit Index method is 0,614618, which means that if the GoF value is ≥ 0,36 then the model has a high ability to explain the data so that overall, it can be said that the model formed is valid.

Keywords—Third Party Funds, Investment Preferences, Partial Least Square, Structural Equation Modeling

1. INTRODUCTION

In line with economic recovery, banks continue to collect Third Party Funds (DPK) to strengthen liquidity. DPK is funds collected by banks through various bank savings products [9]. DPK is important for the government and banks because the funds collected are used as loans (credit) to finance real sector activities. However, in June 2022, the growth of DPK collections in Indonesia continues to slow. DPK grew 8,9% year on year or IDR 7.303,3 trillion. This slowed down compared to May which grew by 10,1% yoy [2]. Meanwhile, in April 2022, DPK growth will still be 10,3% yoy [3]. So, from April to June 2022, banking deposits will grow slowly. This statement is also in line with Bank Indonesia's release regarding the money supply report which shows a slowdown in growth in all types of savings, including current accounts, savings, and deposits (term savings)

Furthermore, in June 2022, total demand deposits were recorded at IDR 1.973,4 trillion or grew by 20,1% yoy, while in May the growth was higher, namely 23,6% yoy, especially in the provinces of DKI Jakarta and West Java. The previous explanation shows that the characteristics of collecting Third Party Funds (DPK) in West Java are relatively unique to current accounts. Meanwhile, other DPKs do not stand out significantly compared to other provinces. However, the slowdown in savings growth and the depth of deposit contraction also caused a slowdown in deposits in West Java.

In the second quarter of 2022, personal savings grew 7,89% yoy, slowing compared to the previous quarter which grew by 11,24% yoy. Apart from that, the depth of deposit contraction was caused by personal deposits contracting by -6,64% yoy. Meanwhile, there was a slowdown in corporate deposit growth, which slowed from 9,26% yoy to 0,80% yoy. Bank Indonesia said the slowdown in growth in deposits and savings occurred in line with the increase in public consumption needs during the Religious and National Holidays (HBKN).

During the pandemic, of course, there was a change in people's behavior in saving their money due to the economic slowdown which caused changes in income [8]. On the other hand, the Corona Virus Disease (COVID-19) which is endemic throughout the world is forcing people to adopt new habits in a short time, including reducing consumption. People's behavior in saving their funds is greatly influenced by the way the person concerned generates income [1]. Investment decisions are determined by the composition of both internal and external funding [4]. The change in investment preferences caused a decrease in the collection of Third Party Funds (DPK). Funds collected from third parties are one of the largest sources of funds and are highly relied upon by banks because they can reach 80 to 90% of the total assets managed by the bank [5]. Because of the vital role of DPK as a source of capital, its stability needs to be maintained. The amount of Third Party Funds collected by a bank can be an indicator of the level of public trust in the bank. If the

volume of DPK collected is high, it indicates a high level of public trust in the bank concerned [10].

Preference is a word that comes from the word preference which means to prefer. Currently, investment alternatives are increasingly diverse to suit each individual's investment goals. This means that buying and selling investment instruments are in the money market, capital market, and commodity market. With a variety of investment instruments, it gives people many choices to save their funds other than in banks. In the activity of selecting investment preferences, some factors are considered to influence.

Based on this explanation, research will be carried out to study the investment preferences of the people of West Java which are influenced by government regulations, financial performance, and behavioral finance. Through this research, it is hoped that people's investment preferences can be identified, the factors that influence the investment preferences of the people of West Java, and their impact on the collection of Third Party Funds so that preventive actions can be formulated so that the growth of Third Party Funds can be stable. In addition, the results of this research will provide a statistical overview regarding the characteristics of society in investment preferences, so that it can be used as a reference and recommendation for the government and related parties in creating solutions, policies, and solutions to this problem. The appropriate title for this research is "Modeling of West Java Citizens' Investment Preference Based on Structural Equation Modelling with Partial Least Square Approach".

