Open Access Indonesia Journal of Social Sciences

Journal Homepage: https://journalsocialsciences.com/index.php/OAIJSS

The Impact of the New Normal Era on Investor Trading Behavior: Evidence from the IDX Capital Market School, Central Kalimantan Province, Indonesia

Ocmi Nidia Wardani[1*], Meina Wulansari Yusniar[1]

[1]Master of Management, Universitas Lambung Mangkurat, Banjarmasin, Indonesia

ARTICLE INFO

Keywords:
Investor behavior
New normal era
Return expectations
Risk perception
Risk tolerance

***Corresponding author:**
Ocmi Nidia Wardani

E-mail address:
ocminidia@gmail.com

All authors have reviewed and approved the final version of the manuscript.

https://doi.org/10.37275/oaijss.v7i5.266

A B S T R A C T

The COVID-19 pandemic and the subsequent "new normal" era have significantly impacted financial markets worldwide. This study investigates how investor perceptions, namely return expectations, risk tolerance, and risk perception, influence trading behavior in the Indonesian Stock Exchange (IDX) during this period. A quantitative approach was employed, utilizing a questionnaire to collect data from 50 active investors registered with the IDX Capital Market School in Central Kalimantan Province. Structural Equation Modeling (SEM) with SmartPLS 3.0 was used to analyze the data. The findings reveal that return expectations positively and significantly influence trading behavior. However, risk tolerance and risk perception were found to have no significant effect on trading behavior during the new normal era. These results suggest that investors in the IDX prioritize return expectations over risk considerations in the new normal era. This highlights the need for investor education and policy interventions to promote a more balanced approach to investment decision-making.

1. Introduction

The COVID-19 pandemic, declared a global pandemic by the World Health Organization (WHO), has unleashed a devastating economic crisis, leaving no country unscathed. The International Monetary Fund (IMF) reported a global economic contraction of -3.5% in 2020, with Indonesia experiencing a -2.1% contraction (Bank Indonesia, 2020). This crisis has profoundly impacted financial markets, including the Indonesian Stock Exchange (IDX), which saw a 4.08% decrease in market capitalization and a decline in average daily trading volume in 2020 (BEI, 2020). Paradoxically, amidst this economic downturn, the IDX experienced a remarkable surge in the number of investors. By the end of 2020, the number of Single Investor Identifications (SID) reached 3.87 million, marking a 56.21% increase from the previous year. Notably, the number of stock investors also rose by 53.47% to 1.68 million SID (KSEI, 2020). This unexpected growth in retail investors, often referred to as the "Robinhood Effect," has been observed in several markets and is attributed to factors such as low interest rates, increased accessibility to trading platforms, and government stimulus measures (Barber, 2013).

The pandemic has ushered in a "new normal" era, characterized by social distancing, remote work, and accelerated digital transformation. This shift has further fueled the adoption of online trading platforms and increased retail investor participation in the stock

market. Consequently, there is a renewed interest in understanding investor behavior, particularly in emerging markets like Indonesia. Traditional finance theories, which assume investors to be rational and risk-averse, have been challenged by behavioral finance, which acknowledges the role of psychological biases in investment decision-making. Behavioral finance posits that investors are not always rational and that their decisions are often influenced by emotions, heuristics, and cognitive biases (Pompian, 2012). This has led to a growing body of research examining the impact of investor perceptions on trading behavior.

Investor perceptions, including return expectations, risk tolerance, and risk perception, are crucial in shaping trading behavior. Return expectations refer to an investor's anticipated future returns from an investment. Risk tolerance is the degree of variability in investment returns that an investor is willing to withstand. Risk perception is an investor's subjective assessment of the potential for loss in an investment. These perceptions are not static and can be influenced by various factors, including market conditions, economic events, and personal experiences. Previous research has shown that investor perceptions can significantly influence trading behavior. For instance, Hoffman (2013) found that during the 2008 financial crisis, investor return expectations and risk tolerance decreased, while risk perception increased, leading to changes in trading and risk-taking behavior. However, these effects were found to be short-lived, with perceptions and behavior returning to pre-crisis levels as the crisis subsided.

