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# The Impact of Financial Knowledge, Past Experience, and Current Income on the Stock Investment Performance of Individual Investors

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## Abstract

The study investigates the impact of financial knowledge, experience, and current income on the stock investment performance of individual investors in Indonesia. Using a quantitative descriptive approach, data were collected from 77 respondents through questionnaires and analyzed using multiple regression. The findings reveal that financial knowledge significantly enhances investment performance by improving decision-making, risk management, and portfolio diversification. Experience plays a pivotal role in helping investors adapt to market dynamics and refine strategies, positively impacting their performance. However, current income does not significantly influence investment performance, indicating that non-financial factors also shape investment success. This research contributes to the understanding of key factors influencing investment returns and provides practical insights for financial education and policy development, empowering individual investors to achieve better outcomes.

**Keywords:** Financial Knowledge, Past Experience, Current Income, Stock Investment Performance.

## 1. Introduction

Stock investment has become an attractive investment option for individuals seeking higher returns. Over the past few decades, the stock market has demonstrated significant potential in generating higher returns compared to other investment instruments such as deposits and bonds. In Indonesia, this interest has been reflected in rapid market growth, with the number of individual investors increasing by 425% between 2019 and 2023 (Indonesia Financial Services Authority, 2023)


**Figure 1.** Number of investors in Indonesia 2019-2023

However, this rapid increase in investor participation has not been matched by a corresponding improvement in investment outcomes. Empirical observations suggest that approximately 85–90% of individual investors fail to achieve optimal returns. (Aloysius, 2019). This discrepancy between participation and performance raises important questions about the underlying capabilities of these investors and whether they are adequately equipped to navigate the complexities of equity markets. Prior literature suggests that investor performance is significantly influenced by a combination of cognitive, experiential, and financial resource-related factors, namely: financial literacy, investment experience, and current income. (Kurniawati et al., 2022; J. Li et al., 2020; Z. Li et al., 2023).

Among these factors, financial literacy is widely acknowledged as a fundamental determinant of sound investment decisions. It encompasses an understanding of financial products, risk management, basic investment concepts, and market dynamics. Based on research conducted by J. Li et al. (2020), it shows that financial knowledge has a significant influence on the level of investor returns. Sound financial knowledge enables investors to make more informed investment decisions and avoid costly mistakes. (Suidarma et al., 2023). These results differ from those of Viryajaya & Handoyo (2022), which suggest that even though investors possess a high level of financial knowledge, they can still make irrational investment decisions, resulting in investment performance that does not yield positive results.

Investment experience is another important dimension that shapes investor behavior. Practical experience often provides valuable lessons that cannot be gained through theory. With experience, individuals are expected to develop better intuition, recognize market patterns, and improve their decision-making under uncertainty. Experienced investors tend to have a better understanding of market dynamics and can manage risk more effectively. (Huang, 2019). However, it also found that experience does not always produce positive outcomes in improving stock investment performance but can also lead to negative results. (Z. Li et al.,

2023). In some cases, experience can lead to overconfidence or other behavioral biases, resulting in irrational decisions (Theressa & Armansyah, 2022).

Current income, representing the investor's disposable financial capacity, directly influences the scope and risk appetite of their investments. Investors with higher incomes have more resources to invest in, allowing them to take greater risks and achieve better portfolio diversification. (Kurniawati et al., 2022). These results differ from previous research by Putri & Ishanah (2020)Suggest that the income level does not have a significant relationship with investment decisions. This is because individual preferences, goals, and behavioral traits also shape the influence of income level on investment performance. This reinforces the notion that the relationship between income and investment performance may be indirect or moderated by other variables such as risk tolerance and financial goals.

Taken together, these three variables—financial literacy, experience, and income—are often studied independently; however, less attention has been given to their combined or interactive effects, especially within the Indonesian context. Moreover, previous findings have been inconsistent, and it remains unclear under what conditions these factors lead to better investment performance.

This study aims to investigate the impact of these three factors on the stock investment performance of individual investors in Indonesia. The motivation behind this research is both academic and practical in nature. Academically, it contributes to existing literature by addressing conflicting findings and testing the relationships among these variables within the context of an emerging market. Practically, the study responds to the ongoing challenge of suboptimal investment outcomes among retail investors. By examining these factors comprehensively, this study aims to provide policymakers, financial educators, and investors with actionable insights that inform their decisions.