2. LITERATURE REVIEW

2.1 Structural Equation Modeling (SEM)

Structural Equation Modeling (SEM) is a multivariate analysis technique that combines factor analysis and path analysis so that it can be used to simultaneously test and estimate the relationship between one or more dependent variables and various indicators [11]. SEM is a combination of two separate statistical methods, namely factor analysis which was developed in psychology and psychometrics, and simultaneous equation modeling which was developed in econometrics [7].

The SEM method is one of the multivariate research methods most often used for research in various fields. This is because SEM has several advantages, including it can answer various research problems in a set of analyses more systematically and comprehensively; has greater flexibility for researchers to connect theory with data; and can explain the complex interdependence of variables and the direct or indirect effects of one or several variables on other variables.

2.2 Partial Least Square (PLS)

Partial Least Square (PLS) is a multivariate analysis technique that allows comparisons between multiple response variables and multiple explanatory variables. PLS is used to explain whether or not there is a relationship between latent variables, and can be used to predict and develop theory [6].

PLS is one of several covariance-based statistical methods which are often referred to as Structural Equation Modeling (SEM). PLS is designed to handle multiple regression when the data has a small sample, missing values, or has a skewed (non-normal) distribution. The algorithm in PLS is capable of estimating very complex and large models with a maximum of 1000 indicators [12]. However, apart from its advantages, PLS has the disadvantage that the distribution of the data is unknown so it cannot assess statistical significance. This weakness can be overcome using the resampling or bootstrapping method [6].

The path analysis model for all latent variables in PLS consists of three sets of relationships, namely the inner model which specifies the relationship between latent variables, the outer model specifies the relationship between latent variables and indicators, and the weight relationship with which the case value of the latent variable can be estimated [6]. The structural model shows the relationship between endogenous latent variables and exogenous latent variables which can be specified as follows:

$$\eta_j = \sum_{i=1,i\neq j}^{J} \beta_{ji}\eta_i + \sum_{i=1,i\neq j}^{J} \gamma_{ji}\xi_i + \zeta_j \qquad (1)$$

i : range index which states the number of exogenous latent variables

j : the number of endogenous latent variables

ζ_j : inner residual variable

The measurement model shows the relationship between latent variables and their indicators. In the measurement model, there are two types of models, namely reflective and formative indicator models. The reflective model occurs when indicators are influenced by latent variables. Meanwhile, the formative model assumes that indicators influence latent variables.

Model evaluation in PLS includes two stages, namely measurement model evaluation and structural model evaluation. Evaluation of the measurement model is carried out to assess the validity and reliability of the model. The reflective measurement model can be evaluated using convergent validity consisting of loading factors and Average Variance Extracted (AVE), discriminant validity, and reliability tests consisting of composite reliability and Cronbach's Alpha. Meanwhile, the structural model can be evaluated using R-Square (R^2) and predicted relevance (Q^2). Meanwhile, the test used to validate the combined performance between the measurement model and the structural model uses the Goodness of Fit Index (GoF) test which can be calculated using the following formula:

$$\text{GoF} = \sqrt{\overline{com} \times \overline{R^2}} \qquad (2)$$

$\overline{com}$: average AVE value

$\overline{R^2}$: average *R-Square* value

The GoF value criteria are small if the value is $0 \leq$ GoF $< 0,25$, medium if $0,25 \leq$ GoF $< 0,36$, and large if the GoF value is $\geq 0,36$.

Hypothesis testing in PLS includes testing the parameters λ resulting from the measurement model, as well as parameters β and γ obtained from the structural model. The statistical hypotheses for the measurement model are $H_0 : \lambda_{jk} = 0$ and $H_1 : \lambda_{jk} \neq 0$ where J is the number of latent variable indicators and K is the number of latent variables. The statistical hypotheses for the structural model are $H_0 : \beta_{mn} = 0$ and $H_1 : \beta_{mn} \neq 0$ with $m \neq n$, m, and n are endogenous latent variables. Meanwhile, the statistical hypothesis for the structural model (exogenous versus endogenous latent variables) is $H_0 : \gamma_{mk} = 0$ and $H_1 : \gamma_{mk} \neq 0$ with M being the number of endogenous latent variables and K being the number of exogenous latent variables.

