

Overconfidence on Retail Stock Investor Investment Decisions in Stockbit: Moderating Role of Financial Literacy

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Abstract

This study aims to determine how financial literacy moderates the correlations between those characteristics and how overconfidence influences stock investment decisions. The study focused on retail Stockbit stock investors who have made stock investments in the past or are presently doing so. This study employed a quantitative methodology. Using specific criteria aligned with the study's objectives, questionnaires were used to collect primary data from respondents selected through purposive sampling. A final sample of 260 responders was obtained using this process. The two stages of data analysis were simple linear regression and moderation interaction testing using Andrew F. Hayes' PROCESS Macro, which was backed by Microsoft Excel and SPSS software. The results show that overconfidence has a major influence on stock investment decisions. Furthermore, financial literacy does not moderate the relationship between overconfidence and stock investment decisions. These findings imply that Stockbit's retail stock investors' investment behavior is influenced by overconfidence bias, regardless of their level of financial literacy.

Keywords: overconfidence; financial literacy; stock investment decisions; stockbit.

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INTRODUCTION

The increasing internet penetration and rapid development of financial applications in Indonesia have driven growth in retail stock investors in the capital market. According to a survey by the Indonesian Internet Service Providers Association (APJII), internet penetration in Indonesia continues to grow rapidly, reaching around 80.66% in 2025, with more than 229 million users, predominantly Gen Z and Millennials. This significant increase has been driven by the COVID-19 pandemic, with active users mostly via mobile phones.

Additionally, Indonesia's financial literacy index rose from 65.43% in 2024 to 66.46% in 2025, according to the Financial Services Authority and the Central Statistics Agency's 2025 National Survey on Financial Literacy and Inclusion (SNLIK). Knowledge, skills, confidence, attitudes, and behavior regarding financial products are the five main components that constitute this financial literacy score (Reynaldy, 2024).

The capital market, particularly through stock investments, plays a crucial role in supporting Indonesia's economic growth as it serves as the main channel for

converting savings into productive capital for companies. By becoming a public company and issuing shares in an initial public offering (IPO), companies can obtain long-term financing to carry out expansion, innovation, and investment without increasing debt burdens, thereby enhancing production capacity and job creation (Santoso et al., 2023).

As of December 2025, PT Kustodian Sentral Efek Indonesia (KSEI), through Indonesian Capital Market Statistics, announced that the number of capital market investors reached 20,347,147 single investor identification (SID), representing a 36.8% increase compared to the end of 2024, which stood at 14,871,639 SIDs. Of this number, equity investors were recorded at 8,604,177 SIDs, growing 34.8% year-on-year, or an increase of 2,222,733 new equity investors from the end of 2024 position of 6,381,444 SIDs, predominantly composed of investors under 30 years old, accounting for 52.6%.