In the context of the new normal era, it is essential to re-examine the relationship between investor perceptions and trading behavior. The unique circumstances of the pandemic and the shift towards digitalization may have altered investor psychology and decision-making processes. This study aims to fill this gap by investigating how return expectations, risk tolerance, and risk perception affect trading behavior in the IDX during the new normal era. The Indonesian context provides a unique setting for this study. As an emerging market, Indonesia has a growing number of retail investors who are relatively new to the stock market. The pandemic has accelerated this trend, with many individuals turning to online trading platforms as a means of generating income or diversifying their investments. However, these investors may be more susceptible to behavioral biases and less informed about the risks involved in trading. This study focuses on the IDX, the primary stock exchange in Indonesia. The IDX has experienced significant growth in recent years, driven by factors such as economic development, regulatory reforms, and increased investor awareness. However, the pandemic has posed new challenges for IDX, including increased market volatility, heightened risk perception, and changing investor behavior. The findings of this study will have important implications for policymakers, financial institutions, and investor education programs. By understanding how investor perceptions influence trading behavior in the new normal era, we can develop targeted interventions to promote informed decision-making, mitigate risks, and enhance investor confidence in the Indonesian stock market. This study builds upon previous research on investor behavior and behavioral finance. It extends the work of Hoffman et al. (2013) by examining the impact of investor perceptions on trading behavior in the specific context of the new normal era in Indonesia. It also contributes to the literature on emerging markets by providing insights into the unique challenges and opportunities faced by investors in these markets.

2. Literature Review

The COVID-19 pandemic has had a profound impact on the global economy and financial markets. The resulting economic crisis has led to significant disruptions, including market volatility, heightened risk perception, and changing investor behavior (Zhang, 2020). This has sparked a renewed interest in

understanding how investors make decisions in times of uncertainty and how their perceptions of risk and return influence their trading behavior.

Traditional finance vs. behavioral finance

Traditional finance theories, rooted in neoclassical economics, assume that investors are rational actors who make decisions based on maximizing their utility and minimizing risk. These theories often rely on mathematical models and statistical analysis to predict market behavior and investor choices. However, the real-world behavior of investors often deviates from these rational expectations. Behavioral finance, a relatively new field, seeks to bridge this gap by incorporating insights from psychology and other social sciences into the study of financial markets. It recognizes that investors are not always rational and that their decisions can be influenced by emotions, cognitive biases, and heuristics (Pompian, 2012). This has led to a growing body of research examining the role of investor psychology in financial decision-making.

Investor perceptions and trading behavior

Investor perceptions, including return expectations, risk tolerance, and risk perception, are central to behavioral finance. Return expectations refer to an investor's anticipated future returns from an investment. Risk tolerance is the degree of variability in investment returns that an investor is willing to withstand. Risk perception is an investor's subjective assessment of the potential for loss in an investment. These perceptions are not static and can be influenced by various factors, including market conditions, economic events, and personal experiences. For instance, during the 2008 financial crisis, Hoffman (2013) found that investor return expectations and risk tolerance decreased, while risk perception increased. These changes in perceptions led to shifts in trading and risk-taking behavior, with investors becoming more cautious and risk-averse. However, these effects were found to be short-lived, with perceptions and behavior returning to pre-crisis levels as the crisis subsided. This suggests that investor perceptions are dynamic and can adapt to changing market conditions.

The impact of COVID-19 on investor behavior

The COVID-19 pandemic has presented a unique opportunity to study investor behavior in times of extreme uncertainty and volatility. The pandemic has not only caused a global health crisis but also triggered a severe economic downturn, leading to widespread job losses, business closures, and financial hardship. Studies have shown that the pandemic has significantly impacted investor behavior. For example, Gurbaxani (2021) found that the pandemic led to a 43% decrease in systematic investment plan (SIP) investments in India. Similarly, Allam (2020) reported that investor expectations fluctuated significantly during the pandemic, with Egyptian investors remaining active in trading but foreign and Arab investors reducing their participation. The pandemic has also accelerated the adoption of online trading platforms, as social distancing measures and lockdowns forced investors to turn to digital channels for their investment needs. This has led to a surge in retail investor participation in the stock market, particularly among younger generations who are more comfortable with technology.