## 2. Literature Review

### 2.1. Financial Knowledge

Financial knowledge encompasses understanding financial concepts, risk-return relationships, and investment products. Investors with greater financial knowledge are better equipped to analyze market trends, evaluate financial reports, and utilize modern tools for trading and portfolio management (Joshi & Rawat, 2024; J. Li et al., 2020). This enables them to avoid common pitfalls such as speculative investing and overtrading. (Suidarma et al., 2023).

Moreover, financial literacy has a positive impact on portfolio diversification and risk-adjusted performance. (Malinda et al., 2024). Investors with a strong understanding of financial principles are also more likely to engage in long-term planning and adopt disciplined investment strategies (Jiang et al., 2020).

However, not all studies confirm a positive and direct relationship; in some cases, financial knowledge does not translate into improved investment performance. (Atmaningrum et al., 2021). This inconsistency is often attributed to the influence of behavioral biases, such as overconfidence or emotional investing, which may override rational decision-making. (Viryajaya & Handoyo, 2022). In such contexts, even knowledgeable investors may deviate from optimal strategies due to psychological and situational factors, suggesting that financial knowledge alone is insufficient without the ability to apply it effectively in practice.

### 2.2. Past Experience

Past investment experience enables individuals to adapt to market dynamics and refine strategies. Research suggests that experienced investors are more effective at managing risks and achieving consistent returns. (Huang, 2019). Experience interacts with psychological traits such as risk tolerance, emotional stability, and confidence. On the one hand, accumulated experience can reduce susceptibility to emotional biases, such as panic selling or overreacting to market news, because investors have previously encountered similar conditions and learned to maintain rationality. Repeated exposure to market dynamics enables investors to build psychological resilience and develop adaptive behaviors, particularly in times of financial uncertainty. (Yuliana et al., 2024). Furthermore, experience enhances an investor's ability to identify market inefficiencies and capitalize on opportunities. Long-term investors who have navigated market cycles tend to have a better grasp of behavioral biases, such as overconfidence and herd behavior, allowing them to mitigate irrational decision-making. (Z. Li et al., 2023).

On the other hand, experience may also lead to overconfidence, especially when past successes cause investors to overestimate their skills or underestimate market risks. This cognitive bias can lead to excessive trading, under-diversification, or the ignoring of contrarian indicators, particularly among younger generation investors who are not yet psychologically mature (Z. Li et al., 2023). These conflicting results may stem from differences in the type of experience (passive vs. active), duration (short-term vs. long-term), or context (bullish vs. bearish markets). Experience alone is not a guarantee of rational behavior; it must be accompanied by critical reflection and an ability to adapt, especially in unpredictable market environments (Akbar et al., n.d.; Heinke et al., 2024).

### 2.3. Current Income

Current income reflects an investor's financial capacity to allocate resources for investments. While higher income may provide flexibility and enable portfolio diversification, its direct impact on performance varies. (Kurniawati et al., 2022). Research suggests that income influences the ability to take on higher-risk investments, although behavioral factors often moderate this relationship. (Dewi Safitri et al., 2024). However, behavioral finance theories offer a more nuanced understanding by acknowledging that individual decision-making is not always rational and that income effects are filtered through psychological and cognitive processes. Low-income investors may exhibit loss aversion and heightened risk sensitivity, but they can also demonstrate creative and strategic behaviors to maximize limited resources.

Interestingly, studies also highlight that investors with limited income often demonstrate higher levels of financial creativity and strategic thinking. Investors who exhibit sound financial behaviors, particularly self-control, goal-setting, and disciplined saving, can achieve favorable investment outcomes even under income constraints. Such behavioral traits enable them to allocate limited capital consistently, avoid impulsive decisions, and adhere to long-term strategies, thereby mitigating the disadvantages typically associated with low income. (Djaelani & Zainuddin, 2021). By focusing on cost-efficient investment options, such as exchange-traded funds (ETFs) or dividend-paying stocks, these investors can achieve favorable outcomes despite income constraints. (Yeni et al., 2022).. Additionally, technological advancements have reduced entry barriers for small-scale investors. Digital platforms and fractional investing enable low-income individuals to participate in markets that were previously inaccessible to them. (Anggraeni & Putra, 2025). Coupled with prudent strategies, these investors can build meaningful portfolios over time.

