STUDENT PERCEPTION OF FAKE INVESTMENT RISK AS A FACTOR AFFECTING STUDENT INVESTMENT DECISIONS (CASE STUDY OF GANESHA UNIVERSITY OF EDUCATION STUDENT)

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ABSTRACT

Investment offers higher returns than saving but is vulnerable to fraudulent schemes, which pose risks particularly to inexperienced investors such as students. This study investigates how students at Ganesha University of Education perceive the risks of fraudulent investment and how these perceptions influence their investment decisions. Using a qualitative approach, data were collected through in-depth interviews with selected students from different faculties. Thematic analysis was applied to identify patterns in their responses. The findings reveal two main tendencies: (1) students with better financial literacy perceive investment positively and remain willing to invest, albeit more cautiously; and (2) students with limited knowledge develop negative perceptions that discourage them from investing. The dominant outcome shows that fraudulent investment risks primarily increase caution rather than eliminate students' interest in investing. These results highlight the importance of strengthening financial literacy and fraud awareness to support informed decision-making and protect young investors. The study contributes to financial education development, especially in university contexts, and provides insights for policymakers in designing investment literacy programs.

Keywords: student perceptions, investment fraud risk, and investment decisions

INTRODUCTION

Investment plays a vital role in financial planning, particularly for younger generations who dominate today's investor base. Recent data from the Indonesian Central Securities Depository (KSEI) show a rapid increase in millennial and Gen Z investors, including university students. However, this growth is accompanied by a rise in fraudulent investment cases that threaten investor confidence. News of student victims in Tasikmalaya and Bogor illustrates the susceptibility of young people to such schemes, raising concerns about their perceptions of investment safety.

Previous studies report mixed findings. Zunaida (2018) found that exposure to fraudulent investment news fosters negative perceptions among students, while more recent studies show similar patterns. Dewi, Sari, & Yasa (2021) found that students with better investment knowledge in Bali remain willing to invest despite fraud cases, as their knowledge helps them adopt a more cautious but positive perception. Similarly, Putri & Budiasih (2021) reported that investment knowledge and risk perception significantly influence students' intention to invest in cryptocurrency, showing that literacy enables students to evaluate risks without completely avoiding investment. This inconsistency signals a research gap regarding how students in specific contexts, such as Undiksha in North Bali, perceive fraudulent investment risks.

Ganesha University of Education presents a unique case. While economics students receive formal investment education, students from other faculties rely mostly on informal sources such as social media. Understanding their perceptions is critical for shaping financial education strategies. Therefore, this study aims to analyze: (1) the tendencies of student perceptions regarding fraudulent investment risks; and (2) how these perceptions affect their investment decisions. The novelty of this research lies in its focus on Undiksha students in Bali, providing localized insights into how fraudulent investment risks shape young investors' behavior.

LITERATURE REVIEW

Investment

Investment is the allocation of funds with the expectation of future returns (Tandelilin, 2017). Investments may take the form of tangible assets (land, gold) or financial instruments (stocks, bonds, mutual funds). The main benefits include profit, diversification, and participation in economic growth. However, all investments carry risks such as market, default, inflation, currency, and political risks (Hidayati, 2017). Recent studies confirm that investment knowledge significantly affects students' intentions to invest. Dewi, Sari, & Yasa (2021) found that students with stronger investment knowledge were more likely to invest, even when aware of fraudulent cases, as knowledge enabled them to evaluate risks realistically.

Fraudulent Investment

Fraudulent investments are schemes without legal authorization, often promising unrealistic returns. Examples include Ponzi schemes and money games (Sutrisno, 2018). These scams target individuals with limited financial literacy, exploiting social influence and digital platforms. Nugroho & Rahmawati (2022) reported that fraud awareness significantly reduces student vulnerability, while OJK (2020) emphasized that literacy programs are crucial to prevent losses among young investors.

Student Perception

Perception is the process by which individuals interpret information based on prior knowledge and experiences (Saroya, 2018). In finance, risk perception shapes behavior, investors who perceive risks as controllable tend to continue investing, while those with exaggerated fears avoid it. Putri & Budiasih (2021) found that risk perception negatively influences students' intention to invest in cryptocurrency, indicating that fear of loss can outweigh perceived benefits. However, other research (Kurniawati & Sari, 2021) shows that financial literacy can moderate these fears, allowing students to maintain a balanced perspective.