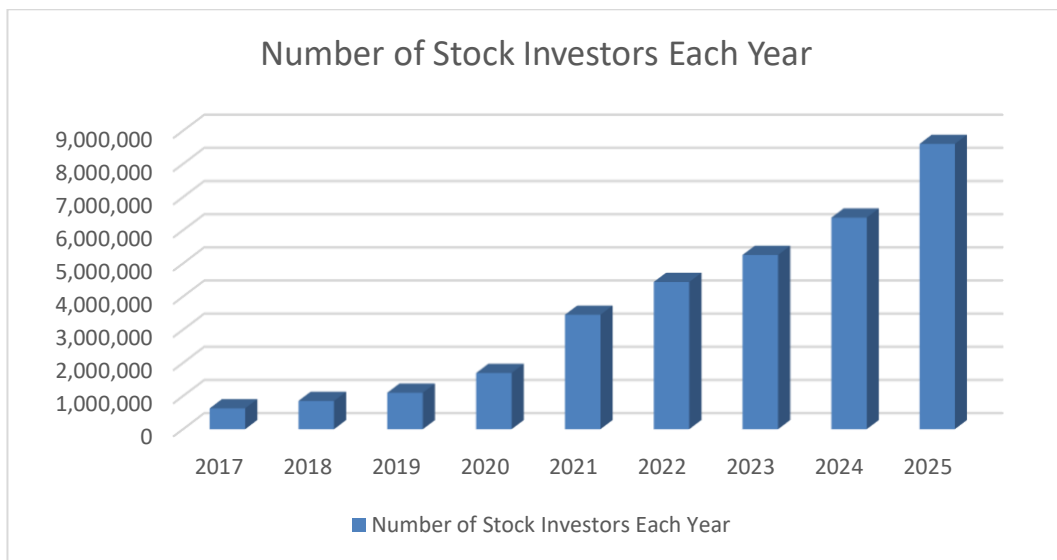


Figure 1. Number of Indonesian Stock Investors Year by Year

Source: Indonesian Capital Market Statistics (2025)

Figure 1 shows that in 2017, there were only 628,491 stock investors. This then increased by 35.6% year-on-year in 2018, reaching 852,240 single investor identification (SID). In 2019, there were 1,100,000 stock investors, marking a 29% year-on-year increase. In 2020, the number of stock investors reached 1,695,268, an increase of 54.1% year-on-year. By 2021, there were 3,451,513 stock investors, an addition of 1,756,245 SIDs, representing a 103.6% year-on-year increase. In 2022, there were 4,439,933 stock investors, an increase of 28.9% year-on-year. In 2023, there were 5,255,571 stock investors, an increase of 18.4% year-on-year. In 2024, there were 6,381,444 stock investors, an increase of 1,125,873 SID or 21.4% year-on-year. By the end of 2025, there were 8,604,177 stock investors, an increase of 2,222,733, or 34.8%, year-on-year. From 2017 to 2025, stock investors in the capital market have consistently experienced growth with a compounded annual growth rate (CAGR) of 40.7%.

One of the stock investment applications widely used in Indonesia is Stockbit. The application has many trading features (broker distribution charts, IEP and IEV movements, broker activity, and full fast orders) and a community stream, so its users are actively trading and exchanging opinions about stocks. Stockbit currently has

1,521,615 users, the majority of whom are retail stock investors who frequently engage in daily transactions (high frequency trading).



Figure 2. List of the 10 Brokers with the Most Clients in Indonesia
Source: From various sources (2026)

Figure 2 shows that Ajaib Sekuritas holds the first position as the broker with the highest number of retail clients, with more than 5 million users on the Ajaib app. It is followed by Stockbit Sekuritas in second place with 1.52 million SID clients, Indo Premier Sekuritas in third place with 1.2 million clients, followed by Mandiri Sekuritas, Samuel Sekuritas, and Phillip Sekuritas in fourth, fifth, and sixth positions with 1 million SID clients each. They are followed by Mirae Asset Sekuritas in seventh place with 400 thousand clients, BRI Danareksa Sekuritas in eighth place with 360 thousand clients, BNI Sekuritas in ninth place with 240 thousand clients, and Sinarmas Sekuritas in the last position with 174 thousand clients.

According to Fama's (1970) Efficient Market Hypothesis, which maintains that investors are rational and always base their decisions on complete information analysis, it is impossible to consistently achieve higher-than-average market returns through stock analysis because asset prices reflect all available information.

However, investment decisions are not always rational. In practice, many investors make investment decisions based on intuition, emotions, and cognitive biases, which can reduce the quality of their choices. Everyone makes cognitive mistakes that affect their investing decisions, which can result in poor performance and unfavorable investment results, according to research by De Bondt et al. (2013) and Shah et al. (2018).

The growth of the number of stock investors in the capital market to 8,604,177 people by the end of 2025 is not always accompanied by an improvement in the quality of rational stock investment decisions. Despite the increasing number of stock investors and financial literacy in Indonesia, many stock investment decisions are still influenced by emotions and flawed thinking. This carries the risk of losses, especially on fast-order transactions in Stockbit. Investment decisions are decisions related to how individuals or institutions allocate their funds into various financial assets to obtain future returns that are commensurate with the level of risk they are willing to bear (Bodie et al., 2014).