### 2.4. Stock Investment Performance

Stock investment performance is measured through various indicators, including return on investment (ROI), alpha, beta, and the Sharpe ratio. ROI measures the profit gained from an investment relative to the initial investment amount, while alpha measures the excess return on investment compared to the market benchmark. Numerous factors, including financial knowledge, experience, and current income, influence stock investment performance. According to modern financial theory, investors with a good understanding of risk and return are better positioned to optimize their investment performance. (Ahmed et al., 2022; Kurniawati et al., 2022).

Stock investment performance measures the effectiveness and results achieved through investment activities conducted by individuals or organizations in the stock market. (Zhang et al., 2023). This performance can reflect the level of profit generated and the ability of investors to manage their assets effectively, thereby achieving their financial goals. (J. Li et al., 2020). Stock investment performance is also an indicator of the success of investors in implementing effective investment strategies, such as optimal asset allocation and adaptive portfolio management, in response to market changes. (Suidarma et al., 2023).

Based on the several definitions above, it can be concluded that Stock Investment Performance is the result achieved by individual investors in stock investment, both in terms of profit (return) and overall portfolio performance.

## 3. Methods

### 3.1. Research Design

This study employs a quantitative descriptive approach with a causal-comparative design to investigate the impact of financial knowledge, past investment experience, and current income on the stock investment performance of individual investors. The model is grounded in existing literature and behavioral finance theories, which highlight how individual characteristics and behaviors influence financial outcomes.

The research model diagram (Figure 2) illustrates the relationship and direction of influence among the main variables tested in this study.

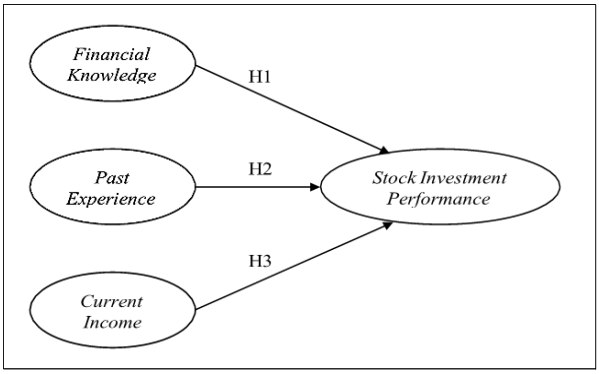


**Figure 2.** Research model

#### 3.1.1. Financial Knowledge and Stock Investment Performance

Financial knowledge is essential for making informed investment decisions. Understanding key financial concepts, such as risk management and diversification strategies, enables investors to avoid common mistakes, including overtrading or acting on rumors.

(Suidarma et al., 2023). Knowledgeable investors can apply diversification principles to mitigate risks by spreading investments across various assets, thereby reducing the overall portfolio's impact during market downturns. (Jiang et al., 2020). Additionally, financial knowledge enables investors to identify stocks with high potential returns, accurately assess risks and rewards, and make informed, balanced, and measured decisions. These capabilities ultimately contribute to improved portfolio management and enhanced stock investment performance. (J. Li et al., 2020).

$H_1$: Financial Knowledge has an impact on the Stock Investment Performance of Individual Investors.

#### 3.1.2. Past Experience and Stock Investment Performance

Past investment experience provides practical insights that go beyond theoretical knowledge. It equips investors with a deeper understanding of market dynamics and helps them learn from past mistakes, improving their strategies over time. (Huang, 2019). Experienced investors tend to make rational decisions and rely less on emotional responses, often using proven strategies based on their prior learnings. (Z. Li et al., 2023). Confidence gained from experience also helps them navigate market volatility more effectively, positively influencing their investment performance (Yuliani & Nurwulandari, 2023).

$H_2$: Past Experience has an impact on the Stock Investment Performance of Individual Investors.

#### 3.1.3. Current Income and Stock Investment Performance

Current income has a significant impact on an investor's financial capacity to invest. Higher income provides greater resources, enabling investors to absorb temporary losses and capitalize on favorable market opportunities (Kurniawati et al., 2022). It also enables better portfolio diversification, which is a key strategy for mitigating investment risks. (Dewi Safitri et al., 2024). Investors with higher income levels can take on greater risks in pursuit of higher returns. They can diversify their investments across various asset types, reducing overall portfolio risk. Moreover, higher income enables investors to manage their portfolios more effectively, thereby avoiding financial pressures that could negatively impact their investment decisions. (Kurniawati et al., 2022). Therefore, income levels can directly and indirectly influence stock investment performance by enabling greater diversification and better investment management.