Investment Decision

Investment decisions involve weighing risks and returns in allocating resources. According to Fridana & Asandimitra (2020), rational investment decisions require adequate knowledge and risk awareness to avoid psychological biases. More recent studies highlight additional behavioral influences. Hidayat & Hartono (2023) showed that biases such as herding and regret aversion affect student decisions, while Novitasari & Sulistyowati (2022) found that financial technology adoption increases student participation in investment. These findings suggest that investment decisions are shaped by both cognitive (knowledge, literacy) and behavioral (bias, perception) factors.

Research GAP

Prior research presents inconsistent evidence: some highlight negative impacts of fraud exposure (Zunaida, 2018. Putri & Budiasih, 2021), while others show that knowledge mitigates these fears (Dewi et al., 2021. Kurniawati & Sari, 2021). Few studies, however, focus on the context of Bali, where cultural, educational, and economic factors may uniquely shape student perceptions. This gap underlines the relevance of examining how Undiksha students perceive fraudulent investment risks and how these perceptions influence their investment decisions.

METHOD, DATA, AND ANALYSIS

The method used in this research is a qualitative approach. The qualitative descriptive analysis method is an analytical method that is described through a string of words or sentences that are not integrated according to classification to obtain conclusions (Anggito, 2018). This research was conducted to examine student perceptions of fraudulent investment risk as a factor influencing student investment decisions. The location of this research is at Ganesha University of Education which is located at Jalan Udayana No. 11, Singaraja Bali.

Primary data is data collected directly from the source, through planned and systematic data collection, which is usually carried out by the researchers themselves. Primary data can be collected in various ways, such as interviews, questionnaires, direct observation, and experiments. The primary data comes from the results of interviews with students at the Ganesha University of Education. Secondary data can provide important and relevant information in research on fraudulent investment perceptions as a factor in investment decisions. Secondary data obtained from reliable and quality sources can help researchers to understand theories and related sciences, especially theories in financial behavior. In this study, secondary data were obtained from previous research and from several literature books as comparative material and theoretical references in conducting a study.

This study involved 15 active students at Ganesha University of Education (Undiksha), selected through purposive sampling, considering their active student status, basic knowledge of investment through both formal and informal channels, and willingness to share personal experiences related to investment perceptions. Participants came from three faculties with diverse backgrounds: 7 students from the Faculty of Economics, selected for their formal exposure through capital markets and investment courses; 5 students from the Faculty of Education, representing a group with limited formal investment knowledge; and 3 students from the Faculty of Social Sciences, who gained their knowledge from informal sources such as social media.

Data collection was conducted through semi-structured interviews from March to April 2025, lasting 15–25 minutes each. The interview guide was structured around three main themes, awareness of fraudulent investment cases, perception of investment risk, and the influence of fraudulent investment cases on decision-making. Examples of questions asked included whether participants had heard of investment fraud cases among students, how they felt about investing after learning about fraudulent cases, and whether these experiences led them to avoid investing or become more cautious in selecting instruments. All interviews were recorded with the participants consent, transcribed verbatim, and supplemented with secondary data in the form of reports from the Financial Services Authority (OJK), the Indonesian Central Securities Depository (KSEI), and relevant journal articles.

Data analysis employed a thematic analysis approach, which involved several stages: familiarization by repeatedly reading the transcripts, initial coding to identify key statements related to perceptions, attitudes, and decision-making, and then grouping these codes into subcategories such as "positive but cautious perceptions" and "fear and avoidance of investment." The next stage was to develop broader themes to describe the overall trends in students' perceptions. To ensure the credibility of the research results, the researchers conducted member checks by asking participants to review summaries of their responses, and conducted peer debriefings with fellow undergraduates to validate the coding process and interpretation of themes.

RESULT AND DISCUSSION

Positive Perceptions (Cautious Optimism)

Students from the Faculty of Economics demonstrated optimism while maintaining caution. They viewed fraudulent investment cases as a warning to be more selective, rather than a reason to avoid investing altogether. Thematic categories: “increased vigilance,” “selective in choosing instruments.” Interview excerpts: “Fraud cases exist, but I still invest in mutual funds because they are supervised by OJK.” (Economics Student, Male, 21). “I only trust blue-chip stocks. Fraud cases make me more careful, not afraid.” (Economics Student, Female, 20) Analysis & Discussion: These findings illustrate that financially literate students can distinguish between legal and illegal investments. They remain engaged in investing but act more carefully. This result supports Dewi, Sari, & Yasa (2021), who found that financial literacy allows students to stay active in investing despite fraud risks. Nugroho & Rahmawati (2022), who reported that fraud awareness reduces vulnerability without necessarily discouraging participation.

