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Financial Literacy and Financial Behavior of College Students in the Digital Era: A Systematic Literature Review

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Abstract: This study synthesizes the findings of five studies related to the influence of financial literacy and financial behavior on students' investment decisions in the digital era. The results of the analysis explain the significant consistency of the influence of financial literacy and financial behavior on students' investment decisions in the digital era. Research Kurniadi and Romadhani & Handinishow that Financial Literacy and Financial Behavior have a significant influence on Investment Decisions. Research Nugraha, Dinarjito Hendri explain the positive influence of Financial Literacy and Financial Behavior on Investment Decisions. The results of the analysis illustrate that the better the financial literacy and behavior possessed by students, the higher the interest in students' investment decisions in the digital era.

Keywords: Financial Literacy; Financial Behavior; Investment Decisions; College Students.

1. Introduction

The rapid development of digital technology has brought significant changes to financial management and investment. The ease of obtaining information and investment instruments from various sources such as the internet, e-books, and others can increase a person's desire to invest [1]. According to Fahmi [2], investment is the investment of capital or funds in a particular asset for a certain period of time with the hope of obtaining profits or increasing value in the future. According to Kasmir [3], investment is an activity of investing capital, either directly or indirectly, with the hope of obtaining profits in the future. Investment has several types, namely direct investment (purchasing shares, bonds, property, or businesses, as well as investments) and indirect (saving in banks, deposits, or investing in mutual funds). Investment is one strategy to improve people's welfare and quality of life [4].

One factor influencing financial investment decisions is financial literacy [5]. According to Fahmi [2], financial literacy is an individual's understanding of financial concepts and risks, as well as the ability to properly manage personal finances to achieve financial goals. Financial literacy also describes a person's ability to read, analyze, and manage financial information in everyday life [3]. Financial literacy plays a crucial role in shaping investment behavior and decisions. A good understanding of basic financial concepts such as risk management, diversification, compound interest, and types of investment instruments allows for wiser financial decisions. This knowledge enables the development of investment strategies that align with both short-term and long-term financial goals [6].

Another factor influencing financial investment decisions is financial behavior [7]. According to Fahmi [2], financial literacy is an individual's understanding of financial concepts and risks, as well as the ability to manage personal finances effectively to achieve financial goals. Meanwhile, according to Kasmir [3], financial behavior is how individuals or groups make decisions regarding the use of their money, whether for consumption, investment, savings, or other economic activities. Financial behavior has a positive influence on financial management, such as discipline in managing finances, having a clear investment plan, and being able to

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control the urge to make financial decisions. Conversely, unhealthy financial behavior, such as being consumptive, impulsive, or overconfident, can trigger irrational investment decisions. For example, investing all funds in one type of instrument without considering the risks, or following investments solely because of trends or the influence of others without adequate understanding.

Students, as the younger generation about to enter the workforce, are highly sensitive to investments through digital platforms such as crypto assets, online mutual funds, and others [8]. According to Yani & Cerya [9], students' investment decisions are heavily influenced by their financial literacy and behavior. Students with good financial literacy tend to be able to analyze the risks and benefits of each investment instrument they choose. Furthermore, disciplined financial behaviors, such as saving and budgeting habits, encourage students to consider investing as a step toward achieving financial stability in the future. According to Hanifah et al. [10], many students get caught up in the euphoria of investing without adequate understanding, resulting in financial losses. Improving financial literacy and education among students is crucial for making rational and planned investment decisions.

2. Preliminaries or Related Work or Literature Review

2.1. Investment

According to Fahmi [2], investment is the investment of capital or funds in a particular asset within a certain period of time with the hope of obtaining profits or increasing value in the future. Investment decisions are a choice to obtain profits made by investors where every investor certainly wants profitable results even though in reality there is no certainty of the expected profits, but by making the right decisions, they can have the desired profits. Investment decisions can also be said to be investor decisions when placing funds in various types of investments in order to obtain profits in the future. According to Tandelilin [11]; expected Return, Risk, Time Horizon, Liquidity, and Diversification.

2.2 Financial Literacy

Financial literacy is a person's ability to read, analyze, and manage financial information in everyday life [3]. According to the Financial Services Authority, financial literacy is the knowledge, skills, and beliefs that influence attitudes and behaviors to improve the quality of decision-making and financial management in order to achieve well-being. Indicators of financial literacy are: 1) Knowledge, namely an individual's understanding of basic financial concepts such as inflation, compound interest, and investment risk; 2) Skills, namely the ability to make financial plans, prepare budgets, and choose financial products; and 3) Confidence and Attitude, namely self-confidence in making financial decisions wisely and responsibly.