$H_3$: Current Income has an impact on the Stock Investment Performance of Individual Investors.

### 3.2. Population and Sampling

The population of this study includes individual stock investors in Indonesia. A purposive sampling technique was employed to select respondents who met specific inclusion criteria: (1) being an active individual investor registered with a recognized Indonesian brokerage firm, (2) having at least one year of experience in stock investing, and (3) having conducted at least one stock transaction in the last twelve months.

Purposive sampling was chosen over random or probabilistic techniques because it provided the need for targeted insights from individuals with relevant experience and an understanding of stock market dynamics. This method ensures that the data collected is valid, reliable, and reflective of actual investor behavior, particularly when studying complex constructions such as financial decision-making and performance outcomes. Novice or inactive investors might lack the behavioral consistency required to support meaningful inferences, making them less suitable for this research context.

Initially, data were collected from 100 respondents. However, after screening for completeness and removing outliers, a final sample of 77 respondents was selected. This number was determined based on the commonly accepted rule of thumb in multiple regression analysis, which recommends a minimum of 15 respondents per predictor variable. Given that this study includes three predictor variables, a minimum of 45 respondents were required.

The final sample size of 77 not only satisfies this criterion but also strengthens the statistical power of the analysis. Additionally, this number was also influenced by practical considerations such as time constraints, accessibility, and available resources. While not intended to achieve broad generalization, the selected sample is considered adequate to produce credible and meaningful findings within the study’s scope.

### 3.3. Data Collection and Analysis

Primary data were collected through structured questionnaires consisting of Likert-scale items designed to measure financial knowledge, experience, and income levels. Secondary data were obtained from relevant academic and industry literature to provide theoretical support and context.

Data analysis was conducted using multiple regression analysis in SPSS to examine the relationships among the variables. To ensure the validity and reliability of the results, key assumptions of regression analysis, including normality, multicollinearity, and homoscedasticity, were tested. Additionally, a pilot study was conducted to validate the questionnaire, ensuring reliability and consistency in the respondents' answers.

## 4. Result

### 4.1. Description of Research Subjects

The description of the research subject includes the demographic characteristics of the respondents collected through the questionnaire. This study collected data from 77 respondents between August and December 2024.

The demographic profile of respondents highlights key characteristics:

- Gender: 57% male, 43% female.
- Education: 78% hold a bachelor's degree, with the remainder having varying levels of formal education.
- Investment Experience: 56% have 1-3 years of experience, 30% have 4-7 years, while the remainder have over 7 years of experience.
- Monthly Income: 47% earn IDR 6-9 million, followed by 25% earning IDR 3-5 million, and 28% earning more than IDR 10 million.

These statistics reflect a diverse sample, capturing insights from both novice and experienced investors, as presented in Table 1 below.

**Table 1.** Demographic profile of respondents

| Parameter | | Frequency | % |
|---|---|---|---|
| Gender | Male | 44 | 57% |
| | Female | 33 | 43% |
| Education level | SMA | 7 | 9% |
| | S1 | 60 | 78% |
| | S2 | 8 | 10% |
| | S3 | 2 | 3% |
| Investment Experience | 1-3 Years | 43 | 56% |
| | 4-7 Years | 23 | 30% |
| | 8-12 Years | 6 | 8% |
| | >12 Years | 5 | 6% |
| Income Level | 3-5 Million | 19 | 25% |
| | 6-9 Million | 36 | 47% |
| | 10-15 Million | 3 | 4% |
| | 16-25 Milion | 11 | 14% |
| | >25 Million | 8 | 10% |