3. METHODOLOGY

3.1 DATA AND DATA SOURCES

The data used in this research is primary data obtained through online surveys and field surveys. Research sampling was carried out on the condition that respondents were West Java residents who were investors in the capital market, money market, or commodity market and were at least 17 years old. This research uses a questionnaire as a data collection instrument. The questionnaire was made in online and printed form. Online surveys are carried out by distributing Google Forms online to respondents.

The sampling technique used is quota sampling. Samples were taken by providing proportional quota limits for respondents based on districts/cities in West Java regarding population projection data by district/city. With quota sampling, observation results were obtained that represent the general characteristics of 27 regencies/cities in West Java regarding investment preferences. Many indicators in this research are 24. Hair, et. al. (2017) stated that the ideal minimum sample size is ten times the number of indicators so the minimum sample size for this study is 240 so that it meets SEM-PLS rules.

3.2 Research Variables and Research Steps

To be able to analyze the factors that influence the investment preferences of the people of West Java, the following variables are formulated:

Table 1. Data Variables

No	Varibles	Indicator
1	Investment Preferences in the Capital Market (η_1)	y_{11} (interest in investing in stock instruments)
		y_{12} (interest in investing in bonds/sukuk instruments)
		y_{13} (interest in investing in mutual fund instruments)

No	Varibles	Indicator
		y_{14} (interest in investing in derivative instruments (Options/Futures))
2	Investment Preferences in the Money Market (η_2)	y_{21} (interest in investing in savings instruments)
		y_{22} (interest in investing in deposit instruments)
		y_{23} (interest in investing in current account instruments)
3	Investment Preferences in Commodity Markets (η_3)	y_{31} (interest in investing in gold instruments)
		y_{32} (interest in investing in silver instruments)
		y_{33} (interest in investing in precious metal instruments)
4	Perceptions Regarding Government Regulations (ξ_1)	x_{11} (interest rate)
		x_{12} (inflation rate)
		x_{13} (rupiah exchange rate)
		x_{14} (tax rate)
5	Perceptions Regarding Financial Performance (ξ_2)	x_{21} (high return)
		x_{22} (market price)
		x_{23} (capital appreciation)
		x_{24} (risk)
		x_{25} (liquidity)
		x_{26} (time horizon)
6	Perceptions Regarding Behavioral Finance (ξ_3)	x_{31} (herding bias)
		x_{32} (overconfidence bias)
		x_{33} (regret aversion)
		x_{34} (loss aversion)

The research steps begin with compiling a questionnaire and distributing the questionnaire, then testing the questionnaire with validity and reliability tests, and then describing the characteristics of the respondents and the respondents' answers. After that, create a research path diagram, convert the path diagram to a system of measurement and structural model equations, evaluate the measurement and structural models, test the entire model with the Goodness of Fit Index, carry out statistical hypothesis testing for the measurement and structural models, and make model interpretations. measurement and structural.

4. RESULTS

4.1 Respondent Characteristics

Based on descriptive analysis obtained from 240 respondents, it is known that the majority of respondents were women aged 17 - 20 years with a profession as a student and the highest level of education was high school/equivalent. Apart from that, most respondents had a monthly consumption level of <IDR 2.500.000. Savings is the type of investment most often owned by respondents with a preference for the period for funds invested being 1 – 3

months. In the validity test, all statements in the questionnaire can measure the same aspect or can be declared valid. Cronbach's alpha values for the variables perceptions regarding government regulations, perceptions regarding financial performance, perceptions regarding behavioral finance, investment preferences in the capital market, investment preferences in the money market, and investment preferences in the commodity market have very high reliability because the Cronbach's alpha value is more than 0.7.

