# INFLUENCE OF FOMO (*FEAR OF MISSING OUT*) AND FINANCIAL MANAGEMENT ON INVESTMENT DECISION MAKING AMONG GENERATION Z STUDENTS

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## ABSTRACT

**Purpose**: This study investigates the influence of Fear of Missing Out (FoMO) and financial management on investment decision-making among Generation Z, with financial literacy as a moderating variable. **Methodology**: This is a quantitative study with 80 respondents from the 2021 Accounting cohort at UPN "Veteran" Jawa Timur. Data were analyzed using SEM-PLS (SmartPLS 4). **Findings**: FoMO and financial management significantly influence investment decisions. Financial literacy strengthens the influence of both FoMO and financial management. **Results**: Path coefficients indicate significant relationships (FoMO → Investment Decisions: $\beta$ = 0.427, $p < 0.001$; Financial Management → Investment Decisions: $\beta$ = 0.465, $p < 0.001$; FoMO → Financial Literacy → Investment Decisions: $\beta$ = 0.465, $p < 0.000$; Financial Management → Financial Literacy → Investment Decisions: $\beta$ = 0.395, $p < 0.000$). $R^2$ for investment decision = 0.677, $Q^2$ = 0.435. **Novelty**: This study offers a combined psychological and financial behavioral perspective on Gen Z investment decisions. **Originality**: It integrates financial literacy as a moderator in the link between emotion-driven and rational behaviors. **Conclusion**: Emotional and managerial factors significantly impact young investors. Financial literacy enhances decision-making quality. **Type of Paper**: Quantitative empirical research.

# INTRODUCTION

Generation Z in general are individuals born between 1995 and 2010 who are digital natives (Kristyowati, 2021) . They are referred to as the digital native generation because they have much wider access to information and digital platforms than previous generations. Although they have many advantages, this generation also has weaknesses, such as a tendency to lack patience and prefer instant things. Generation Z is part of a society that also wants financial stability and long-term prosperity. One of the steps that can be taken is to allocate a portion of income in a planned manner, namely by investing.

Generation Z is now also starting to see investment as a step that will not only help them achieve financial stability, but also increase their wealth in the future. Investment is an activity of investing capital into a certain business with the aim of obtaining additional income or profit (Fikri et
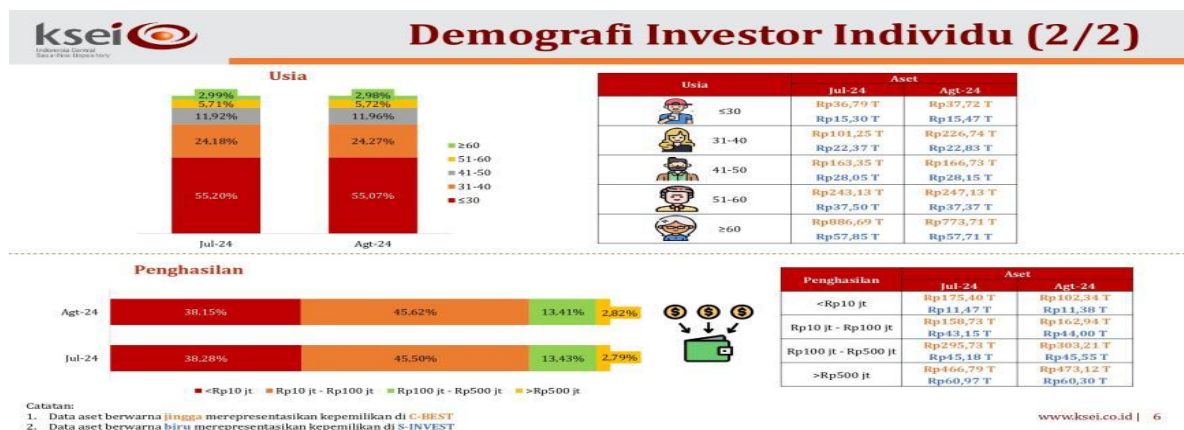
al., 2022) . By utilizing various investment instruments such as stocks, bonds, mutual funds, and digital assets, Generation Z has a great opportunity to optimize fund management.