**Table 2**. Research questionnaires

| No | Variable | Dimension | Indicator | | Statement |
|---|---|---|---|---|---|
| **X1** | Financial Knowledge (J. Li et al., 2020) | Understanding of basic financial concepts | Understanding of investment diversification | 1. | I understand the importance of diversification in reducing investment risks. |
| | | Understanding of risk and return | Understanding the relationship between risk and return | 2. | I understand that high-risk investments typically offer higher returns. |
| | | Understanding of financial instruments | Knowledge of stocks, bonds, and mutual funds | 3. | I am familiar with the differences between stocks, bonds, and mutual funds. |
| **X2** | Past Experience (Huang, 2019) | Experience in stock investment | Investment duration | 4. | I have been investing in stocks for over three years. |
| | | Transaction frequency | Frequency of buying and selling stocks | 5. | I make stock transactions at least once a month. |
| | | Experience dealing with risks | Response to market volatility | 6. | I have experienced losses due to a decline in stock prices. |
| **X3** | Current Income (Kurniawati et al., 2022) | Total monthly income | Main income | 7. | My main income is sufficient for living expenses and investments. |
| | | Additional income | Income from other sources | 8. | I have additional income in addition to my primary job. |
| | | Income allocation for investment | Proportion of income allocated to investment | 9. | I set aside a portion of my monthly income for stock investments. |
| **Y** | Stock Investment Performance (Zhang et al., 2023) | Return on Investment (ROI) | Investment return rate | 10. | My stock investments have provided satisfactory returns over the past 6 months. |
| | | Risk management | Ability to manage portfolio risks | 11. | I can reduce portfolio investment risks through diversification strategies. |
| | | Achievement of investment goals | Success in achieving investment targets | 12. | I feel that my investments align with my long-term financial goals. |

### 4.2. Description of Research Objects

The focus of this research will be on individual stock investment performance, assessed through several indicators, including the level of profit obtained from stock investment, the ability to diversify portfolios and manage market volatility, and the success of investors in achieving both short-term and long-term investment targets. This study hypothesizes that the investment performance of individual investors can be influenced by several primary factors, namely financial knowledge, experience, and current income level. These variables are translated through variable indicators, resulting in 12 questionnaire statements as detailed in Table 2.

### 4.3. Regression Analysis

Linear regression is a statistical method used to examine the relationship between one or more independent variables and a dependent variable. In this study, linear regression is employed to examine the influence of financial knowledge, experience, and current income on the stock investment performance of individual investors.

**Table 3**. Regression result

| Coefficients | | | | |
|---|---|---|---|---|
| | Model | Unstandardized B | t | Sig. |
| 1 | (Constant) | -2.669 | -5.990 | .000 |
| | Total_X1 | .532 | 10.114 | .000 |
| | Total_X2 | .604 | 7.388 | .000 |
| | Total_X3 | .082 | 1.391 | .168 |

The regression model revealed the following:

- Financial Knowledge ($\beta = 0.532$, $p < 0.05$) has a significant positive impact on stock investment performance.
- Past Experience ($\beta = 0.604$, $p < 0.05$) positively influences performance.
- Current Income ($\beta = 0.082$, $p > 0.05$) does not significantly affect performance.

The regression results indicate that both financial knowledge and experience have a significant and positive influence on stock investment performance. However, current income does not have a statistically significant effect, despite showing a positive coefficient.

This insignificance may indicate that income alone does not ensure better investment behavior. Although higher income provides greater capacity to invest, it does not necessarily enhance decision-making, risk management, or financial literacy —critical factors for achieving strong investment performance. In some cases, high-income individuals may rely on professional advisors, limiting their engagement. Meanwhile, lower or middle-income investors often offset limited capital by actively improving their financial knowledge and making more cautious and informed decisions. This supports the behavioral finance perspective that investor discipline and informed behavior matter more than financial capacity alone.

**Table 4**. R-squared result

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .965 | .931 | .928 | .832 |

The R-squared value of 93.1% indicates that the independent variables account for a substantial proportion of the variability in investment performance. Diagnostic tests confirmed the robustness of the regression model, with no issues of multicollinearity or heteroscedasticity observed.

### 4.4. Hypothesis Testing

#### 4.4.1. F-test

The F-test is conducted to assess the simultaneous influence of all independent variables on the dependent variable. This statistical test aims to determine whether the independent variables, when considered collectively, have a statistically significant impact on the dependent variable. The results of the F-test are presented in the following table.

**Table 5**. F-test result

| Anova | | | | |
|---|---|---|---|---|
| Sum of Squares | Df | Mean Square | F | Sig. |
| Regression | 684.327 | 3 | 329.374 | .000 |
| Residual | 50.556 | 73 | .693 | |
| Total | 734.883 | 76 | | |

Based on the analysis results, the F value exceeds the F table value with a p-value of less than 0.05, indicating that the independent variables (Financial Knowledge, Past Experience, and Current Income) can have a significant effect on Stock Investment Performance when considered simultaneously or together.