4.2 The research path diagram

The model structure formed in this research includes 6 latent variables consisting of 3 endogenous variables, namely investment preference variables in the capital market, investment preferences in the money market, and investment preferences in the commodity market. As well as 3 exogenous variables, namely perceptions regarding government regulations, perceptions regarding financial performance, and perceptions regarding behavioral finance. The research path diagram is depicted in Figure 1 below:
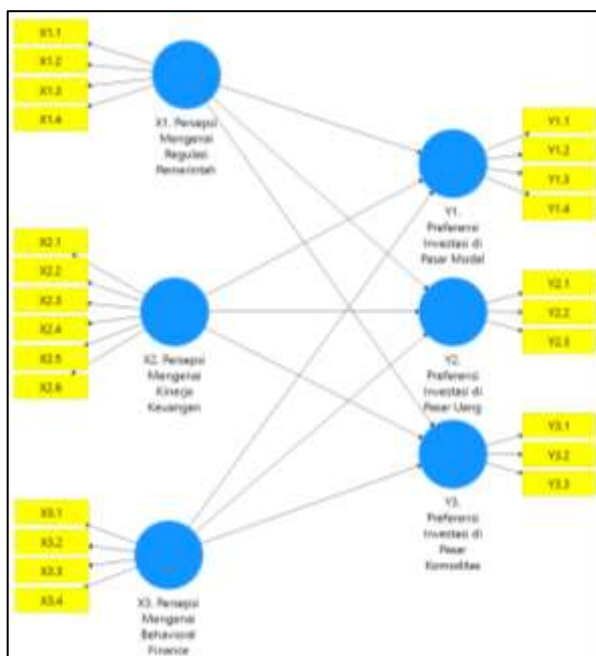

Figure 1. The research path diagram

4.3 Outer Loading Value

The next stage is to convert the research path diagram into a model equation system, which consists of exogenous latent variable measurement equations and endogenous latent variable measurement equations.

The measurement equation of the exogenous latent variable is as follows:

(1) Measurement model for perceptions regarding government regulations (ξ_1)

$$x_{11} = 0,678\xi_1 + \delta_{11}$$
$$x_{12} = 0,911\xi_1 + \delta_{12}$$

$$x_{13} = 0,848\xi_1 + \delta_{13}$$
$$x_{14} = 0,870\xi_1 + \delta_{14}$$

(2) Measurement model for perceptions of financial performance (ξ_2)

$$x_{21} = 0,835\xi_2 + \delta_{21}$$
$$x_{22} = 0,866\xi_2 + \delta_{22}$$
$$x_{23} = 0,862\xi_2 + \delta_{23}$$
$$x_{24} = 0,919\xi_2 + \delta_{24}$$
$$x_{25} = 0,862\xi_2 + \delta_{25}$$
$$x_{26} = 0,893\xi_2 + \delta_{26}$$

(3) Measurement model for perceptions of behavioral finance (ξ_3)

$$x_{31} = 0,880\xi_3 + \delta_{31}$$
$$x_{32} = 0,904\xi_3 + \delta_{32}$$
$$x_{33} = 0,889\xi_3 + \delta_{33}$$
$$x_{34} = 0,898\xi_3 + \delta_{34}$$

The measurement equation of the endogenous latent variable is as follows:

(1) Measurement model for investment preference variables in the Capital Market (η_1)

$$y_{11} = 0,856\eta_1$$
$$y_{12} = 0,897\eta_1$$
$$y_{13} = 0,890\eta_1$$
$$y_{14} = 0,835\eta_1$$