**Figure 1. Demografi Investor Individu (1/2)**



*Source: KSEI tahun 2024*

**Figure 2. Demografi Investor Individu (2/2)**



*Source: KSEI tahun 2024*

Based on the figure above, it can be concluded that young investors dominate the total investors in Indonesia. Investment trends in the capital market are growing in the current social media era, where the younger generation has a very close relationship with the use of social media. Djajanti (2024) states that investing in the capital market is not just a trend, but involves risk, so every decision taken needs to be carefully analyzed first. When someone decides to invest, it is important for him or her to have a good financial understanding, so that the decisions taken can be directed and in accordance with the objectives.

Investment decisions are steps taken by someone to choose between two or more existing options, after going through the identification and analysis process, which then results in a decision to invest (Sulistyowati, 2015) . According to Dewi dan Apriyati (2023) Generation Z's interest in investment began to grow along with the increasingly open access to information related to investment. This information can now be obtained easily through various websites or news that is widespread on social media. For Generation Z, investment decision making is influenced by several factors such as Fear of Missing Out (FoMO), financial management, and financial literacy.

Fear of Missing Out (FoMO) is a psychological symptom such as feelings of anxiety, fear, anxiety, and lack of confidence experienced by individuals when they feel they miss the latest news or information on the internet (N. D. M. Saputri et al., 2023) . FOMO triggered by the influence of

social media, especially involving investment influencers, can encourage Generation Z to make impulsive investment decisions. They feel compelled to jump on the bandwagon, even without careful consideration and sufficient research.

Investment decision making is also influenced by good financial management, because with regular financial management, a person can more easily determine the allocation of funds for investment without worrying about disturbing daily needs or emergency funds. According to Rahmi et al (2024) investment is a way to learn to manage finances, both for the present and the future. However, many of Generation Z are trapped in making investment decisions based on trends on social media, without taking into account whether the investment is in line with their financial goals or not.

FOMO-influenced investment decision-making and poor financial management can be detrimental to one's financial condition. In accounting, it is important to have good financial literacy on financial recording and planning so that investments are made wisely. Even if one has a high income, without good financial management, achieving financial security will still be a challenge. Therefore, with the application of an adequate understanding of financial literacy, it is hoped that the level of welfare can increase (Feryanto & Trisnaningsih, 2023). According to Mandagie et al (2020), financial literacy is a measure of the extent to which a person understands financial concepts, as well as his ability and confidence in managing personal finances through making the right decisions. Financial literacy and knowledge about investment help a person understand risk, manage assets appropriately, minimize potential losses, and make more targeted decisions.

This study chose UPN "Veteran" Jawa Timur as an object to see the influence of local factors on student financial behavior, and Accounting study program students class of 2021 as subjects because they are generation Z who are affected by FoMO, have a good financial understanding, and some are already working, making them suitable for assessing the relationship between financial management and investment decisions.

**Behavioral Accounting**

According to Nofsinger (2001), behavioral finance is the study of how humans actually act in situations that involve making financial decisions. The focus is on the influence of psychology on financial decisions, corporate activities, and financial market dynamics. These two concepts clearly explain that behavioral finance is an approach that describes how humans make investments or interact with financial aspects that are influenced by psychological factors.

**Generation Z**

Generation Z, those born between 1995 and 2010, are known as the digital natives or true digital generation (Kristyowati (2021) . Since childhood, they have been familiar with the internet, social media, and mobile devices (gadgets). This makes them a hypercognitive generation that is adept at collecting, comparing and integrating various sources of information, as well as integrating virtual experiences with real life. Generation Z is also often regarded as an independent generation due to the ease with which they can access information through technology and the internet. This allows them to make their own decisions without having to rely on others.

**Fomo (Fear Of Missing Out)**

According to Przybylski et al (2013) , Fear of Missing Out (FoMO) is defined as a feeling of anxiety or fear of missing out on valuable moments experienced by other individuals or groups, where the individual cannot be present and is characterized by a desire to stay connected to what others are doing via the internet or cyberspace. In the context of investment, a person can be considered to experience FoMO when they rush to invest just because they see other people getting big profits, without first conducting an in-depth analysis (Pachlevi dan Ingriyani, 2023).