Pompian (2012) argues that behavioral finance is a branch of financial science that examines how psychological factors and behavioral biases influence how individuals, as well as professional investors, make financial and investment decisions. He states that investment decisions are often influenced by biases. Biases can be categorized into cognitive biases and emotional biases. Cognitive bias is a deviation in the process of understanding, processing, and decision-making. This bias can arise due to limitations in information processing and faulty thinking patterns.

One type of cognitive bias is overconfidence. Overconfidence is a cognitive bias in which individuals tend to overestimate their knowledge and abilities, underestimate risks, and overvalue their capacity to control outcomes. High overconfidence can encourage investors to ignore rational investment principles, such as avoiding excessive risk and seeking stable returns (Ahmad & Shah, 2022).

Overconfidence bias arises when investors have excessively high confidence in their ability to make investment decisions, causing them to tend to ignore potential risks and insufficiently consider information objectively. Information or perceptions widely spread through social media often reinforce this excessive confidence, prompting investors to make decisions that are disproportionate to the expected potential returns (Situngkir et al., 2021).

Overconfidence leads investors to misjudge the quality of information and their analytical skills, ultimately driving excessive trading, taking on excessive risk, and leading to a decline in portfolio performance (Nofsinger, 2018).

Based on research by Butt et al. (2023), Firmansyah (2023), and Prasetyo et al. (2023), overconfidence has a positive effect on investment decisions.

Other aligned findings were also conducted by Situngkir et al. (2024), who found that overconfidence is one of the biased behaviors that impacts investment decisions.

However, according to Perayunda and Mahyuni's (2022) research, investment decisions are only influenced by risk tolerance. Additional research shows that financial experience and overconfidence do not affect cryptocurrency investment decisions.

Other aligned findings were also conducted by Ramashar et al. (2022). They discovered that while overconfidence and individual financial demands have little bearing on students' capital market investment decisions, herding and risk perception do.

H1: There is an influence of overconfidence on investment decisions.

According to Lusardi and Mitchell (2014), financial literacy is the capacity of an individual to plan and make financial decisions. It refers to the knowledge and comprehension of fundamental financial concepts like interest, inflation, risk, and diversification that allow an individual to make logical financial decisions.

One element that is thought to be able to lessen the influence of emotional and cognitive biases on investment choices is financial literacy. Strong financial literacy increases an investor's ability to understand risks, evaluate information critically, and use diversification strategies, all of which aid in making more rational investing decisions (Nurhayati & Harianti, 2023).

However, Budiarto & Susanti's (2017) study showed that financial literacy did not affect investing decisions, although overconfidence, regret aversion bias, and risk tolerance did. Financial literacy acts as a moderating variable since it can either raise

or diminish the influence of cognitive and emotional biases on the stock investment decisions of retail investors.

H2: Financial literacy strengthens or weakens the influence of overconfidence on investment decisions.