(2) Measurement model for investment preference variables in the Money Market (η_2)

$$y_{21} = 0,821\eta_2$$
$$y_{22} = 0,859\eta_2$$
$$y_{23} = 0,800\eta_2$$

(3) Measurement model for investment preference variables in Commodities (η_3)

$$y_{31} = 0,861\eta_3$$
$$y_{32} = 0,914\eta_3$$
$$y_{33} = 0,947\eta_3$$

Based on the measurement model equation, it can be interpreted as follows. For example, for the equation $x_{11} = 0,678\xi_1$. From the equation obtained, it means that the variable x_{11} can be explained by ξ_1 of 0,678. The value $\lambda_{1,1}^x = 0,678$ has a positive sign which shows that the higher the respondent's answer is related to perceptions regarding interest rates (x_1), it will also further increase the perception variable regarding government regulations (ξ_1). The results are based on the measurement model which indicates that each research variable already has an outer loading value above 0,7, so it can be concluded that all indicators are valid and significant in forming their respective latent variables.

4.4 Average Variance Extracted (AVE)

Another method is used to check the convergent validity value by looking at the Average Variance Extracted (AVE) value of each latent variable. The average percentage of AVE values between indicators of a set of latent constructs is a summary of convergent indicators. A good AVE value is above 0,5 to ensure that each variable has parameters that are suitable for use.

Table 2. Average Variance Extracted (AVE) Value

Variables	AVE	*Result*
ξ_1. Perceptions of Government Regulations	0,692	Valid
ξ_2. Perceptions of Financial Performance	0,762	Valid
ξ_3. Perceptions of Behavioral Finance	0,797	Valid
η_1. Investment Preferences in the Capital Market	0,756	Valid
η_2. Investment Preferences in the Money Market	0,684	Valid
η_3. Investment Preferences in Commodity Markets	0,824	Valid

Based on the analysis results shown in Table 2, the results obtained show that all the variables used in this study have adequate convergent validity because the AVE value is above 0,5.

4.5 Discriminant Validity

Discriminant validity can be calculated based on the cross loading value of the manifest variable on each latent variable. The cross loading criteria for each indicator that measures the construct must be more highly correlated with the latent variable than with other latent variables.

Table 3. Cross Loading Value

		ξ_1	ξ_2	ξ_3	η_1	η_2	η_3
Perceptions of Government Regulations (ξ_1)	x_{11}	0,678	0,437	0,302	0,351	0,262	0,157
	x_{12}	0,911	0,613	0,496	0,403	0,434	0,366
	x_{13}	0,848	0,545	0,486	0,399	0,496	0,351
	x_{14}	0,870	0,658	0,582	0,416	0,502	0,379
Perceptions of Financial Performance (ξ_2)	x_{21}	0,432	0,835	0,538	0,463	0,546	0,486
	x_{22}	0,675	0,866	0,628	0,520	0,567	0,527
	x_{23}	0,719	0,862	0,612	0,530	0,597	0,550
	x_{24}	0,580	0,919	0,811	0,602	0,631	0,545
	x_{25}	0,567	0,862	0,864	0,653	0,636	0,565
	x_{26}	0,609	0,893	0,795	0,642	0,656	0,576
Perceptions of Behavioral Finance (ξ_3)	x_{31}	0,525	0,748	0,880	0,626	0,635	0,603
	x_{32}	0,507	0,760	0,904	0,679	0,563	0,485
	x_{33}	0,488	0,708	0,889	0,677	0,670	0,549
	x_{34}	0,535	0,713	0,898	0,639	0,619	0,543
Investment Preferences in the Capital Market (η_1)	y_{11}	0,481	0,670	0,677	0,856	0,672	0,566
	y_{12}	0,370	0,512	0,607	0,897	0,593	0,478
	y_{13}	0,432	0,581	0,702	0,890	0,572	0,399
	y_{14}	0,336	0,499	0,546	0,835	0,667	0,528
Investment Preferences in the Money Market (η_2)	y_{21}	0,489	0,652	0,691	0,534	0,821	0,593
	y_{22}	0,421	0,580	0,507	0,651	0,859	0,534
	y_{23}	0,369	0,464	0,499	0,612	0,800	0,671
Investment Preferences in Commodity Markets (η_3)	y_{31}	0,333	0,552	0,593	0,484	0,655	0,861
	y_{32}	0,346	0,553	0,521	0,540	0,644	0,914
	y_{33}	0,385	0,587	0,548	0,513	0,663	0,947

Based on the analysis results obtained from table 3, the cross loading value of each indicator for its variables shows a value that is greater than the cross loading value of other variables contained in the model. This shows that each indicator is more highly correlated with its respective latent variable than with other latent variables. So it can be said that the indicators and latent variables used in the estimated model have met discriminant validity.