**Financial Management Behavior**

According to Sugiharti dan Maula (2019) , financial management behavior relates to a person's responsibility in managing their finances. Financial responsibility includes the process of managing money and other assets productively. Financial management requires careful planning to achieve various goals, both short and long term. These goals can be achieved through savings, investments, or proper allocation of funds. With effective financial management, one can avoid being trapped in uncontrolled consumptive behavior.
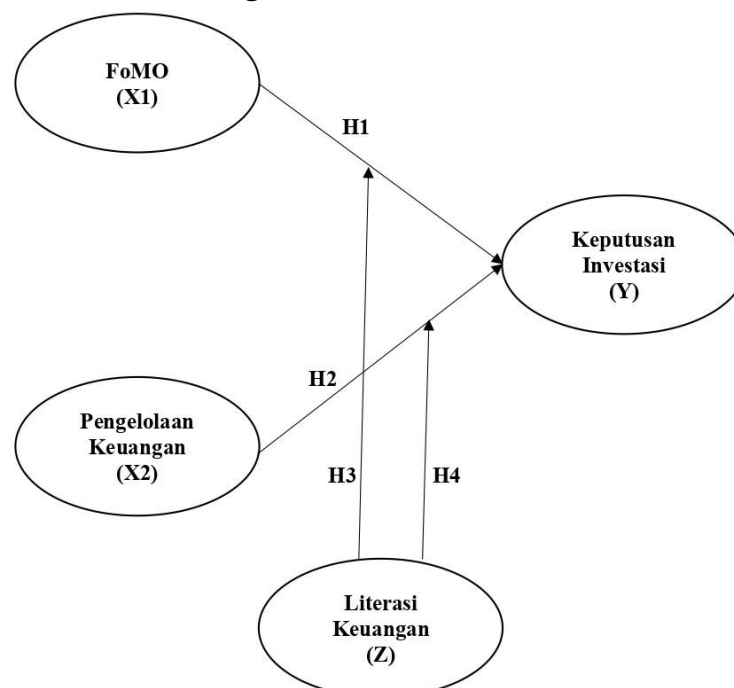
**Investment Decisions**

Investment is the activity of investing capital in an entity by an investor, which involves sacrificing current wealth to obtain future profits, taking into account the existing level of risk (Fikri et al., 2022) . According to Novianggie dan Asandimitra (2019) , investment decision is the act of choosing an option to allocate income to one or more assets in the hope of obtaining future profits. This process also includes determining the most suitable investment alternative among the various options available.

**Financial Literacy**

Financial literacy is a fundamental need for every individual to avoid potential financial problems in the future. The Financial Services Authority (OJK) defines literacy as knowledge, abilities, and attitudes that can influence behavior to improve the quality of financial management and decision making (Fuadi dan Trisnaningsih, 2022) . According to Mandagie et al (2020) , financial literacy is defined as a measure of a person's understanding of financial concepts as well as the ability and confidence in managing personal finances through appropriate short-term decision making. In investment decision making, financial literacy is a person's ability to understand and use financial information effectively in assessing investment opportunities, managing risks, and making wise decisions that are in line with their financial goals.

**Research Hypothesis**

**Figure 3. Frame of Mind**



Source: KSEI tahun 2024

H1: FoMO has a positive effect on investment decisions
H2: Financial management has a positive effect on investment decisions
H3: Financial literacy moderates the effect of FoMO on investment decisions
H4: Financial literacy moderates the effect of financial management on investment decisions

# METHOD

## Metode Analisis

This research uses a quantitative approach using primary data sources. The sampling method used in this study is random sampling using the slovin formula to determine the number of samples needed. A total of 80 respondents of accounting students class 21 who are active at UPN "Veteran" Jawa Timur were used. Structural Equation Modeling (SEM) and SmartPLS 4.0 are used for data management and analysis in this study.

