The influence of psychological factors on investment decision making

Della Utari[1], Wendy[2], Anwar Azazi[3], Giriati[4], Efa Irdhayanti[5]

[1,2,3,4,5]Faculty of Economics and Business, Universitas Tanjungpura, Indonesia

A R T I C L E   I N F O

ABSTRACT

Income from investments is an issue of great interest for investors; consequently, there are a great number of individuals who are interested in investing, and it is critical to investigate factors that can influence investment decision-making to maximize profits. The investment decision-making process determines how steadfast, focused, and persistent a person is in achieving their goals. It encourages individuals to communicate their decisions by presenting various information through social media, thus influencing investor psychology in making diverse analytical decisions. This research analyses investment decisions influenced by demographic potential and psychological factors such as Social Influence, Fear of Missing Out (FOMO), Herding Behavior, and Overconfidence in investment decision-making to individuals or groups. Population data was collected in the research using a sampling method using a non-probability sampling approach to several individuals based on investment experience and a tendency to use social media related to investment through an online survey involving 200 respondents scattered across Indonesia, analysis of the research data using SPSS software. The study reveals that psychological factors, specifically Social Influence, Fear of Missing Out (FOMO), Herding Behavior, and Overconfidence, have a significantly and positively impact on investment decision-making. These findings underscore the crucial role of psychological aspects in investment decisions, providing a deeper understanding of investor behavior in an investment environment increasingly digitized by social media.

Corresponding Author:

Della Utari,
Faculty of Economics and Business,
Universitas Tanjungpura,
Jl. Prof.Hadari Nawawi, Pontianak, Kalimantan Barat, 78121, Indonesia.
Email: dellautari155@gmail.com

1.   Introduction

The income generated from trading investment products has become compelling for many individuals worldwide. The Indonesia Central Securities Depository (KSEI) indicates that 11 million, precisely 11,062,050, Single Investor Identification (SID) activations contribute to the growth of investment participation in the Indonesian capital market.

The reported developments in the investment landscape by the end of 2022 indicate a 7.28% increase, with investors contributing significantly to the normalization of contributions, reflecting the highest asset values. Research by (C. Chen et al., 2019) explains that progressive evolving investment achievements can enhance the returns received and the risks faced. However, the empirical risks encountered by each investor contribute to failures stemming from assumptions among investors and perceptions shaped by psychological references and emotional dynamics among them. (Guo et al., 2021).

Literature found in (Rastogi & Gupta, 2020) data shows that most investors are not goal-oriented. This suggests that their investment decisions and fund allocation may not be aligned with their financial goals (Prøitz et al., 2019). Detailing this naturally in a person's psychological state, where the statement

significantly influences the habitual finance scheme, or in other words, occurs through decisions driven by the decision's behavior. Social media exposure affects financial attitudes and understanding (Yanto et al., 2021).

Research performed by (Novak et al., 2018) factors supporting the findings suggests that investors' assumptions necessitate intelligence in their beliefs, influencing expected outcomes through the strength of perception and individual confidence. Studies conducted by (Sarkar et al., 2022) show that the experience received from each investment in the market can be given by investors who often involve their emotional feelings, determined based on attitudes and elementary factors in the investment decisions.

The development of investment activities received from each investor will vary from the initial rational attitude to irrational, meaning investors can be classified into various types. (Altaf & Jan, 2023) found that the type of investor investment decisions is influenced by demographic forces and psychological indications, in addition to emotional and cognitive matters, technological developments that are widely found with content in the form of information that is spread freely on social media determine further the psychological effects of investors and opportunities from attitudes. This is less favorable in anticipating investors' actions in their current psychological state (Safitri, 2023).

A reflection of the results of decisions issued can encourage possible symptoms of unpreparedness in receiving information received by society in social media, which does not summaries and explain the risk considerations received by information provided on social media (Yoon & Oh, 2022). Social media literacy also has an addictive influence on investor psychology when ignoring several potential risks considering biased information; this also influences the probability of success in investing (Hassan et al., 2021), the biased method that is the link between investors' rational behavior always excludes receiving information that ends in endlessly, this result chooses an investor to make inconsistencies in apparent objective efforts.