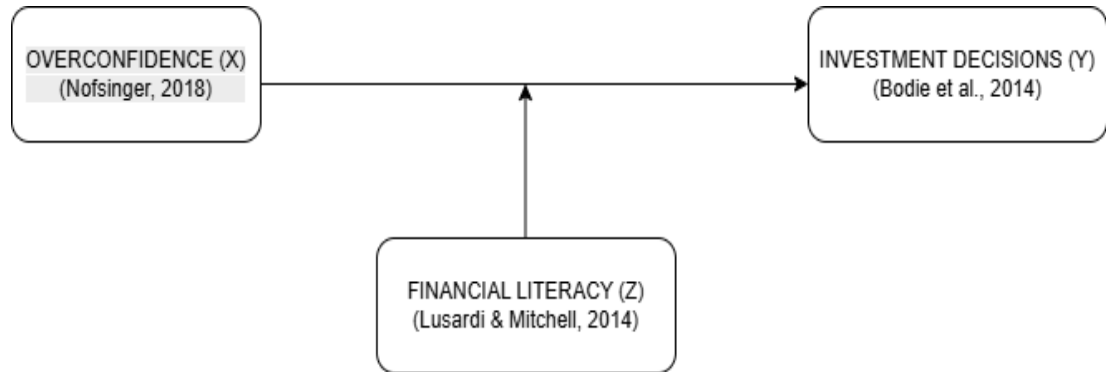


Figure 3. Research Paradigm

Source: Researcher’s literature review (2026)

METHODS

This research relies on primary data collected through the direct distribution of questionnaires to relevant sources. In this study, data were collected over the same time period, so the primary data are cross-sectional. This study applies a non-probability sampling technique as the method of sample selection. The criteria for sample selection include retail stock investors who are Indonesian citizens aged at least 17 years and have actively traded stocks on the Indonesia Stock Exchange using the Stockbit application within the past year.

A sample of 260 respondents was employed in this investigation. A Likert scale was used in the distributed questionnaire to gauge how much respondents expressed their ideas on the predefined scale. Each statement could be rated by respondents on a scale of 1 to 5, ranging from strongly disagree to strongly agree. The first five questions on the questionnaire are designed to collect data about the respondents, such as age, gender, the highest level of education, average monthly income, and length of investment experience.

Additionally, there are 19 statement items designed to measure the variables used in the study. The data analysis methods employed were multiple linear regression and the Hayes moderation interaction test, using SPSS and Microsoft Excel. In this study, the variable stock investment decisions used indicators from a team of researchers (Khan et al., 2017), overconfidence used indicators from a single researcher (Almansour et al., 2023), and financial literacy used indicators from a team of researchers (Mohta & Shunmugasundaram, 2024).

Table 1. Research Variables

Variables	Statement Number	Indicators
Stock Investment Decisions (Khan et al., 2017)	1,2,3,4,5,6,7	1. Prefers investing in stocks rather than fixed-income bonds.

		<ol style="list-style-type: none"> 2. Buying stocks based on historical stock information (historical returns, highest or lowest prices). 3. Purchasing stocks based on the fundamentals of the business, such as revenue growth, cash flow, and dividend payments. 4. Buying stocks that have high trading volume. 5. Purchasing stocks that are regularly featured in news articles or advertisements. 6. Purchasing stocks that have done better than the market lately. 7. Purchasing equities that have historically underperformed with the expectation that they will improve in the future.
Overconfidence (Almansour et al., 2023)	8,9,10,11	<ol style="list-style-type: none"> 1. Confident that one's own investment abilities are superior to those of others. 2. Feeling capable of controlling investment outcomes. 3. Feeling fully knowledgeable about the market. 4. Attributing past successes to one's own expertise.
Financial Literacy (Mohta & Shunmugasundaram, 2024)	12,13,14,15,16,17,18, 19	<ol style="list-style-type: none"> 1. Compound interest on savings/investments is more advantageous than simple interest. 2. The purchasing power of money decreases due to inflation. 3. Money today is more valuable than the same amount in the future. 4. The primary function of the stock market is to connect those who want to buy shares with those who want to sell shares. 5. Mutual fund companies invest their funds in various assets such as stocks and bonds.

		6. If interest rates fall, bond prices rise. 7. Diversification to reduce the risk of losing money. 8. Stocks carry a higher risk than bonds.
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Source: Researcher's literature review (2026)

The stages of data analysis in this study are as follows:

1. Descriptive Statistical Analysis

Sugiyono (2023) argues that descriptive analysis is a method used to describe or depict a research object as it is (descriptive), to obtain an objective overview without immediately making broad generalizations.

