

ABSTRACT

Financial risk tolerance is a crucial aspect of investment, particularly among Generation Z, who currently dominate the market in the digital economy era. As a generation that has grown alongside technological advancements, Generation Z has broader access to information and various investment instruments but also faces greater challenges in managing risk. This study aims to analyze the financial risk tolerance preferences of Generation Z, considering both behavioral factors and demographic characteristics.

This study adopts behavioral finance theory and prospect theory as the foundational constructs to examine the financial risk tolerance behavior of Generation Z. By integrating psychological aspects such as religiosity and herding behavior, this research explores the influence of religious values and the tendency to follow group decisions on investment choices under uncertainty. This quantitative research employs a non-probability sampling technique, specifically purposive sampling, based on predetermined respondent criteria. Data collection was conducted through the distribution of questionnaires to 170 respondents. The analytical method used in this study is binary logistic regression.

The results reveal that variables such as gender, income, marital status, religion, herding, and religiosity significantly influence the financial risk tolerance of Generation Z. However, the experience variable does not have a significant impact on financial risk tolerance.

Keywords: *Financial Risk Tolerance, Demographic Characteristics, Investment, Religiosity, Herding*