#### 4.4.2. t-test

The t-test is employed to examine the partial effect of each independent variable on the dependent variable. This statistical test aims to determine whether each independent variable has a significant influence on the dependent variable when assessed individually, while controlling for the effects of other variables in the model. The results of the t-test are presented in the following table.

**Table 6**. t-test result

| Coefficients | | | | |
|---|---|---|---|---|
| | Model | Unstandardized B | t | Sig. |
| 1 | (Constant) | -2.669 | -5.990 | .000 |
| | Total_X1 | .532 | 10.114 | .000 |
| | Total_X2 | .604 | 7.388 | .000 |
| | Total_X3 | .082 | 1.391 | .168 |

Based on the results of data analysis through SPSS, the t-test for each variable is explained as follows:

- The variable Financial Knowledge (X1) shows a significant number of 0.000 < p value of 0.05, so it can be concluded that H1 is accepted, which means that Financial Knowledge has a significant positive effect on the Stock Investment Performance variable.
- The variable Past Experience (X2) shows a sig number of 0.000 < p value 0.05, so it can be concluded that H2 is accepted, which means that Past Experience has a significant positive effect on the Stock Investment Performance variable
- Current Income (X3) variable shows a significant number 0.168 > p value 0.05, so it can be concluded that H3 is rejected, which means that Current Income does not have enough positive influence that can be said to be significant on the Stock Investment Performance variable.

This study is not without limitations. One key limitation is the relatively small sample size of 77 respondents, which may not sufficiently represent the broader population of retail investors in Indonesia. A larger and more diverse sample would likely provide more robust and generalizable results. Additionally, the data relied on self-reported responses, particularly regarding income levels and investment performance, which may be subject to biases or inaccuracies due to social desirability or personal misestimation.

The geographic distribution of respondents also presents a limitation. Most participants were drawn from urban areas, where access to financial education and investment infrastructure is typically higher. As a result, the findings may not fully reflect the behaviors and challenges faced by investors in rural or less developed regions. Furthermore, this study did not account for various external factors, such as macroeconomic conditions, market volatility, or the availability of financial advisory services, all of which could significantly influence investment performance.

## 5. Discussion

### 5.1. Financial Knowledge and Stock Investment Performance

The results of this study support the theory that financial knowledge plays a crucial role in enhancing stock investment performance. These findings are also in line with research conducted by J. Li et al. (2020), which found that good financial literacy is positively correlated with knowledge of wise investment decision-making.

Investors who possess sound financial understanding are more capable of navigating the complexities of the capital market. They are better equipped to interpret market signals, assess the risk-return profile of various instruments, and construct diversified portfolios that minimize risk exposure. Rather than reacting impulsively, these investors tend to make strategic decisions based on data and analysis. Financial knowledge also enables investors to leverage modern investment technologies and tools, such as AI-based trading applications and data analysis, which are becoming increasingly prevalent in the investment world.

This result also has substantial implications for the development of financial education programs. Policymakers and financial institutions should prioritize accessible and practical financial literacy initiatives, especially those that cover topics such as portfolio diversification, understanding financial instruments, and interpreting macroeconomic indicators. For example, programs like OJK's (Financial Services Authority of Indonesia) "Sikapi Uangmu" can be expanded to target novice investors with more tailored modules on capital markets and risk management.

In developed markets such as the United States, platforms like the FINRA Investor Education Foundation have demonstrated how structured financial education can help reduce investment mistakes and speculative behavior. Similar approaches adapted to the Indonesian context can empower more individual investors, ensuring their investment decisions are not solely driven by instinct or hearsay, but by informed understanding.

### 5.2. Past Experience and Stock Investment Performance

The results of this study demonstrate that experience has a significant impact on investment performance. This study corroborates the results of Huang (2019) This suggests that investing experience provides intuition that cannot be acquired through formal education. Investors who have faced market dynamics can better manage risk and develop more mature investment strategies based on learning from past mistakes.