2. Validity and Reliability Test

a) According to Sugiyono (2023), item-total correlation is used in validity assessment. If the calculated r value is greater than the r table value at a significance level of 0.05, it is considered valid.

b) Sugiyono (2023) states that if an instrument's Cronbach's Alpha score is more than 0.60, it is considered reliable.

3. Classical Assumption Test

Sugiyono (2023) argues that before conducting regression analysis, a series of tests is carried out to ensure that the regression model used has met the classical assumptions, so that the results are valid, unbiased, and reliable (Best Linear Unbiased Estimator). The tests conducted include:

a) To determine whether the residuals in the regression model are regularly distributed, the research use normality test.

b) To ascertain whether the independent and dependent variables have a substantial linear connection, the research use linearity test.

4. Simple Linear Regression Analysis

Sugiyono (2023) states that the simple linear regression test is a statistical method for figuring out the impact or functional relationship between one independent variable and one dependent variable. The regression equation model used in this study is:

$$Y = \alpha + bX$$

5. Macro PROCESS Moderation Interaction Test

Hayes (2022) argues that this method has the advantage of allowing moderation to be integrated into complex models such as moderated mediation and conditional process analysis. This model helps researchers directly determine whether there is an interaction effect between the variables being tested and the significance of that relationship without having to manually calculate the product of variables and check for multicollinearity.

Igartua & Hayes (2021) stated that the regression equation for testing the moderation interaction is as follows:

$$Y = \alpha + bZ$$

6. Hypothesis Testing

The partial test (t-test) is used to examine how the independent variable (overconfidence) affects the dependent variable (investment decisions). The hypothesis is accepted if the significant value is less than 0.05 (Sugiyono, 2023).

The Coefficient of Determination measures how much of the variation in the dependent variable can be accounted for by changes in the independent variables taken collectively. Its values range from 0 to 1. A value closer to 0 denotes a very minor contribution, whereas a value closer to 1 suggests that the model is more effective at explaining changes in the dependent variable (Sugiyono, 2023).

RESULTS AND DISCUSSIONS

Results

Table 2. Respondents' demographic data.

Category	Criteria	Frequency	Percentage
Gender	Man	215	82,7%
	Woman	45	17,3%
Age	17-26 years old	119	45,8%
	27-36 years old	73	28,1%
	37-46 years old	46	17,7%
	47-56 years old	19	7,3%
	>57 years old	3	1,2%
Educational level	Senior high school/equivalent	79	30,4%
	Diploma	19	7,3%
	Bachelor	135	51,9%
	Master	25	9,6%
	Doctor	2	0,8%
Income Level	< IDR 5.500.000	113	43,5%
	IDR 5.500.000 – 10.000.000	71	27,3%
	> IDR 10.000.000	76	29,2%
Stock Investment Experience	<1 year	104	40%
	1-3 years	92	35,4%
	3-6 years	40	15,4%
	>6 years	24	9,2%

Source: Data processed (2026)

Table 2 explains the demographic data of the respondents. Based on gender data, it is known that male respondents amounted to 82.7%, equivalent to 215 people, while female respondents amounted to 17.3%, equivalent to 45 people. This indicates that the number of male respondents is more dominant compared to female respondents. Respondents aged 17-26 years accounted for 45.8%, or 119 respondents. Based on age data, respondents aged 27-36 years made up 28.1%, or 73 respondents. Furthermore, respondents aged 37-46 years reached 17.7%, or 46 respondents, and

respondents aged 47-56 years accounted for 7.3%, or 19 respondents. Lastly, respondents aged over 56 years comprised 1.2%, or 3 respondents. It can be inferred that respondents aged 17-26 years and 27-36 years constitute the largest groups, with 119 and 73 respondents respectively, compared to the other age categories.

Based on data regarding the last level of education, respondents with a high school or equivalent education level totaled 30.4% or 79 respondents. Respondents with a diploma as their last level of education amounted to 7.3% or 19 respondents, while respondents with a bachelor's degree totaled 51.9% or 135 respondents. Respondents with a master's degree numbered 9.6% or 25 respondents. Respondents with a doctoral degree totaled 0.8% or 2 respondents. In comparison to other education level categories, it can be inferred from this data that respondents with a bachelor's degree and high school/equivalent make up the largest groupings, with 79 and 135 respondents, respectively.