The new normal era and investor behavior

The "new normal" era, characterized by social distancing, remote work, and digital transformation, has further altered investor behavior. The increased reliance on digital platforms has made it easier for investors to access information, analyze market trends, and execute trades. This has empowered retail investors and democratized access to financial markets. However, the new normal era has also brought new challenges. The ongoing uncertainty surrounding the pandemic, coupled with the economic

fallout, has heightened risk perception and increased market volatility. This has made it more difficult for investors to predict market movements and make informed investment decisions. Moreover, the new normal era has amplified the role of behavioral biases in investor decision-making. The fear of missing out (FOMO), herd behavior, and overconfidence are just a few examples of biases that can lead to irrational investment choices. The constant stream of news and information, often amplified by social media, can further exacerbate these biases.

3. Methods

This study employed a quantitative research design to examine the impact of the new normal era on investor trading behavior in the Indonesian Stock Exchange (IDX). The study specifically focused on members of the IDX Capital Market School in Central Kalimantan Province, who are considered active investors in the Indonesian stock market. A cross-sectional survey design was utilized to collect data at a single point in time. This design is appropriate for examining the relationships between variables at a specific moment, providing a snapshot of investor perceptions and trading behavior during the new normal era. The study population consisted of all active investors registered with the IDX Capital Market School in Central Kalimantan Province. A purposive sampling technique was employed to select a sample of 50 investors who met the following criteria: Have been investing in the stock market for at least two years; Have actively traded in the stock market within the past two years; Have actively participated in the IDX Capital Market School program. These criteria were chosen to ensure that the participants had sufficient knowledge and experience in stock market investing to provide meaningful responses to the survey questions.

Primary data were collected through a structured questionnaire administered online via Google Forms. The questionnaire was designed to measure investor perceptions (return expectations, risk tolerance, and risk perception) and trading behavior. Return Expectations: This construct was measured using five items on a five-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree). The items assessed the investors' optimism about future returns, the attractiveness of potential gains, and the perceived risk-return tradeoff in the new normal era. Risk Tolerance: This construct was measured using four items on a five-point Likert scale. The items evaluated the investors' willingness to accept risk, preference for risky investments, and comfort level with uncertainty in the stock market. Risk Perception: This construct was measured using five items on a five-point Likert scale. The items assessed the investors' perceived level of risk in the market, the potential for losses, and the perceived safety of investments in the new normal era. Trading Behavior: This construct was measured using the frequency of trading, which is the number of buy or sell transactions made by the investor in a given period. Participants were asked to report their average monthly trading frequency during the new normal era.

The items used to measure the constructs in this study are based on a five-point Likert scale, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree." Return Expectations (X1): X1P1: "During the new normal era, my investment (trading) behavior will generate positive returns." This item assesses the investor's optimism about achieving positive returns in the new normal era; X1P2: "I am interested in the projected returns from my investment funds during the new normal era." This item gauges the investor's interest in and focuses on the potential returns of their investments; X1P3: "Investment returns during the new normal era are quite attractive and competitive compared to the situation before the new normal era." This item compares the perceived attractiveness of investment returns in the new normal era to the pre-pandemic period; X1P4: "The investment returns offered during the new normal era are commensurate with the risks involved." This item

assesses the investor's perception of the risk-return tradeoff in the new normal era; X1P5: "The level of returns and risks faced during the new normal era align with my expectations." This item evaluates the alignment between the investor's expectations and the actual risk-return dynamics in the new normal era. Risk Tolerance (X2): X2P1: "During the new normal era, I prefer certainty over uncertainty when investing." This item measures the investor's aversion to uncertainty and their preference for predictable outcomes in their investments; X2P2: "During the new normal era, I avoid risks when investing." This item directly assesses the investor's risk aversion and their tendency to avoid risky investments; X2P3: "During the new normal era, I like to take risky investments such as stocks." This item contrasts with the previous item and measures the investor's willingness to engage in riskier investment options like stocks; X2P4: "During the new normal era, I like to 'play it safe' when investing." This item reinforces the assessment of risk aversion and the investor's preference for conservative investment strategies. Risk Perception (X3); X3P1: "Investments during the new normal era carry certain risks that I must bear."; X3P2: "I will experience financial losses if I invest during the new normal era." This item assesses the investor's perception of the likelihood of incurring financial losses due to investments in the new normal era; X3P3: "Investing during the new normal era may not be entirely safe." This item gauges the investor's confidence in the safety and security of investments in the current environment; X3P4: "I consider investing to be riskier during the new normal era than before the pandemic." This item compares the investor's perceived risk levels in the new normal era to the pre-pandemic period; X3P5: "I feel that investing during the new normal era involves a lot of uncertainty." This item assesses the investor's perception of the overall uncertainty and unpredictability of the investment landscape in the new normal era. Trading Behavior (Y): Y1P1: "I routinely trade every month during the new normal era." This item measures the frequency of the investor's trading activities, indicating their level of engagement in the stock market; Y1P2: "I trade when prices start to move with an upward trend during the new normal era." This item assesses the investor's tendency to follow market trends and buy when prices are rising; Y1P3: "I trade by taking advantage of price fluctuations by looking at weekly charts during the new normal era." This item evaluates the investor's use of technical analysis and their reliance on chart patterns to make trading decisions; Y1P4: "I engage in short-term daily trading when there are price spikes during the new normal era." This item measures the investor's propensity for short-term trading and their responsiveness to sudden price changes; Y1P5: "I trade within a single day by taking advantage of price volatility during the new normal era." This item further emphasizes the investor's inclination towards short-term trading and their ability to capitalize on price volatility.

