

## ABSTRACT

This study aims to obtain empirical evidence about the effect of risk tolerance mediation in the effect of financial literacy on investment intentions and the effect of mediating risk perception in the effect of financial literacy on investment intentions. There is inconsistent empirical evidence about the effect of financial literacy on investment intentions, namely there are studies that show positive, negative and no effect. The population in this study are investors in the Indonesian capital market with a number that has not been known with certainty. The sampling technique used in this study is non-probability sampling, which is a sampling method that does not provide equal opportunities for each element in the population. The criteria used in the sample are the samples are beginner individual investors who trade capital markets in Surabaya with student surrogates and are individual investors, and not institutional investors who trade at least once. This study uses 257 respondents. This study uses 4 latent variables and each variable has several indicators. This study uses a survey and analysis technique used is Structural Equation Modeling (SEM). The results of the analysis of the influence of financial literacy on investment intentions through risk tolerance indicate that the path coefficient is positive and significant. This means that risk tolerance can mediate the effect of financial literacy on investment intentions. When individuals have a high level of financial literacy, with high risk tolerance, the intention to invest is higher too. The results of the analysis of the influence of financial literacy on investment intentions through risk perception show that the path coefficient is negative and significant. This means that risk perception can mediate the effect of financial literacy on investment intentions. When individuals have a high level of financial literacy, with a low risk perception, the investment intention is higher.

Keyword: *financial literacy, risk tolerance, risk perception and intention to invest.*