



# Millennial Investor Analysis of Cryptocurrency Investments

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**Abstract.** Cryptocurrency transactions in Indonesia are carried out by millennial generation cryptocurrency investors, which have reached above Rp 470 trillion, a sudden and drastic decline in the value of crypto assets due to the ongoing Russian war against Ukraine. The nature of cryptocurrency is the fundamental reason for the large number of transactions against the phenomenon of a drastic decline due to the Russian war attacking Ukraine, so this study was conducted to analyze the behavior of Indonesian millennial generation investors who are active when investing in cryptocurrency on the Indodax exchange market and Crypto Shop. Analysis of the behavior of these investors is measured in terms of risk, return, perception, decision making towards cryptocurrency investment. This research data collection is primary data by distributing questionnaires to respondents of millennial generation cryptocurrency investors as many as 94 respondents. The results show that the risk and perception variables have a positive effect on the cryptocurrency investment variable, while the return and decision making variables have no effect on the cryptocurrency investment variable. From the results of this study concluded that the implications that are applied are still paying attention to the risks that will be accepted and considering the mindset when facing an increase or decrease in assets because it is very influential when making decisions later, then when the return offered is large, you must pay attention to the time when selling or buying because basically high risk high return so consideration is still needed.

**Keywords:** Risk; Return; Perception; Decision Making; Cryptocurrency Investment

## 1 Introduction

The industrial revolution 4.0 era where technological developments are accelerating brings almost all aspects of human life in the world, especially in economic activities in a new and technology-based direction, one of which is the development of investment, which is currently rife, namely cryptocurrency investment. Cryptocurrency is a technological or digitized currency. Currently, cryptocurrency transactions in Indonesia show that it has reached above Rp. 470 trillion and for transactions per day it reaches Rp. 2.5 trillion and even up to Rp. 2.7 trillion. Then it also states that cryptocurrency investors in Indonesia are aged 20 to 30 so this shows that most of them are millennials [1]. There is a movement that shows when the main crypto asset drops due to a phenomenon, namely bitcoin, a phenomenon that occurred on February 24, 2022, if bitcoin

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drops then all assets in cryptocurrency decrease. In the midst of the Russian war attacking Ukraine, at that time on February 24, 2022 in the morning before noon, data from CoinMarketCap at 11:00 digital coins (tokens) coins from cryptocurrency, namely Terra, which previously rose almost 7% to fall or weaken slightly.0.05% to the level of US\$ 55.44 per coin (assuming an exchange rate of IDR 14,355 per USD). Meanwhile, Bitcoin also decreased 6.9% to the level of US\$ 35,193.01 per coin or IDR 530,937,188 per coin, and Ethereum collapsed 7.69% to the level of US\$ 2,418.09 per coin (IDR 36,917,328 per coin). The increasingly heated geopolitics between Russia and Ukraine and other western countries is the cause of this phenomenon, namely the main crypto prices declining again. Whereas before the Russia-Ukraine conflict, cryptography prices had risen [2]. Previous research conducted by [3] says that even though cryptocurrency investment has a high risk, it has a significant rate of return. This is because cryptocurrency has been included in the futures exchange, absorbs digital technology, has a limited amount of supply, is free from cases of inflation, its security is protected by cryptography, and transaction costs are also lower. The risk of cryptocurrency investment is also influential because it is free from inflation, its security is protected by cryptography, and its transaction costs are lower. Risk in cryptocurrency investment also affects it because of its momentary change in value and lack of regulation. Then the next previous research, conducted by [4], conducted research to find out and analyze the perceptions and decision-making of millennials regarding future investment instruments. The study used the millennial generation as a population. The results of this study say that most of the respondents believe that perception and decision-making (knowledge, experience, and self-motivation) affect investment decisions. The difference and development, or novelty, of this research is that first, the sample of this research is focused on millennial generation investors who are active in the largest exchange market in Indonesia, namely Indodax and crypto shops, because they have a big influence. Second, the variables used in predicting or analyzing some of the influences of the millennial generation on cryptocurrency investment use four independent variables at once, namely a combination of research variables found in [3] and [4]. This is a differentiator at the same time that this research produces results that can be used to strengthen or even weaken the relationship between the independent variable and the dependent variable on millennial generation investors in cryptocurrency investment.

Based on the phenomenon that occurred, this study was conducted to test and analyze the effects of risk on millennial generation cryptocurrency investors' cryptocurrency investment, the effect of return on millennial generation cryptocurrency investors' cryptocurrency investment, the effect of perception on millennial generation cryptocurrency investors' cryptocurrency investment, and the effect of decision-making on millennial generation cryptocurrency investors' cryptocurrency investment. The data collection method used in conducting this research is by distributing questionnaires using a Likert scale through Google Forms to respondents, namely millennial cryptocurrency investors.

## 2 Method

This research uses quantitative methods with primary data. Based on the phenomena that occur, the population used in this study is an infinite or infinity population, namely

millennial generation cryptocurrency investors. This study used the purposive sampling method and formula from [5]. The purposive sampling method is a sampling technique or respondent of this research data source based on the following criteria [7]: (a) in the active community of the millennial generation of cryptocurrency users (the crypto-active investor group) (b) active millennial-generation cryptocurrency investors, so that the results are not biased and in accordance with the phenomena in this study (c) millennial-generation cryptocurrency investors who use the Indodax market exchange and Crypto Shop because they have a big influence and the research is more focused. The total sample in this study was 94 respondents. We use multiple linear regression, which aims to measure the strength of the relationship between variables and to show the direction of the relationship between the independent variable and the dependent variable [6]. In this study, multiple linear regression was used to test risk (X1), return (X2), perception (X3), and decision-making (X4) on cryptocurrency investment (Y). The following is a multiple regression model in this study, namely:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

### 3 Result and Discussion

The results of this study use validity and reliability tests to test the quality of the data. Thus, the resulting regression model is used to solve the problems in this study.