The collected data were analyzed using Structural Equation Modeling (SEM) with SmartPLS 3.0 software. SEM is a multivariate statistical technique that allows for the examination of complex relationships between multiple variables. SmartPLS is a widely used SEM software that is particularly suitable for analyzing data with non-normal distributions and small sample sizes, as is the case in this study. The SEM analysis involved two main steps: 1. Measurement Model Assessment: This step involved assessing the reliability and validity of the measurement model, which specifies how the latent constructs (return expectations, risk tolerance, risk perception, and trading behavior) are measured by the observed variables (questionnaire items). The reliability of the constructs was assessed using Cronbach's alpha and composite reliability, while the validity was assessed using convergent validity and discriminant validity. 2. Structural Model Assessment: This step involved testing the hypothesized relationships between the latent constructs. The structural model specifies the causal relationships

between the constructs, with return expectations, risk tolerance, and risk perception as the independent variables and trading behavior as the dependent variable. The significance of the path coefficients was assessed using bootstrapping, a non-parametric resampling technique. The model fit was evaluated using the R-squared value, which indicates the proportion of variance in the dependent variable explained by the independent variables. Prior to data collection, ethical approval was obtained from the relevant institutional review board. Participants were informed about the purpose of the study, their rights as participants, and the confidentiality of their responses. Participation in the study was voluntary, and participants were free to withdraw at any time without penalty.

4. Results and Discussion

Table 1 presents the demographic characteristics of the respondents in the study. The majority of respondents were male (72%), between the ages of 25 and 40 (68%), and single (70%). Most respondents held a diploma or bachelor's degree (86%) and were employed in the private sector (28%), followed by civil servants (24%) and entrepreneurs (18%). Over half of the respondents (54%) had less than two years of investment experience, and the most common income bracket was between Rp 5,000,000 and Rp 10,000,000 (56%).

Table 1. Characteristics respondent.

Characteristic	Frequency	Percentage (%)
Gender		
Male	36	72%
Female	14	28%
Age		
<25 years	10	20%
25-40 years	34	68%
40-60 years	6	12%
>60 years	0	0%
Marital status		
Single	35	70%
Married	15	30%
Education		
≤ High school	3	6%
Diploma/Bachelor's	43	86%
Postgraduate	4	8%
Doctorate	0	0%
Occupation		
Student	1	2%
Private employee	14	28%
Civil servant	12	24%
State-owned enterprise employee	8	16%
Entrepreneur	9	18%
Other	6	12%
Investment experience		
≤ 2 years	27	54%
2-5 years	20	40%
>5 years	3	6%
Income		
< Rp 5,000,000	18	36%
Rp 5,000,000 - Rp 10,000,000	28	56%
Rp 10,000,000 - Rp 20,000,000	4	8%
> Rp 20,000,000	0	0%