Through several factors and the scope of effects arising from investment information points and social media that are conveyed generally, the influence can be determined by social feelings and a person's lack of self-confidence. (Park & Oh, 2022) Apart from that, the feeling of loss and fear of being left behind also influence investment decisions with all their risks. Other factors can also trigger the action of following someone with a minor decision; in other forms, there is an increase in excessive trust, which makes the situation align but in contrast with market conditions, including changing market conditions and new policies of the country (Zhang & Yin, 2023).

In this research, the gap between previous and current research lies in the focus of the variables. Previous research focuses on Overconfidence and Social Influence in investment decision-making. However, it did not specifically investigate Fear of Missing Out (FOMO), Herding Behavior, and how the complex interactions between these variables affect investment decisions in other countries. The current research differs by delving deeper into how Social Influence, Fear of Missing Out (FOMO), Herding Behavior, and Overconfidence interact in the context of investment decision-making in Indonesia, thus providing broader and more contextual insights into the psychological factors that influence investment choices in Indonesia. Hopefully, this research will develop new perspectives in considering these factors.

2. Research Method

Investment and Social Media

(C. Chen et al., 2019) Explains that investment indicates a person's achievements in predicting future market price trends, playing an important role in seeking maximum profits (Ferrer et al., 2023) Speculate that investors interact at an accelerating pace in the digital environment, with users serving as content creators originating from social media platforms. In terms of investment dynamics (Pedersen, 2022) shows that investors use risk social media and investment management processes as a strong spearhead of control in a historically representative manner in investment data; they play a vital role in moving and reducing each existing indicator (technical, fundamental and market dynamics). So, these findings are also related to the social media described by (Johri et al., 2023) the era of digitalisation of communications and the internet means that users consume vital information to make significant investment decisions from social media. (Hasselgren et al., 2023) Proving direct communication results on social media can provide high executive value in social media accounts for individuals and can provide changes to investors influencing investment decisions.

Social Influence

Social media created by user account owners provides a relationship of differentiation from oneself to others (Kaur et al., 2018). Communication behavior created by social causes effects that can influence communication in investing in the stock market; social effects activate a feeling of acceptance for someone who becomes less confident and intends to compete or find out more about investment. Thus, social media provides specific topics for the influence of users on mental health, self-image, self-satisfaction, consumption and purchasing patterns, politics and individual opinions, social awareness, and social media activism.

Through social effects and influence, this invites positive behavior received from someone to interact with other people, in addition to providing different recommendation perspectives in the social community with new input information that can be valuable for investors (Y. Chen et al., 2020) suggests that social media can regulate social effects by facilitating communication and social action, thereby disseminating information and expanding connections. (Dewi, 2022) this includes the impact on strategies in setting financial planning and goals and their preferences for investing their funds.

Fear of Missing Out (FOMO)

The standardised feelings of fear experienced from the effects of social media can be explained by the results (Osemeahon & Agoyi, 2020), which explain that the fear of FOMO is the effect of feeling anxious, a matter of natural feelings that determine this event and create satisfaction when the fear experienced by someone, (Elhai et al., 2018) explaining FOMO gives a continuous meaning where someone will act in connection to monitor everyone's behavior which leads to the aim of not being left behind on all the available information.

The behavior of investors related to FOMO can be less profitable due to the addiction imposed by the individual investor who drives the decision of blunt investment to follow wrong information and end up with losses or profits of investing. (Kang et al., 2019) provides the object of FOMO as an individual encouragement to carry out current activities and events and provides experiences in the fear that occurs from each person's own experience. Some of these fears can provide essential feelings and experiences for each person, which continuously influence individuals on investment decisions.