Based on the income level category data, it is known that 43.5% of respondents, or 113 persons, had an income of less than IDR 5,500,000. 27.3% of respondents, or 71 people, earn between IDR 5,500,000 and IDR 10,000,000, while 29.2% of respondents, or 76 people, earn more than IDR 10,000,000. With 113 respondents, it can be inferred that the majority earn less than IDR 5,500,000.

According to data on stock investment experience, 40% of respondents, or 104 individuals, had less than a year's worth of investment experience. 35.4% of respondents, or 92 individuals, had one to three years of investment experience, whereas 15.4% of respondents, or 40 individuals, had more than three to six years. Twenty-four respondents, or 9.2% of the sample, had more than six years of investment experience. Based on this information, it can be inferred that the majority of respondents – 104 and 92, respectively – have investment experience of less than a year and one to three years.

1. Descriptive Statistical Analysis

Riyanto & Hatmawan (2020) argue that descriptive analysis is an analysis conducted to assess the characteristics of data being studied. Descriptive analysis includes mean, median, mode, standard deviation, minimum, and maximum.

Table 3. Results of descriptive statistical analysis tests

Variables	Mean	Standard Deviation
Stock Investment Decisions	3,47	1,030
Overconfidence	3,09	1,046
Financial Literacy	3,99	0,974

Source: SPSS processing results (2026)

Based on the data in Table 3, the highest mean value is shown by the financial literacy variable at 3.99. This is followed by the stock investment decisions variable at 3.47 and the overconfidence variable at 3.09.

2. Validity and Reliability Test

SPSS software was used in this study's validity and reliability assessments. According to Sugiyono (2023), item-total correlation is used in validity assessment. It is deemed legitimate if the computed *r* value is greater than the *r* table value at the 0.05 significance level.

Table 4. Validity Test Results

Variables	Statement Items	R Calculated	R Table	Results
Overconfidence	X.1	0.816	0.1212	Valid
	X.2	0.752	0.1212	Valid
	X.3	0.863	0.1212	Valid
	X.4	0.767	0.1212	Valid
Stock Investment Decisions	Y.1	0.362	0.1212	Valid
	Y.2	0.609	0.1212	Valid
	Y.3	0.202	0.1212	Valid
	Y.4	0.601	0.1212	Valid
	Y.5	0.618	0.1212	Valid
	Y.6	0.617	0.1212	Valid
	Y.7	0.420	0.1212	Valid
Financial Literacy	Z.1	0.458	0.1212	Valid
	Z.2	0.452	0.1212	Valid
	Z.3	0.596	0.1212	Valid
	Z.4	0.568	0.1212	Valid
	Z.5	0.597	0.1212	Valid
	Z.6	0.487	0.1212	Valid
	Z.7	0.402	0.1212	Valid
	Z.8	0.513	0.1212	Valid

Source: SPSS processing results (2026)

Table 4 above shows the results of the validity test for the variables of overconfidence, investment decisions, and financial literacy. Each statement item has a computed r value greater than the table r value. At a significance level of 0.05, the table R value with 260 respondents is 0.1212. Since each item's computed r value is higher than this sum, all of the questionnaire's items are considered valid.

Sugiyono (2023) argues that reliability testing is the degree of consistency or uniformity of data obtained from measurements on the same object. He contends that if an instrument's Cronbach's Alpha value is higher than 0.60, it is deemed reliable.

Table 5. Reliability Test Results

Variables	Cronbach's Alpha	Results
Overconfidence	0.810	Reliable
Stock Investment Decisions	0.718	Reliable
Financial Literacy	0.643	Reliable

Source: SPSS processing results (2026)

Based on Table 5, all variables in the questionnaire have Cronbach's Alpha values above 0.60, which means that each variable meets the reliability criteria. These values indicate that the statement items in each variable have good internal consistency, and therefore can be trusted for use in this study.