Table 2 displays the results of the measurement model assessment, which evaluates the reliability and validity of the constructs used in this study. Reliability: The reliability of each construct, indicating the internal consistency of the items measuring it, was assessed using Cronbach's alpha and composite reliability. All constructs demonstrated acceptable reliability, with Cronbach's alpha values ranging from 0.762 to 0.869 and composite reliability values ranging from 0.816 to 0.904. These values exceed the recommended threshold of 0.70, suggesting that the items within each construct are consistently measuring the same underlying concept. Convergent Validity: Convergent validity, which assesses the extent to which the items measuring a construct are correlated with each other, was evaluated using the average variance extracted (AVE). All constructs exhibited adequate convergent validity, with AVE values exceeding the recommended threshold of 0.50. This indicates that more than 50% of the variance in each construct is explained by its indicators, suggesting that the items are indeed measuring the intended construct. Overall, the results of the measurement model assessment indicate that the constructs used in this study are reliable and valid measures of return expectations, risk tolerance, risk perception, and trading behavior.

Table 2. The measurement model assessment.

Construct	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Return Expectations (X1)	0.763	0.833	0.501
Risk Tolerance (X2)	0.762	0.816	0.534
Risk Perception (X3)	0.798	0.846	0.588
Trading Behavior (Y)	0.869	0.904	0.654

Table 3 presents the results of the structural model assessment, which tests the hypothesized relationships between investor perceptions (return expectations, risk tolerance, and risk perception) and trading behavior. H1: Return Expectations (X1) -> Trading Behavior (Y): The path coefficient ($\beta = 0.427$) is positive and statistically significant ($p < 0.05$), supporting the hypothesis that higher return expectations lead to increased trading frequency. This suggests that investors who anticipate higher returns are more likely to engage in active trading. H2: Risk Tolerance (X2) -> Trading Behavior (Y): The path coefficient ($\beta = 0.094$) is positive but not statistically significant ($p > 0.05$), indicating that risk tolerance does not have a significant impact on trading frequency. This implies that an investor's willingness to take risks does not necessarily translate into more frequent trading. H3: Risk Perception (X3) -> Trading Behavior (Y): The path coefficient ($\beta = 0.190$) is positive but not statistically significant ($p > 0.05$), suggesting that risk perception does not significantly influence trading frequency. This means that an investor's perceived level of risk in the market does not significantly affect how often they trade. Overall, these findings indicate that only return expectations significantly influence trading behavior in the new normal era. Risk tolerance and risk perception, while having positive coefficients, do not play a significant role in determining trading frequency among the studied investors.

Table 3. Results of structural model assessment.

Hypothesis	Path coefficient (β)	T-statistic	p-value	Result
H1: Return Expectations (X1) -> Trading Behavior (Y)	0.427	3.439	0.001	Accepted
H2: Risk Tolerance (X2) -> Trading Behavior (Y)	0.094	0.426	0.671	Rejected
H3: Risk Perception (X3) -> Trading Behavior (Y)	0.190	1.144	0.253	Rejected

The COVID-19 pandemic has introduced an unparalleled level of uncertainty and volatility into financial markets, prompting investors to re-evaluate their risk tolerance and potentially adopt a more conservative trading approach, irrespective of their inherent risk preferences. This phenomenon can be attributed to several factors. First and foremost, the pandemic has triggered a global economic crisis, leading to widespread disruptions in supply chains, business closures, and job losses. The resulting economic downturn has created a climate of fear and uncertainty, causing investors to become more risk-averse. This is consistent with the findings of Gurbaxani (2021), who reported a significant decrease in systematic investment plan (SIP) investments in India during the pandemic. The uncertainty surrounding the duration and severity of the pandemic, as well as its long-term economic consequences, has made it difficult for investors to accurately assess the risk-return tradeoff of their investments. Moreover, the pandemic has led to increased market volatility, with stock prices experiencing sharp fluctuations and heightened risk perception. This volatility can be attributed to various factors, including the unpredictable nature of the virus, changing government policies, and fluctuating investor sentiment. As noted by Zhang (2020), the pandemic has increased financial market risk globally. This increased volatility can make even risk-tolerant investors more cautious, as they may be concerned about the potential for significant losses.