2.3 Financial Behavior

According to Fahmi [2], financial literacy is an individual's understanding of financial concepts and risks, as well as the ability to manage personal finances well to achieve financial goals. Financial behavior is an individual's way of managing their finances, which is reflected in the habit of managing income, expenses, saving, investing, and debt (Sadalia, 2020). Indicators of financial behavior are 1) Expenditure Management (able to manage needs vs. wants), 2) Saving Habits (setting aside money regularly), 3) Financial Planning (making a budget and financial goals), 4) Use of Credit Cards or Debt (using debt facilities wisely), and 5) Investment (involvement in investment activities, such as mutual funds, stocks).

3. Proposed Method

This research method refers to research conducted by Zaqiyah et al. [12]. The subjects of this study were financial literacy and financial behavior. These two research subjects were chosen because they are closely related to students' investment decisions. The first stage, planning, begins with formulating research questions (RQ) and developing a structured protocol tailored to the research topic. The second stage, conducting, involves identifying relevant literature, screening abstracts, and extracting data. The final stage, reporting, concludes the research findings.

3.1. Planning

This stage begins with formulating a question as a reference for searching, selecting, and analyzing literature data for the research question. The question is formulated based on the needs of the chosen topic. The following is the formulation of the questions in this study:

Table 1. *Reseacrh Question*

RQ1	Does financial literacy influence investment decisions?
RQ2	Does financial behavior influence investment decisions?

3.2. Conducting

The conducting stage involves several stages or steps. The first step is identifying literature to obtain relevant sources to answer the Research Questions (RQ1 and RQ2). The sources used in this study were national journals discussing tax sanctions, taxpayer awareness, and taxpayer compliance. The journal search process was conducted using a search engine (Google Chrome) at https://scholar.google.com.

The second step is Inclusion and Exclusion Criteria. This stage is used to determine whether the data found is suitable for use in SLR research. The criteria include publication years within the last five years (2020-2025), obtained from https://scholar.google.com, and journals related only to financial literacy, financial behavior, and investment decisions.

The third step is quality assessment. In a Systematic Literature Review (SLR), the collected data are evaluated based on the following quality assessment criteria questions:

Tabel 2. *Quality Assesment*

QA	Quality Assessment Criteria	According to the criteria	
		Yes	No
QA1	Was the journal article published between 2020 and 2025?	√	
QA2	Is the journal related to investment decisions, financial literacy, and financial behavior?	√	
QA3	Can the journal be accessed through the website https://scholar.google.com?	√	

The next step is to determine the article categories using exclusion and inclusion criteria. This is part of the mapping study process to exclude irrelevant articles and include those that are relevant [12]. In this study, we formulated exclusion and inclusion criteria to facilitate the mapping process in selecting the literature.

Table 3. Inclusion and Exclusion Criteria

Inclusion	Exclusion
1. Research focused on investment decisions, financial literacy, and financial behavior. 2. Indonesian and English. 3. Research journal only.	1. Journals that do not address investment decisions, financial literacy, and financial behavior. 2. Languages other than Indonesian and English.

	3. Dissertations, theses, book sections, proceedings, product descriptions, and irrelevant references.

Next, summarize previous journals or research that meet quality assessment (QA), inclusion, and exclusion criteria. Previous research consists of relevant scientific papers or journals that will serve as material for conducting studies on the same or similar issues.

Table 4. Previous Research

Author & Year	Research Title	Research Methods	Research Result
Kurniadi et al. [13]	The Influence of Financial Literacy and Financial Behavior on Investment Decisions for Young Investors in Badung District, Bali.	The research method used in this study is quantitative, with a survey approach using a questionnaire as a data collection tool.	This study shows that Financial Literacy and Financial Behavior have a significant influence on Investment Decisions.
Romadhani & Handini [1]	The Influence of Financial Literacy and Financial Behavior on Students' Investment Decisions in Digital-Based Investment Companies in Surabaya.	The research method used in this study is quantitative, with a survey approach using a questionnaire as a data collection tool..	The results of this study indicate that financial literacy has a partial influence on students' investment decisions in Surabaya in digital-based investment companies, financial behavior has a partial influence on students' investment decisions in Surabaya.
Nugraha [14]	The Influence Of Financial Literacy, Financial Behavior And Income On Investment Decision.	The research method used in this study is quantitative, with a survey approach using a questionnaire as a data collection tool.	The results of this study indicate that: (1) Financial literacy has an influence on investment decisions with a path coefficient value of 0.338 (2) Financial behavior has an influence on investment decisions with a path coefficient value of 0.509.
Dinarjito [15]	The Influence of Financial Behavior on Investment Decisions with Financial Literacy As AMediation Variable: Case Study in PKN STAN Learning Assignment Students	The research method used in this study is quantitative, with a survey approach using a questionnaire as a data collection tool.	The result is only the financial literacy variable, risk perception, has a significant effect on investment decisions. Regarding the financial literacy variable, it is evident that only the overconfidence and risk perception variables influence it.
Gunawan & Sangka [16]	The Influence Of Financial Literacy And Digital Literacy On Crypto Investment	The research method used in this study is quantitative, with a	The findings of this study show a positive influence between financial literacy and investment decisions in