3. Classical Assumption Test

Sugiyono (2023) argues that a normality test should be performed to determine whether the data on the dependent and independent variables in the regression

model have a normal distribution. The data is considered regularly distributed if the significance value of the Kolmogorov-Smirnov Test is greater than 0.05.

One-Sample Kolmogorov-Smirnov Test

		Unstandardize d Residual
N		260
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.21580599
Most Extreme Differences	Absolute	.032
	Positive	.020
	Negative	-.032
Test Statistic		.032
Asymp. Sig. (2-tailed)		.200

Figure 4. Normality Test Results

Source: SPSS processing results (2026)

The result in Figure 4 demonstrates that the Asymp. Sig. (2-tailed) value surpasses the 0.05 threshold by attaining 0.200. This implies that the data meet the normality assumption, which indicates that the data used in the regression model for this investigation are normally distributed.

Sugiyono (2023) states that the linearity test is used to determine whether there is a significant linear relationship between the independent and dependent variables. The data is regarded as linear if the significance of the deviation from linearity is greater than 0.05.

ANOVA Table

		Sum of Squares	df	Mean Square	F	Sig.
Investment Decisions	Between Groups (Combined)	969.988	16	60.624	2.169	.007
	Linearity	496.049	1	496.049	17.746	.000

* Overconfi dence	Deviation	from	473.940	15	31.596	1.130	.330
	Linearity						
	Within Groups		6792.608	243	27.953		
	Total		7762.596	259			

Figure 5. Linearity Test Results

Source: SPSS processing results (2026)

Figure 5's result shows that the deviation from linearity is 0.330, which is higher than the 0.05 threshold. Thus, it may be concluded that the independent variable (overconfidence) and the dependent variable (investment choices) have a linear connection.

4. Simple Linear Regression Analysis

Sugiyono (2023) states that simple linear regression is used to examine the effect of a single independent variable on the dependent variable. If the significance value is less than 0.05, the independent variable has an impact on the dependent variable.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	496.049	1	496.049	17.612	.000 ^b
	Residual	7266.547	258	28.165		
	Total	7762.596	259			

Figure 6. Simple Linear Regression Analysis Results

Source: SPSS processing results (2026)

From Figure 6, it is known that the calculated F value = 17.612 with a significance level of 0.000, less than 0.05, indicating that there is an influence of overconfidence on stock investment decisions.

5. Macro PROCESS Moderation Interaction Test

Hayes (2022) argues that this method has the advantage of allowing moderation to be integrated into complex models such as moderated mediation and conditional process analysis. According to the criterion, the association between the variables is deemed positive and significant if the significance value is < 0.05.

Table 6. Moderation Interaction Test Result

	Coefficients	P Value
Constant	18.168	0.000

X	-0.192	0.648
Z	0.013	0.941
Int_1	0.016	0.276

Source: SPSS processing results (2026)

The variables overconfidence and financial literacy had a p-value of 0.276, which is higher than the significance level of 0.05, according to the data in Table 6. This indicates that overconfidence in stock investment decisions is not considerably moderated by financial literacy.

6. Hypothesis Testing

Sugiyono (2023) states that the partial test (t-test) can be used to investigate the effect of one independent variable on the dependent variable independently. If the significance value is less than 0.05, one independent variable has a partially significant effect on the dependent variable.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	18.984	1.262		15.045	.000
	Overconfidence	.413	.099	.253	4.197	.000

a. Dependent Variable: Stock Investment Decisions

Figure 8. Partial Test Analysis Result

Source: SPSS processing results (2026)

Figure 8's estimated t value of 4.197 with a significance level of 0.000, less than 0.05, indicates that overconfidence has a partial influence on stock investment decisions.