Those who have faced market downturns or unexpected volatility are generally more adept at managing emotional responses and refining their strategies over time. These investors can identify recurring market patterns, such as reactions to geopolitical tensions or interest rate fluctuations, and utilize this insight to time their entries and exits more effectively.

The practical implication is that investor education should not be limited to theory. Simulated trading platforms, case-based learning, and mentorship from seasoned investors can help novice participants replicate real-world market scenarios. For instance, in many trading communities in Indonesia, experienced investors share lessons from their past losses during events like the 2008 global financial crisis or the COVID-19 pandemic-induced selloff in 2020. These shared experiences help build a knowledge base that theory alone cannot provide.

Encouraging such experiential learning, including via virtual investment labs or sandbox platforms supported by educational institutions or regulators, can shorten the learning curve for new market participants and enhance long-term investment success. As such, experience not only acts as a source of learning but also as a foundation for building confidence in investing. Furthermore, experience allows investors to more quickly adapt to new technologies and evolving investment approaches, such as the increasingly popular ESG (Environmental, Social, and Governance) based investments.

### 5.3. Current Income and Stock Investment Performance

The results of this study suggest that current income does not directly influence the improvement of stock investment performance. This result supports previous research by Putri & Ishanah (2020) and Kurniawati et al., (2022), which states that income levels do not have a significant relationship with investment decisions, income only affects investors' capacity to take risks and achieve optimal diversification. This is because the effect of income levels on the investment performance of each investor varies greatly depending on investor preferences. Higher income may provide more flexibility to invest and the capacity to absorb short-term losses, but this alone does not translate into better decision-making or higher returns.

This finding suggests that financial capacity must be accompanied by investment competence to yield strong performance. For instance, a salaried employee earning IDR 8 million per month who regularly studies the market and invests strategically may outperform a business owner earning IDR 30 million monthly but leaving decisions entirely to a third party.

From a policy perspective, this highlights the need to democratize access to financial knowledge across all income groups, rather than focusing solely on the affluent. Financial advisory services, simplified investor onboarding, and targeted awareness campaigns should be made available even to middle-income earners and first-time investors. Encouraging platforms like Bareksa or Ajaib to incorporate educational tools within their apps can help bridge this gap between income potential and actual investment performance.

In essence, while financial capacity determines how much one can invest, financial literacy and experience determine how well those funds are invested. A holistic approach that integrates education, practical experience, and access to technology will yield the most meaningful improvements in stock investment outcomes.

## 6. Conclusions

This study aims to analyze the effect of Financial Knowledge, Past Experience, and Current Income on individual Stock Investment Performance in Indonesia. Based on the analysis described in the previous chapter, it can be concluded that these three variables collectively have a significant influence on improving Stock Investment Performance.

Financial knowledge has been proven to play a crucial role in supporting informed investment decisions. Investors with a solid understanding of basic financial concepts, such as the relationship between risk and return and the importance of diversification, tend to be more effective in managing their investment portfolios. This knowledge allows investors to avoid common mistakes, such as following market trends without in-depth analysis.

Past Experience in investing also makes a significant positive contribution. More experienced investors tend to be more rational in dealing with market volatility and can adjust their investment strategies accordingly. This shows that experience is not only a practical learning but also a foundation for better decision-making in the future.

Current Income is another factor that provides stock portfolio diversification capabilities and flexibility to individual investors, but does not directly affect individual stock investment performance. Higher income provides investors with the financial flexibility to diversify their portfolios and take on greater risks. With sufficient resources, investors can overcome temporary losses and capitalize more effectively on market opportunities.

Overall, the combination of these three factors suggests that individual equity investment performance is influenced by intellectual ability, practical learning, and financial capacity. This research provides empirical evidence that successful investment management requires the integration of financial literacy, experience, and good income management.

These findings offer practical implications for both individual investors and policymakers. Individuals should focus on building financial competence and

gaining experience, whether through small-scale investing, simulated trading, or learning communities, rather than relying solely on financial capacity. Policymakers are encouraged to expand access to financial education programs, particularly those that incorporate experiential learning, simulation-based platforms, or mentoring systems, to bridge knowledge and exposure gaps across income groups.

Future research could expand by exploring psychological traits, such as risk tolerance or overconfidence, and their interactions with these three factors. Additionally, it could investigate the role of digital financial platforms in shaping investment behavior across different demographic groups, as well as assess how this combination of variables works in the context of different generations and economic classes.

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