4.6 Composite Reliability and Cronbach's Alpha Value

The method for assessing reliability can be determined by composite reliability and Cronbach's alpha values. A variable can be declared to meet composite reliability if it has a composite reliability value above 0,7 [6] and a Cronbach's alpha value above 0,6.

Table 4. Composite Reliability and Cronbach's Alpha Value

Variables	Cronbach's Alpha	Composite Reliability	Result
ξ_1. Perceptions of Government Regulations	0,849	0,899	Reliable
ξ_2. Perceptions of Financial Performance	0,938	0,951	Reliable
ξ_3. Perceptions of Behavioral Finance	0,915	0,940	Reliable

η_1. Investment Preferences in the Capital Market	0,893	0,925	Reliable
η_2. Investment Preferences in the Money Market	0,772	0,866	Reliable
η_3. Investment Preferences in Commodity Markets	0,892	0,933	Reliable

Based on Table 4 which contains six latent variables, each obtained a composite reliability value above 0,7 and a Cronbach's alpha value above 0,6. It can be concluded that each indicator can be said to be reliable and has accuracy, consistency and precision in measuring latent variables.

4.7 Structural Model Equations

Based on the structural model equation, the structural equation is obtained as follows:

1. Structural equation for investment preference variables in the Capital Market (η_1)
$$\eta_1 = 0,025\xi_1 + 0,149\xi_2 + 0,597\xi_3 + \zeta_1$$
2. Structural equation for investment preference variables in the Money Market (η_2)
$$\eta_2 = 0,078\xi_1 + 0,326\xi_2 + 0,386\xi_3 + \zeta_2$$
3. Structural equation for investment preference variables in Commodities (η_3)
$$\eta_3 = -0,073\xi_1 + 0,415\xi_2 + 0,314\xi_3 + \zeta_1$$

4.8 Structural Model Evaluation

Calculations using the coefficient of determination can be seen from the R-square value (R^2). The greater the R^2 value, the greater the influence of the exogenous latent variable on the endogenous variable. The R^2 value only belongs to the endogenous latent variable. Following is Table 5, based on the results of the SmartPLS software, the R-square (R^2) values are obtained as follows:

Table 5. R-square Value

Endogenous Variables	R-square
η_1. Investment Preferences in the Capital Market	0,548
η_2. Investment Preferences in the Money Market	0,537
η_3. Investment Preferences in Commodity Markets	0,421

Based on the results of the analysis, it shows that the variable Investment Preferences in the Capital Market can be explained well by exogenous variables, namely the variables Perception Regarding Government Regulations, Perceptions Regarding Financial Performance, and Perceptions Regarding Behavioral Finance at 54,8%. The Investment Preference Variable in the Money Market can be explained well by the exogenous variable of 53,7%. The Investment Preference Variable in the Commodity Market can be explained well by the exogenous variable of 42,1%.

Apart from the R^2 value, there is also a Q-square (Q^2) which can be used to validate the model's predictive ability. If the Q^2 value is closer to 1, it can be said that the structural model fits the data or has relevant predictions [6]. The Q^2 value is obtained through:
$$Q^2 = 1 - (1 - R_1^2)(1 - R_2^2)(1 - R_3^2)$$
$$Q^2 = 1 - (1 - 0,548)(1 - 0,537)(1 - 0,421)$$
$$Q^2 = 0,878829$$

The Q^2 value obtained was 0,878829, indicating that the Q^2 value has a relevant predictive value, where the model used can explain the information contained in the research data by 87,88%. It can be concluded that the exogenous latent variable is good (suitable) as a latent variable that is able to explain the endogenous variables in the model.