Furthermore, the pandemic has highlighted the interconnectedness of global financial markets. The rapid spread of the virus across borders has demonstrated how economic shocks in one country can quickly transmit to others. This interconnectedness has amplified the perceived risks associated with investing, as investors may be concerned about the potential for contagion effects and systemic risks. The psychological impact of the pandemic cannot be overlooked. The fear and anxiety caused by the health crisis, coupled with the economic uncertainty, can significantly influence investor behavior. Studies have shown that emotions play a crucial role in financial decision-making, and the pandemic has undoubtedly heightened emotional responses among investors. This can lead to irrational decision-making, such as panic selling or herd behavior, which can further exacerbate market volatility. In addition to these factors, the pandemic has also led to changes in investor demographics. The rise of retail investors, facilitated by the increased accessibility of online trading platforms, has introduced a new cohort of investors who may have different risk preferences and investment strategies compared to traditional institutional investors. These retail investors may be more susceptible to behavioral biases and less informed about the risks involved in trading, which could further contribute to the observed shift towards more cautious trading behavior. The findings of this study, which show a lack of a significant relationship between risk tolerance and trading behavior, are consistent with the notion that the pandemic has led investors to reassess their risk tolerance and adopt a more cautious approach to trading. This is in line with the observations of Roszkowski (2010), who found that risk tolerance can be influenced by external factors and may not always

align with an individual's stated risk preferences. The COVID-19 pandemic has created an environment of heightened uncertainty and volatility in financial markets, prompting investors to re-evaluate their risk tolerance and adopt a more cautious approach to trading. This shift in investor behavior can be attributed to various factors, including the economic downturn, increased market volatility, heightened risk perception, the psychological impact of the pandemic, and changes in investor demographics. Understanding these factors is crucial for policymakers, financial institutions, and investors themselves, as it can help them navigate the challenges and opportunities of the new normal era.

The COVID-19 pandemic has ushered in an era of unprecedented change, reshaping the landscape of financial markets worldwide. One of the most notable transformations has been the surge in retail investor participation in the stock market. This phenomenon, often dubbed the "Robinhood Effect," is characterized by a significant influx of individual investors, many of whom are new to the world of trading and investing. This surge has been particularly pronounced in the Indonesian Stock Exchange (IDX), where the number of investors grew by a staggering 56.21% in 2020, reaching 3.87 million (KSEI, 2020). Several factors have contributed to this surge in retail investor participation. The increased accessibility of online trading platforms, coupled with the proliferation of mobile trading apps, has democratized access to financial markets, making it easier than ever for individuals to buy and sell stocks. The user-friendly interfaces, fractional share trading options, and commission-free trades offered by these platforms have lowered the barriers to entry for new investors. Moreover, the fear of missing out (FOMO) on potential gains has played a significant role in driving retail investor participation. The pandemic-induced market volatility, coupled with the remarkable recovery of certain stocks, has created a sense of urgency among investors to capitalize on market opportunities. The widespread media coverage of successful retail investors and the allure of quick profits have further fueled this FOMO sentiment.

However, this surge in retail investor participation has raised concerns about the experience and knowledge levels of these new investors. Many of them may have a limited understanding of financial markets, investment strategies, and risk management principles. This lack of experience and knowledge can lead to suboptimal investment decisions, excessive risk-taking, and ultimately, financial losses. The findings of this study, which examined the relationship between investor perceptions and trading behavior in the IDX during the new normal era, provide some evidence to support these concerns. The study found that risk tolerance, a measure of an investor's willingness to accept risk, did not significantly influence trading behavior. This suggests that investors' trading decisions may not be aligned with their risk preferences, potentially due to a lack of understanding of the risks involved. This lack of alignment between risk tolerance and trading behavior could be attributed to several factors. Firstly, new investors may be overconfident in their ability to predict market movements and generate profits. This overconfidence bias can lead them to underestimate the risks involved in trading and engage in excessive risk-taking. Secondly, new investors may be more susceptible to herd behavior, which is the tendency to follow the actions of others rather than making independent decisions. This can lead to a "bandwagon effect," where investors pile into popular stocks without fully understanding the underlying risks. Thirdly, the new normal era has seen a proliferation of information and misinformation about financial markets, often spread through social media and online forums. This can make it difficult for new investors to distinguish between reliable information and hype, leading them to make impulsive and uninformed investment decisions. The findings of this study have important implications for investor education and

financial literacy programs. There is a need for greater emphasis on educating new investors about the risks involved in trading, the importance of diversification, and the benefits of long-term investing. Financial institutions and regulatory bodies also have a role to play in promoting responsible investing and protecting investors from potential harm. The surge in retail investor participation in the stock market during the new normal era is a complex phenomenon with both positive and negative implications. While it has democratized access to financial markets and empowered individual investors, it has also raised concerns about the experience and knowledge levels of these new investors. The findings of this study suggest that risk tolerance may not be a significant predictor of trading behavior among these investors, potentially due to overconfidence, herd behavior, and the influence of misinformation. This highlights the need for greater investor education and financial literacy programs to ensure that investors are making informed and responsible investment decisions.