#### 3.1 Multiple regression analysis

Testing with the F test was carried out in this study, namely to test whether the research model was fit or not [6]. The test results of this study show the value of F-count = 17.238 > F-table = 2.47, p value = 0.000 = 0.050. So, Ho is rejected and Ha is accepted, which means that risk (X1), return (X2), perception (X3), and decision-making (X4) affect cryptocurrency investment (Y). So that the regression model used in this study, when viewed from the results of the F-count value = 17.238 > F-table = 2.47, p value = 0.000 = 0.050, is fit. The following hypothesis testing results are presented in Table 1 below.

**Table 1.** Regression test results

Hypothesis	t-statistic	t-table	Sig.	Decision
Risk → CI	2,333	1,985	0,028	H1 Supported
Return → C1	0,610	1,985	0,543	H2 Not Supported
Perception → CI	2,560	1,985	0,012	H3 Supported
Decision Making → CI	-0,452	1,985	0,652	H4 Not Supported

The regression results in Table 1 show that the risk variable t-count (2.233) > t-table (1.985) with a sig. 0.028 it can be concluded that H1 is accepted, which means that risk has a positive effect on cryptocurrency investment. Then the return variable t-count

(0.610) < t-table (1.985) with a sig. 0.543 it can be concluded that H2 is not accepted, which means that returns do not have a positive effect on cryptocurrency investment. Furthermore, the perception variable t-count (2.560) > t-table (1.985) with a sig. 0.012, it can be concluded that H3 is accepted, which means that perception has a positive effect on cryptocurrency investment. While the decision-making variable t-count (-0.452) > t-table (1.985) with a sig. 0.028, it can be concluded that H4 is not accepted, which means that decision making has a positive effect on cryptocurrency investment.

### 3.2 Discussion

**The Effect of Risk on Cryptocurrency Investment.** Based on the t test statistical test, the results of the independent variable of risk have a positive effect on cryptocurrency investment. This means that the higher the risk that affects the risk of uncertainty of future results, the higher the consideration of investors in investing in cryptocurrency. This is in line with the theory of this study that financial behavior or psychological phenomena in influencing financial behavior, one of which is risk. And the results of this study also support previous research conducted by [3] which states that risk has a positive effect on cryptocurrency investment.

**The Effect of Return on Cryptocurrency Investment.** Based on statistical testing of the t test, the results of the independent variable of return have no effect on cryptocurrency investment. This means that the greater the profit earned, the greater the need for consideration when there is an increase in the value of cryptocurrency. Based on the theory of this study, return is not supported as one of the factors that influence the financial behavior of cryptocurrency investment. And the results of this study are also not in accordance with previous research conducted by [3] which states that return has a positive effect on cryptocurrency investment.

**The Effect of Perception on Cryptocurrency Investment.** Based on t test statistical testing, the results of the independent variable of perception have a positive effect on cryptocurrency investment. This means that the higher the mindset that cryptocurrency investors have, the more selective the decisions they will make later. Based on these results in line with the theory of this study that financial behavior affects financial behavior, one of which is perception. The results of this study also support previous research conducted by [4] which states that perception or perception has a positive effect on cryptocurrency investment.

**The Effect of Decision Making on Cryptocurrency Investment.** Based on statistical testing of the t test, the results of the independent variable of decision making have no effect on cryptocurrency investment. This means that the view of time with other investor relations communication does not affect when selling or buying cryptocurrency assets. Based on these results, decision making as one of the factors that influence financial behavior is not proven to be supported by the theory used in this study. The results of this study are also not in accordance with previous research conducted by [4]

which states that decision making or decision making has a positive effect on cryptocurrency investment.

## 4 Conclusion

This study examines the effect of risk, return, perception, decision making on cryptocurrency investment. The results of testing and analysis that have been carried out can be concluded that risk and perception have a positive effect on cryptocurrency investment, while return and decision making have no effect on cryptocurrency investment. Research This study focuses on financial behavior research using independent variables of risk, return, perception, and decision-making. So, the limited variables used in this study cannot be denied if, in this study, there are many obstacles due to the limited literature or articles or journals used as references, requiring further research to find other variables as a differentiator or expanding related to the behavior of millennial generation cryptocurrency investors. This research only focuses on the Indodax market exchange and the Crypto Store, so the amount of data obtained is limited. Future research can expand the literature in national journals as a reference and can focus on the object of research on the Indonesian millennial generation, and researchers must be selective by improving the questionnaire to get answers or responses in accordance with the researcher's intention and existing indicators. For cryptocurrency investors and prospective cryptocurrency investors, the implications that can be done based on the tests that have been carried out, namely risk and perception, have a positive effect on cryptocurrency investment, so you should still pay attention to the risks received and the mindset that is based on problems that have been faced must still be developed because this will greatly affect the decisions made, namely when selling or buying crypto assets. Then, when the return that is suddenly offered is large, the implications that can be done must still pay attention to the time when going to sell or buy and survive because basically high risk, high return. The experience, knowledge, and skills that cryptocurrency investors have are very important in making investment decisions.

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