# RESULTS AND DISCUSSION

## Outer Model

Explains outer model testing or instrument testing to ensure the accuracy and dependability of research variable indicators. Discriminant validity and convergent validity are both related to validity testing. While internal consistency reliability can be used for reliability testing.

**Table 1. Outer Model Test Results**

| Variabel | Jumlah Indikator | Hasil |
|---|---|---|
| FoMO (X1) | 3 Indikator | **Outer Loading:** 0,744 – 0,881 > 0,70 (Valid) **Average Variance Extracted:** 0,674 > 0,50 (Valid) **Composite Reliability:** 0,857 > 0,60 (Reliabel) |
| Financial Management (X2) | 4 Indikator | **Outer Loading:** 0,776 – 0,874 > 0,70 (Valid) **Average Variance Extracted:** 0,665 > 0,50 (Valid) **Composite Reliability:** 0,853 > 0,60 (Reliabel) |
| Investment Decisions (Y) | 3 Indikator | **Outer Loading:** 0,852 – 0,884 > 0,70 (Valid) **Average Variance Extracted:** 0,747 > 0,50 (Valid) **Composite Reliability:** 0,834 > 0,60 (Reliabel) |
| Financial Literacy (Z) | 4 Indikator | **Outer Loading:** 0,844 – 0,869 > 0,70 (Valid) **Average Variance Extracted:** 0,729 > 0,50 (Valid) **Composite Reliability:** 0,894 > 0,60 (Reliabel) |

Source: Data processed by SmartPLS 4 year 2025

Each variable indicator in table 1 has an outer loading value> 0.7, therefore the outer loading value is considered valid and has been assessed to pass in order to meet the requirements of convergent validity. The Average Variance Extracted value is> 0.50, which shows that each variable is considered valid. Composite Reliability> 0.60, it can be understood that the measurements used in each variable are reliable, so the data collected can be tested and analyzed further.