	Decisions With FOMO As A Moderating Variable	survey approach using a questionnaire as a data collection tool.	crypto assets, as evidenced by the t-value of the calculation (2.334) which is greater than the t table (1.971).

3.3. Reporting

The reporting stage is the final stage in a systematic literature review. This stage involves writing the results of the systematic literature review in written form according to a predetermined format.

4. Results and Discussion

Based on a synthesis of five related studies, the influence of financial literacy and financial behavior on investment decisions shows a positive and significant effect. Research conducted by Kurniadi et al. [13], from Ciputra University explains that financial literacy and financial behavior have a positive and significant influence on investment decisions. This condition suggests that better financial literacy and financial behavior in students, the better their investment decisions will be. These results align with Kasmir [3], theory, which explains that financial literacy and financial behavior have a positive impact on individuals' investment decisions.

Findings from Romadhani & Handini [1], explain that financial literacy and financial behavior significantly influence investment decisions by 77.6%. This demonstrates that financial literacy and financial behavior significantly influence investment decisions. According to the theory of Fahmi [2], financial literacy provides knowledge in financial management, and financial behavior reflects a cautious and disciplined attitude in managing finances, thus positively impacting investment decisions.

Research by Nugraha [14], explains that financial literacy and financial behavior significantly influence investment decisions among all active students at Mercu Buana University, Jakarta. This means that the indicators contained in financial literacy and financial behavior have significantly contributed to influencing investment decisions. Therefore, it can be concluded that financial literacy and financial behavior have a significant positive influence on investment decisions.

According to Tandelilin [11], he emphasized that investment decisions are often not based solely on rational considerations but are also influenced by psychological factors such as cognitive biases, emotions, and past experiences. Research conducted by Dinarjito [15], explains that financial literacy, consisting of risk perception and overconfidence, has a significant and positive influence on investment decisions. This means that a positive risk perception and structured overconfidence can improve investment decisions.

Research conducted by Gunawan & Sangka [16], explains the positive influence between financial literacy and investment decisions, as evidenced by the calculated t-value (2.334), which is greater than the t-table (1.971), and a significance value of 0.02, which is less than 0.05. A positive influence between financial behavior and asset investment decisions was also found, with the calculated t-value (2.678) greater than the t-table (1.971) and a significance value of 0.008, which is also less than 0.05. This condition explains that better financial literacy and financial behavior will improve investment decisions.

Theoretically, these findings strengthen the perspective that financial literacy and financial behavior can improve investment decisions in students. In practice, these results provide strategic implications for business actors: (1) Students need to be equipped with adequate understanding of the basic concepts of financial management, risk, and investment instruments so that they are able to make rational and responsible investment decisions from an early age, (2) campuses can become learning ecosystems that not only produce graduates who are academically intelligent, but also capable of managing personal finances and investments, and (3) the importance of awareness to increase positive financial behavior, such as getting used to saving, preparing a budget, and starting to invest by calculating risks.

5. Conclusions

Based on a synthesis of five related studies, it can be concluded that financial literacy and financial behavior have a positive and significant influence on students' investment decisions. The results of these studies consistently show that the higher the level of financial literacy and better financial behavior of students, the greater their ability to make appropriate investment decisions. Theoretically, the conclusions of this literature review sufficiently explain that financial literacy provides basic knowledge regarding financial and risk management, while financial behavior reflects prudence, discipline, and self-control in making economic decisions. A sound knowledge of financial concepts and sound money management habits contribute to forming investment decisions that are not only rational but also tailored to an individual's psychological characteristics and risk profile.

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