Herding Behavior

Herding Behavior is a concept that shows the existence of comparisons in the behavior of a group in financial markets or the like to influence behavioral actions in imitation and decisions of other people without the context of rational considerations from the individual himself. (Sinaga et al., 2022) Explains that this is characterised by exacerbating fluctuations, resulting in inefficiencies in the investment market influenced by ambiguous situations of each person to inviting someone with less precise information. In simple terms, if this is connected to social media, it is possible for someone who invests to follow the experience of a group of communities to make decisions without careful consideration.

(Kim et al., 2020) explained that herd behavior is the existence of mass actions by social groups in the financial market, which can make an investor follow market trend biases which, on a logical basis, do not see probability opportunities information in terms of fundamental and technical performance in the financial market. (Ferrer et al., 2023; Jan et al., 2022) Provides evidence of the results Herding behavior is the behavioral action of a group of people in a market that fluctuates following actions of dominance over individual investor decision-making.

Overconfidence

Overconfidence investment behavior can result in increased risk in investment decisions from the tendency to follow different beliefs. Recognizing this recognized belief can lead to success, a sense of self-confidence that can be found more by (Bouteska et al., 2023), where overconfidence can provide more distracted confidence to feel original in beliefs and in situations that occur provide limited information so as not to accept the uncertainty of other beliefs; this provides the fact that overconfidence can occur without appropriate expectations outside of clearly defined goals.

Investors show excessive confidence in their judgments, which do not always contain absolute truth. (Wendy, 2021) Providing evidence of the results of overconfidence reflects a tendency to make decisions without realizing it, placing too much emphasis on the knowledge and accuracy of personal information, and ignoring information that the public may have too much confidence in. Excessive confidence with complete conflict in the hopes of an investor in believing that what should not happen can lead to actions that are influenced by the ability within oneself to tend to be irrational in grasping from proportional to errors that

threaten uncertainty (Zulfiqar et al., 2022). Thus, this can be oriented towards being impacted by poor decision-making and giving rise to excessive speculation in every validation.

Investment Decision

Social media can influence every user, especially in visualization content. Several assumptions and biases of understanding have shown that social media can represent the results of social media information to observers regarding investment decisions. Investment decisions are decisions regarding investment to determine the source of funds and the form of financing. Decisions related to the allocation of funding sources and financing methods for investment. Investment decisions are management actions that determine how a company uses its resources to invest in assets that it anticipates will bring profits in the future (Naseem et al., 2021)

(Alshammari & Ory, 2023) Investment decisions must be made by considering the level of return, tolerance for social media information, and various market situations. Additionally, investors' responses to various types of market information influence their financial behavior. Not all investors make rational decisions, and sometimes investors make biased financial decisions. Temporary (Eisenbeiss et al., 2023) In providing motivation, it plays a crucial role in determining how strong, directed, and persistent a person is in achieving goals and directly influencing the psychology of task performance. Hence, this encourages the behavior of the recipient (observer) to present decisions represented in a certain amount of information content. Via social media through
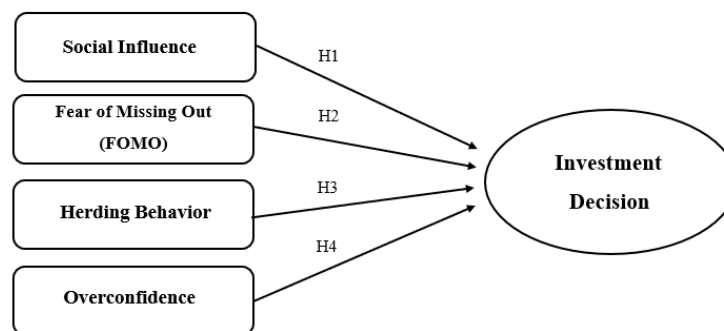

Figure 1. Research framework

Considering the problem discussion and conceptual framework described, the research hypothesis is stated as follows:

H1   : Social Influence has a positive effect on Investment Decisions.
H2   : Fear of Missing Out (FOMO) has a positive effect on Investment Decisions.
H3   : Herding Behavior has a positive effect on Investment Decisions.
H4   : Overconfidence leads to a positive effect on Investment Decisions.