Negative Perceptions (Fear and Avoidance)

Students from non-economics faculties, who generally had limited financial literacy, tended to interpret fraud cases as evidence that all investments are unsafe, leading to avoidance behavior. Thematic categories: “avoiding investment,” “saving is safer.” Interview excerpts: “After hearing about many scams, I do not want to invest. I would rather save my money in a bank.” (Education Student, Female, 19). “Investment seems too risky. Instead of losing money, I prefer to keep it safe.” (Social Sciences Student, Male, 22) Analysis & Discussion: This group tends to equate fraud cases with investment in general, resulting in withdrawal from investment activities. These findings support Putri & Budiasih (2021), who found that risk perception negatively affects investment intention, and confirm (Zunaida, 2018) that exposure to fraud leads to negative perceptions. However, in the Undiksha context, this trend is stronger among students with no formal financial literacy, reinforcing (Kurniawati & Sari, 2021) who argue that literacy moderates fear and reduces avoidance.

Implications for Investment Decisions

Differences in perception directly shape investment behaviors like Financially literate students → remain engaged in investing but act selectively (cautious engagement). Financially fewer literate students → withdraw completely and prefer traditional savings (withdrawal). Thematic categories: “cautious engagement” vs. “withdrawal”. Analysis & Discussion: This indicates that financial literacy mediates the relationship between fraud exposure and investment behavior. Literate students interpret fraud as a warning to be more careful, while non-literate students interpret it as a threat that discourages them from investing. These findings reinforce Dewi et al. (2021) and Nugroho & Rahmawati (2022), which emphasize the role of literacy in mitigating the negative impacts of fraud. At the same time, this study also challenges Zunaida (2018), because not all exposure to fraud leads to negative perceptions—among Undiksha students, financial literacy transforms fear into caution.

CONCLUSION

This study concludes that fraudulent investment risks significantly influence student perceptions and investment behavior. Students with financial literacy tend to remain engaged in investing but adopt more cautious approaches, while those with limited knowledge often withdraw completely. Overall, fraud exposure increases caution rather than eliminating investment interest.

This research highlights the need for broader and more structured financial education programs for students. Future studies should adopt mixed-method or longitudinal approaches to examine how literacy training impacts student behavior over time, and how these insights can be applied in designing tailored investment education for young investors.

IMPLICATION/LIMITATION AND SUGGESTIONS

Implication

This study contributes to behavioral finance literature by demonstrating the mediating role of financial literacy in shaping how fraud exposure affects investment decisions, particularly in a localized university context. Universities should integrate investment and fraud awareness education across all faculties, not only economics, to ensure that students can transform fear into informed caution rather than avoidance. Regulators and policymakers (e.g., OJK, KSEI) need to strengthen financial literacy campaigns, provide transparent information on legal investment products, and intensify enforcement against fraudulent schemes.

Limitation

Sample Size and Scope, the study was conducted only at Ganesha University of Education with a limited number of student respondents. Hence, the findings may not be fully generalized to the broader student population in Indonesia. Methodological Limitation, the research relied primarily on qualitative interviews, which may introduce subjectivity and bias in data interpretation. A quantitative or mixed-method approach could provide more robust statistical evidence. Temporal Limitation, the study reflects perceptions at a particular point in time. Given that fraudulent investment cases and financial trends evolve rapidly, the results may change over time.

Suggestion

For Future Researchers, it is recommended to expand the sample to multiple universities and adopt a mixed-method or longitudinal study to capture changes in perception over time. For Universities, Academic institutions should integrate investment literacy programs into their curriculum and organize workshops on recognizing fraudulent schemes. For Regulators and Practitioners, financial authorities should intensify public awareness campaigns and provide accessible online platforms to verify the legality of investment products. Practitioners in the financial industry should promote transparent communication and investor education to reduce susceptibility to fraudulent investment offers.

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