**Figure 4. Output PLS Algorithm**
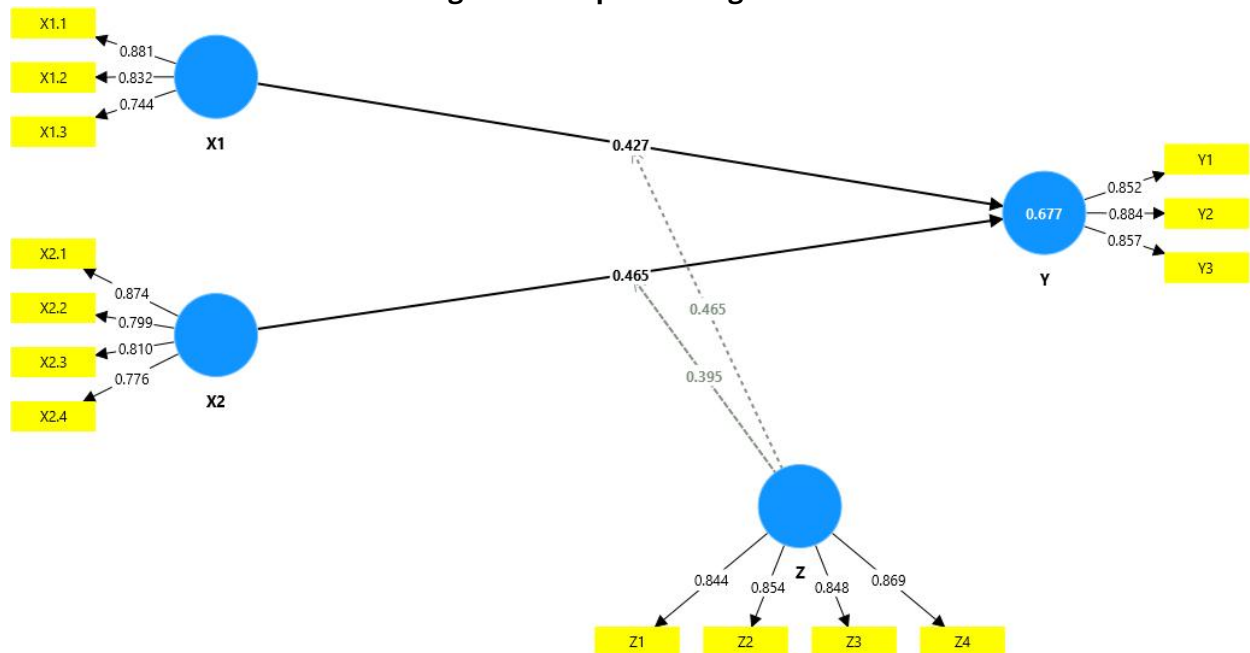


*Source: Data processed by SmartPLS 4 year 2025*

**INNER MODEL**

**Path Coefficient**

Path coefficients are used to determine the direction of influence between the independent variable and the dependent variable. The path coefficients value is in the range between (-1) to (+1), where negative values indicate a negative relationship, while positive values indicate a positive relationship.

**Table 2 Path Coefficients Value**

| Effect | Coefficient |
|---|---|
| FoMO (X1) → Investment Decisions (Y) | 0,427 |
| Financial Management (X2) → Investment Decisions (Y) | 0,465 |
| FoMO (X1) → Financial Literacy (Z) → Investment Decisions (Y) | 0,465 |
| Financial Management (X2) → Financial Literacy (Z) → Investment Decisions (Y) | 0,395 |

*Source: Data processed by SmartPLS 4 year 2025*

Based on table 2, all path coefficients values show positive numbers or more than 0. This indicates that the direction of the influence of the independent variable on the dependent variable is positive.

**Coefficients of Determinations ($R^2$)**

Coefficient of determination is a test used to assess how well the independent variable is able to explain the dependent variable. The $R^2$ value is in the range (0) to (1), where the closer to (1),

the stronger the ability of the independent variable to explain the dependent variable. There are three R² categories, namely high (≥ 0.75), medium (≥ 0.50), and low (≥ 0.25).

**Table 3 Coefficient of Determination (R²) Value**

| Variable | R Square |
|---|---|
| Keputusan Investasi (Y) | 0,677 |

*Source: Data processed by SmartPLS 4 year 2025*

Based on Table 3, it is known that the independent variables are able to explain the dependent variable by 0.677 or 67.7%, which is included in the medium accuracy level category.

**Effect Size (F²)**

Effect size is a test used to assess the extent to which changes in the F² value occur when an independent variable is removed from the model. The f square value is categorized into three levels, namely low (≥ 0.02), medium (≥ 0.15), and high (≥ 0.35). Through this test, it can be seen the amount of contribution of the omitted independent variable to the dependent variable based on the f square value.

**Table 4 Effect Size (F²) Value**

| Variable | Investment Decisions (Y) |
|---|---|
| FoMO (X1) | 0,482 |
| Financial Management (X2) | 0,485 |
| Financial Literacy (Z) | 0,326 |
| Financial Literacy (Z) x FoMO (X1) | 0,788 |
| Financial Literacy (Z) x Financial Management (X2) | 0,645 |

*Source: Data processed by SmartPLS 4 year 2025*

Based on Table 4, it is known that FoMO, financial management, the interaction between financial literacy and FoMO, and the interaction between financial literacy and financial management have a high contribution directly to investment decision making, while financial literacy has a moderate contribution directly to investment decision making.

**Cross-Validated Redundancy (Q²)**

Cross-validated redundancy is a test used to determine whether the dependent variable has predictive relevance. This test refers to the Q² value, where a value greater than 0 indicates the presence of predictive ability in the dependent variable.

**Table 5 Cross-validated Redundancy (Q²)**

| Variable | Q Square |
|---|---|
| Keputusan Investasi (Y) | 0,435 |

*Source: Data processed by SmartPLS 4 year 2025*

Based on table 5, the Q square value on the investment decision variable is 0.435, which means the value is more than 0. This shows that the independent variable has predictive ability and can explain the dependent variable well.