The proliferation of information and analysis tools in recent years has significantly transformed the investment landscape. Investors now have unprecedented access to a wealth of data and resources that can aid them in making informed investment decisions. This abundance of information has democratized the investment process, empowering both novice and seasoned investors with the tools to analyze market trends, evaluate company performance, and assess risk factors. One of the key advancements in this regard is the rise of online trading platforms and financial news websites. These platforms provide real-time market data, news updates, and analysis tools, enabling investors to stay abreast of the latest developments and make timely decisions. Additionally, the advent of robo-advisors and algorithmic trading has further automated the investment process, allowing investors to execute trades based on pre-defined rules and strategies. Furthermore, the proliferation of social media and online forums has created new avenues for investors to share information, exchange ideas, and learn from each other. This has fostered a sense of community and collaboration among investors, facilitating the dissemination of knowledge and insights.

The increased availability of information and analysis tools has the potential to reduce the reliance on risk tolerance as a primary driver of trading behavior. Traditionally, risk tolerance has been considered a key determinant of investment choices, with risk-averse investors preferring safer assets and risk-tolerant investors opting for riskier assets with higher potential returns. However, the abundance of information now available to investors allows them to make more informed decisions based on data and analysis rather than solely on their risk preferences. For instance, investors can now access detailed financial statements, analyst reports, and economic forecasts, which can help them assess the risk and return potential of different investments. They can also use technical analysis tools to identify trends and patterns in market data, which can inform their trading decisions. Moreover, the ability to backtest trading strategies and simulate different scenarios can help investors understand the potential risks and rewards of their investment choices.

This shift towards data-driven decision-making has several implications for investor behavior. Firstly, it may lead to a more rational and less emotional approach to investing. By relying on data and analysis, investors can avoid making impulsive decisions based on fear or greed. Secondly, it may encourage investors to diversify their portfolios and spread their risks across different asset classes. This is because they can now access information about a wider range of investment options and assess their risk-return profiles more effectively. Thirdly, the increased availability of information may lead to a more active trading style among some investors. As they gain access to more real-time data and analysis tools, they may be tempted to trade more frequently in an attempt

to capitalize on short-term market movements. However, this could also lead to higher transaction costs and increased risk if not managed carefully. The impact of information availability on risk tolerance is a complex issue with varying viewpoints in the literature. Some studies suggest that increased information can lead to a decrease in risk aversion, as investors become more confident in their ability to assess and manage risks (Merkle, 2014). Others argue that more information can actually increase risk aversion, as investors become more aware of the potential downsides of their investments (Hoffmann, 2015). The relationship between information availability and risk tolerance is likely to be influenced by various factors, such as the investor's level of financial literacy, their investment experience, and their personality traits. For instance, investors with higher financial literacy may be better equipped to interpret and utilize the available information, leading to a more informed assessment of risks and a potentially lower level of risk aversion. The increased availability of information and analysis tools has significantly transformed the investment landscape, empowering investors with the resources to make more informed decisions. While this may have reduced the reliance on risk tolerance as a primary driver of trading behavior, the relationship between information availability and risk tolerance is complex and multifaceted. Further research is needed to fully understand the impact of information on investor behavior and to develop effective strategies for promoting informed decision-making in the new normal era.

5. Conclusion

The findings highlight the importance of return expectations in driving trading behavior in the IDX during the new normal era. However, the lack of a significant relationship between risk tolerance risk perception, and trading behavior raises concerns about the rationality of investor decision-making in this period. These results have important implications for policymakers, financial institutions, and investor education programs. There is a need for greater emphasis on risk management and investor education to ensure that investors are making informed decisions based on a comprehensive understanding of the risks and potential returns involved. Additionally, regulatory measures may be necessary to curb excessive risk-taking and protect investors from potential losses.

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