

Financial Literacy as Mediator of Behavioural Biases, Underwriter, and Performance on IPO Investment: Controlling Age and Proportion in Yogyakarta, Indonesia

Aditya Wardana¹, Khoirul Hikmah²*, Heru Kristanto Hendro Cahyono³

^{1, 2, 3} UPN Veteran Yogyakarta, Indonesia

adityawardana0506@gmail.com¹, khoirul.hikmah@upnyk.ac.id²,
heru.kristanto@upnyk.ac.id³

* Correnponden author

ABSTRACT

This research explores how overconfidence bias, loss aversion, underwriter reputation, and short-term returns affect decisions in IPO stock investments, with financial literacy serving as a mediating factor. Data were collected using purposive sampling through a Google Form distributed to 100 investors in Yogyakarta who purchased IPO shares at least once. Most respondents were male (57%), aged 21–30 (76%), and held an undergraduate degree (71%), with 82% allocating less than 30% of their portfolio to IPOs. Data were analyzed using the SEM-PLS method. Findings reveal loss aversion, underwriter quality, short-term performance significantly affect IPO investment decisions, while overconfidence bias does not. In addition, financial literacy plays an intermediary role in linking the independent variables to investment decision-making. This study limited by small sample and narrow geographic scope. However, the findings may apply to countries with weak-form market efficiency including Indonesia, where information asymmetry and speculative behavior remain prevalent.

Keywords: Behavioural Bias, Cognitive Framing, Market Guarding, Decision Pathways