**Hypothesis Testing**

Hypothesis testing is carried out to determine the effect between variables, by comparing the calculated t value to the statistical t value of 1.96 at a significance level (α) of 0.05, and considering the p-value. A variable is declared to have a direct or indirect effect if the t-count

exceeds the critical t and the p-value is below 0.05. The results of testing each hypothesis are presented in the following table:

**Table 6. Hypotesis Testing**

| Construct | Original Sample (O) | T statistics (\|O/STDEV\|) | P values | Hypothesis | Description |
|---|---|---|---|---|---|
| FoMO (X1) → Investment Decisions (Y) | 0,427 | 3,281 | 0,001 | H1 | Signifikan |
| Financial Management (X2) → Investment Decisions (Y) | 0,465 | 3,319 | 0,001 | H2 | Signifikan |
| FoMO (X1) → Financial Literacy (Z) → Investment Decisions (Y) | 0,465 | 4,189 | 0,000 | H3 | Signifikan |
| Financial Management (X2) → Financial Literacy (Z) → Investment Decisions (Y) | 0,395 | 3,735 | 0,000 | H4 | Signifikan |

*Source: Data processed by SmartPLS 4 year 2025*

Based on Table 6, FoMO (X1) has a t statistic value of 3.281> 1.96 with a p-value of 0.001 < 0.05, financial management (X2) has a t statistic value of 3.319> 1.96 with a p-value of 0.001 < 0.05, financial literacy (Z) moderates FoMO (X1) has a t statistic value of 4.189> 1.96 with a p-value of 0.000 < 0.05, financial literacy (Z) moderates financial management (X2) has a t statistic value of 3.735> 1.96 with a p-value of 0.000 < 0.05. Therefore, it can be interpreted that all hypotheses are accepted.

**FoMO has a positive effect on investment decisions**

The hypothesis test results show that H1 is accepted, which means that FoMO has a significant effect on investment decision making. The higher the level of FoMO, the greater the tendency of individuals to make investment decisions quickly and without careful consideration. This is in line with behavioral finance theory, which states that investment decisions are often influenced by psychological factors, such as social pressure and fear of being left behind. Individuals with high FoMO tend to rush to invest even though they do not fully understand the chosen instrument. This finding supports Persada dan Widodo (2021) research, which shows FoMO has a positive effect on investment decisions, both in uptrend, downtrend, and sideways markets.

**Financial management has a positive effect on investment decisions**

The results of hypothesis testing show that H2 is accepted, which means that financial management has a significant effect on investment decisions. Individuals who manage their finances well tend to be more prepared and wise in making investment decisions. Careful financial planning allows them to consider risks, goals, and choose the right instrument. This finding is in line with the research of Inovia and Siregar (2024) and Primasari et al (2024), which show that financial management has a positive influence on investment decisions.

**Financial literacy moderates the effect of FoMO on investment decisions**

The results of hypothesis testing show that H3 is accepted, which means that financial literacy strengthens the influence of FoMO on investment decisions. Individuals with high FoMO and good financial literacy tend to manage these urges wisely, make more mature investment decisions, choose the right instruments, and understand risks. This finding is supported by research by N. D. M. Saputri et al (2023) which shows that financial literacy acts as a moderating variable in the relationship between FoMO and investment decisions.

**Financial literacy moderates the effect of financial management on investment decisions**

The results of hypothesis testing show that H4 is accepted, which means that financial literacy strengthens the relationship between financial management and investment decisions. The higher the financial literacy, the greater the influence of financial management in encouraging investment. Individuals who manage their finances well and have financial understanding tend to be more prepared and confident in making investment decisions. They know how to set aside funds and allocate them for optimal results. This finding is supported by research by E. R. Saputri dan Erdi (2023)  which shows that financial literacy strengthens the relationship between financial management and investment decisions.

## CONCLUSION

This study examines how accounting students of batch 21 at UPN "Veteran" Jawa Timur make their investment decisions by considering FoMO and financial management which are also moderated by financial literacy. Referring to the findings of existing data, FoMO and financial management variables influence investment decisions, financial literacy also influences FoMO and financial management on investment decisions. In order to obtain research findings that have a high level of generalization, are more generic, and can be used as a reference in research, it is hoped that the research object can be expanded to create a population for further research.

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