4.9 Goodness of Fit (GoF) Index

The Goodness of Fit Index is used in evaluating the overall structural and measurement model which can be calculated using the following equation formula:
$$GoF = \sqrt{\overline{com} \times \overline{R^2}}$$
$$GoF = \sqrt{\frac{0,692 + 0,762 + 0,797 + 0,756 + 0,684 + 0,824}{6} \times \frac{0,548 + 0,53\ldots}{3\ldots}}$$
$$GoF = \sqrt{0,7525 \times 0,502}$$
$$GoF = 0,614618$$

The GoF value obtained is 0,614618 which is categorized as large, which means the model has a high ability to explain empirical data so that overall it can be said that the model formed is valid.

4.10 Hypothesis Testing

The significance of the structural model parameters is obtained through a bootstrapping procedure. The processing results for the structural model (inner model) are obtained in Table 6 as follows:

Table 6. Model Structural Model Significance Test

	Original Sample	T Statistics	P Values
X1 -> Y1	0,025	0,392	**0,695**
X1 -> Y2	0,078	0,847	**0,397**
X1 -> Y3	-0,073	0,952	**0,342**
X2 -> Y1	0,149	1,515	**0,131**
X2 -> Y2	0,326	2,498	**0,013**
X2 -> Y3	0,415	2,867	**0,004**
X3 -> Y1	0,597	7,098	**0,000**
X3 -> Y2	0,386	3,646	**0,000**
X3 -> Y3	0,314	2,167	**0,031**

Based on calculations using 240 samples of respondent data by a structural model which shows that:

- The perception variable regarding government regulations (ξ_1) does not significantly influence interest in investing in the capital market (η_1).
- the perception variable regarding government regulations (ξ_1) does not significantly influence interest in investing in the Money Market (η_2).
- the perception variable regarding government regulations (ξ_1) does not significantly influence interest in investing in the Commodity Market (η_3).
- the perception variable regarding financial performance (ξ_2) does not significantly influence interest in investing in the Capital Market (η_1).
- the perception variable regarding financial performance (ξ_2) has a significant effect on interest in investing in the Money Market (η_2).
- The perception variable regarding financial performance (ξ_2) has a significant effect on interest in investing in Commodities (η_3).
- The perception variable regarding behavioral finance (ξ_3) has a significant effect on interest in investing in the capital market (η_1).
- The perception variable regarding behavioral finance (ξ_3) has a significant effect on interest in investing in the Money Market (η_2).
- The perception variable regarding behavioral finance (ξ_3) has a significant effect on interest in investing in the Commodity Market (η_3).

5. CONCLUSION

Based on the analysis and discussion that has been carried out, it is known that the Goodness of Fit Index value is 0.614618, so the model in this research has a high ability to explain the data and overall it can be said that the model formed is valid. Based on the results of the data analysis described in the previous section, it is known that the majority of respondents from this study were students. The majority of respondents invest in the money market, especially savings. However, these results are not in line with the release from Bank Indonesia, which stated that there was a slowdown in savings growth in the third quarter of 2022.

It is known that student income tends to be unstable and they do not have a fixed income. So students prefer to invest in instruments with low risk. Apart from that, the purpose of student savings at the bank is only for transactions, not for long-term savings. A country with a high savings rate will be a country with a strong economy because economic growth will be supported by investment. The more you can save and then invest, the faster the rate of economic growth will be.

So there is a need for encouragement to encourage the investment behavior of the people of West Java, especially students who are known to have low interest in investing in the Money Market, Capital Market and Commodities. Based on the analysis results, a relatively small R-Square value was obtained, namely below 0.6. This is caused by respondents'

investment interest which is still low. So, in order to increase investment interest, it is necessary to increase the financial literacy of the people of West Java.

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