Sugiyono (2023) states that the coefficient of determination, a number between 0 and 1, indicates how well a regression model explains how the independent factors affect the dependent variable. A value nearer 0 denotes a relatively tiny contribution, whereas a value nearer 1 suggests that the model is better at explaining changes in the dependent variable.

Model Summary

Model	R	R Square	Adjusted Square	R-Std. Error of the Estimate
1	.253 ^a	.064	.060	5.307

a. Predictors: (Constant), Overconfidence

Figure 9. Coefficient of Determination (R²) Test Results

Source: SPSS processing results (2026)

Overconfidence affects stock investment decisions by 6.4%, according to Figure 9's coefficient of determination value of 0.064.

Discussions

The overconfidence variable's significance value, as determined by the t-test, was 0.000, indicating it is below the 0.05 significance level. This suggests that investment decisions are significantly positively impacted by overconfidence, leading to the acceptance of the first hypothesis (H1). The results are supported by Prasetyo et al. (2023)'s research, which found that investors with high self-confidence are generally more willing to make investment decisions and are prepared to bear risks, even when they lack sufficient information or analysis, corroborating the findings of this study.

Lestari and Situngkir (2024) also stated that there is an influence of overconfidence bias in the Indonesian Stock Exchange because LQ45 stock investors still react to movements occurring in market returns, so the index is still affected by overconfidence bias in the five years of 2014-2018, and the annual periods of 2015, 2018, and 2021. In contrast, investors with low self-confidence are more likely to be cautious and more selective in their investment choices.

Research by Butt et al. (2023) and Firmansyah (2023) also found similar results, that stock investors often have excessive perceptions and beliefs about their ability to make the right investment decisions. Many young Generation Z and millennial investors are easily influenced by trends on social media, such as viral stock recommendations. They may feel confident that they can outperform the market, even though the information they receive may not necessarily be accurate or based on in-depth analysis.

Situngkir et al. (2022) also stated that overconfidence also causes investors to feel that the decisions they make are correct. This indicates that excessive self-confidence can prompt investors to make decisions without objectively considering the risks. Moreover, with the advancement of technology and digital investment platforms, young investors in Indonesia now have easier access to invest in stocks on Stockbit.

Overconfidence in stock investment decisions is not considerably moderated by financial literacy. The moderation interaction test findings showed that the interaction

variable's p-value was 0.276, which is significantly higher than the significance level of 0.05. Therefore, the second hypothesis (H2) is rejected, indicating that the association between overconfidence and investing decisions among retail stock investors on Stockbit cannot be strengthened or weakened by financial literacy. This indicates that while making stock investing decisions, both retail stock investors with high financial literacy and those with low financial literacy still have a comparable degree of overconfidence.

Research by Mahmood et al. (2024) also shows similar results, indicating that retail stock investors with high levels of confidence believe they are more capable of accurately predicting market movements, especially Generation Z and millennial investors who are just starting, often feel overconfident after gaining initial profits from their stock investments. These findings indicate that overconfidence can arise regardless of whether the retail investor's financial literacy is high or low. Even if their choices are not supported by logical reasoning, retail stock investors will always feel more confident about their choices.

This finding is also supported by Saputra and Situngkir's (2025) research, which reports an availability of overconfidence bias in the Indonesian Capital Market, particularly in the IDX30 index, during the 2020-2024 period. The hypothesis that this bias arises when Market Return and Trading Volume are positively correlated has been validated by the results of the VECM IRF estimation. This positive relationship was detected consistently, both in the 2020, 2021, 2022, and 2024 periods. Their findings mean that retail stock investors tend to show overconfidence, which is manifested in increased trading activity in line with the growth of market returns.

CONCLUSION

Research on the variable of overconfidence in stock investment decisions shows notably positive results. The findings of this study are in line with behavioral finance theory, which contends that cognitive biases can influence the behavior of individual investors. High-confidence retail stock investors generally act less logically when making stock investing decisions, regardless of their level of financial literacy.

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