Analysis of Multiple Regression

The analytical support that can be provided by the results of research model reviews in regression analysis can be provided as follows:

Equality:

$$ID = \alpha + \beta_1 SI + \beta_2 FO + \beta_3 HB + \beta_4 OE + \varepsilon \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(1)$$

Description of the research model symbol:
ID   : Investment Decision Variable.
SI   : Social Influence Variable.
FO   : Fear of Missing Out (FOMO) Variable.
HB   : Herding Behavior Variable.
OE   : Overconfidence Variable.
α   : The regression equation model's constant.
β   : The research variable's regression equation coefficient.

ε   : Residual (error).

Data Research

The findings of this research use a quantitative research approach (Riahi & Garrouch, 2023), explaining where collected data is processed and analyzed using a statistical testing approach to find a result that is appropriate to the research objective of exploring the relationship between latent variable factor data and the comparison of data in the target (dependent) variable.

Population data was collected in the research using a sampling method using a non-probability sampling approach to several individuals based on investment experience and a tendency to use social media related to investment (using a questionnaire distribution technique). The data collection method was using questionnaires with a sample of 200 respondents from various regions in Indonesia. The research hypothesis will be tested using a Google From survey, measuring responses on a 7-point Likert scale. The scale ranges from 1, which means strongly disagree, to 7, which means strongly agree. In a Google Form survey, investors who have been active for at least one year are asked to express their preferences using a Likert scale by selecting a number to indicate their ranking order (Patil & Bagodi, 2021).

Research Instrument Testing

Analysis of the research data using SPSS software revealed new and interesting insights for this study (Johri et al., 2023). First, the analysis process begins with Responder Characteristic describing patterns and trends that need special attention in this study by conducting validity and reliability tests to ensure that the research instruments are reliable and accurate, thus increasing confidence in the research results. The basic assumptions of the regression model were tested through the normality test, which confirmed the reliability of the research model.

The F-test results show the statistical significance of the regression model, confirming the independent variables' significant influence on the dependent variable. The coefficient of determination measures the model's efficacy in explaining the data variance, and the model test results can show the critical influence on the dependent variable. The results of this study provide strong confirmation of the impact of psychological factors on the investment decision making process (Naseem et al., 2021).

3.   Results And Discussions

This research uses an online survey distributed through Google From to capital market investors with more than one year of experience. Respondents involved in this study came from all over Indonesia, from Sabang to Merauke. The participants in this survey amounted to 200 investors who were analyzed using SPSS software with the following steps:

Responder Characteristic

Table 1. Responder characteristic

Demographic	Description	Absolute Value (Respondents)	Percentage (%)
Gender	Male	105	52,5%
	Female	95	47,5%
Age	17-25 Years	88	44%
	26-39 Years	82	41%
	40-50 Years	26	13%
	>50 Years	4	2%
Marital Status	Married	77	38,5%
	Unmarried	123	61,5%
Final Education	High School	67	33,5%
	Diploma	23	11,5%
	Bachelor's Degree	98	49%
	Master's Degree	11	5,5%
	Doctorate	1	0,5%
Work	Student	63	31,5%
	Government Employees	31	15,5%
	Employee	87	43,5%
	Entrepreneur	19	9,5%
Income	< Rp 10.000.000	59	29,5%
	> Rp 10.000.000	141	70,5%
Domicile	Kalimantan	83	41,5%

