

## The relationship of big 5 personality, risk preference, and financial constraint on investment behavior (Evidence: IFLS 5)

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### Abstrak

Pentingnya Big Five personality (openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism) telah diakui dalam berbagai studi tentang pengambilan keputusan keuangan, termasuk perilaku investasi. Namun, topik ini hanya sedikit dibahas dalam konteks negara berkembang, yang merupakan bagian penting dari populasi dunia dan di mana eksklusi keuangan menjadi masalah. Penelitian ini bertujuan untuk menguji peran Big Five personality terhadap perilaku investasi rumah tangga. Penelitian ini juga ingin mengetahui bagaimana preferensi resiko dan financial constraint dapat mempengaruhi perilaku investasi rumah tangga dengan menggunakan data dari IFLS 5. Penelitian ini menggunakan teknik regresi probit dengan alat bantu STATA. Hasil dari regresi probit menunjukkan bahwa openness to experience berpengaruh positif dan signifikan sedangkan neuroticism berpengaruh negatif dan signifikan terhadap household Stock Investment Decision. Risk preference juga menunjukkan hubungan yang positif dan signifikan terhadap household Stock Investment Decision dan financial constraint memiliki hubungan negatif dan signifikan terhadap household Stock Investment Decision.

.....The importance of the Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism) has been recognised in various studies on financial decision-making, including investment behaviour. However, this topic has been little discussed in the context of developing countries, which make up a significant part of the world's population and where financial exclusion is an issue. This study aims to examine the role of Big Five personality on household investment behaviour. This study also wants to know how risk preference and financial constraint can affect household investment behaviour using data from IFLS 5. This study uses probit regression technique with STATA. The result of probit regression shows that openness to experience has a positive and significant effect while neuroticism has a negative and significant effect on household stock investment decision. Risk preference also shows a positive and significant relationship to the household Stock Investment Decision and financial constraints have a negative and significant relationship to the household Stock Investment Decision.