Demographic	Description	Absolute Value (Respondents)	Percentage (%)
	Jawa	50	25%
	Sumatera	28	14%
	Sulawesi	15	7,5%
	Bali and Nusa Tenggara	19	9,5%
	Maluku and Papua	5	2,5%
Social Media Platforms	Instagram	64	32%
	Telegram	45	22,5%
	YouTube	53	26,5%
	TikTok	28	14%
	Twitter	10	5%
Time of Use Social media	30 Minutes - 1 Hour	14	7%
	1 Hour - 3 Hours	18	9%
	More than 3 Hours	168	84%
Using Activities Social Media Investment	Every Day	172	86%
	Several Times a Week	21	10,5%
	Several Times a Month	7	3,5%
	Rarely	0	0%
Investment Type	Stocks	66	33%
	Mutual Funds	57	28,5%
	Deposits	48	24%
	Precious Metals	16	8%
	Cryptocurrency	5	2,5%
	Real Estate	8	4%

The results of distributing questionnaires about Responder Characteristics in Table 1 show that 200 investors responded. The majority of respondents are male (52.5%) with an age range of 17-25 years (44%) in 2023, which reflects the dominant representation of Generation Z. Most respondents have a bachelor's degree (49%), are unmarried (61.5%), have a job as an Employee (43.5%), and earn > Rp 10,000,000. The domicile with the most investors in Indonesia is Kalimantan (41.5%), and Instagram is the most frequently used social media platform (32%). The period using social media to read or view investment content is more than 3 hours (84%) every day (86%) with the type of investment in stocks (33%). Therefore, the respondents obtained showed support for the aim of this research in looking at the comparison of social media investment behavior in making investment decisions.

Descriptive Statistic

Table 2. Descriptive statistic

	SI	FO	HB	OE	ID
Mean	26.01	26.05	25.93	25.93	26.02
Median	31.00	31.00	31.00	31.00	31.00
Maximum	35	35	35	35	35
Minimum	6	6	7	7	7
Std. Dev.	9.030	8.899	9.059	8.973	9.063
Variance	81.538	79.199	82.060	80.518	82.140
Skewness	-1.163	-1.136	-1.131	-1.117	-1.130
Kurtosis	-0.518	-0.581	-0.618	-0.618	-0.597
Observations (N)	200	200	200	200	200

The Descriptive Statistics in Table 2, each variable Social Influence, Fear of Missing Out (FOMO), Herding Behavior, Overconfidence, and Investment Decisions has an average value ranging from 25.93 to 26.05. The standard deviation is in the range of 8.899 to 9.063. The skewness value ranges from -1.163 to -1.117, while the kurtosis value ranges from -0.618 to -0.518. The results of descriptive statistical analysis show that the data in this study shows a normal distribution, thus supporting the decision to continue the next test.

Validity Test

Table 3. Validity test

Variable	Item	Recount	Result
Social Influence	SI.1	0.934	Valid
	SI.2	0.945	Valid
	SI.3	0.925	Valid
	SI.4	0.947	Valid
	SI.5	0.941	Valid

Variable	Item	Recount	Result
Fear of Missing Out (FOMO)	FO.1	0.943	Valid
	FO.2	0.942	Valid
	FO.3	0.933	Valid
	FO.4	0.945	Valid
	FO.5	0.939	Valid
Herding Behavior	HB.1	0.941	Valid
	HB.2	0.941	Valid
	HB.3	0.925	Valid
	HB.4	0.948	Valid
	HB.5	0.951	Valid
Overconfidence	OE.1	0.939	Valid
	OE.2	0.932	Valid
	OE.3	0.939	Valid
	OE.4	0.940	Valid
	OE.5	0.950	Valid
Investment Decision	ID.1	0.941	Valid
	ID.2	0.942	Valid
	ID.3	0.919	Valid
	ID.4	0.956	Valid
	ID.5	0.955	Valid

The Validity Test result in Table 3 is used to measure the accuracy of the research on the 25 questionnaire items. As mentioned previously, each question item also shows a significant number of 0.000, namely (0.000 < 0.050). The results confirm that each question instrument has adequate validity. The validation test is carried out by considering r-calculation and r-table so that the R-table has several 0.138. The results show that each question item shows an R-value > 0.1381. The research instrument consists of questions including Social Influence, Fear of Missing Out (FOMO), Herding Behavior, Overconfidence, and Investment Decisions, which can be concluded as valid based on the validity test results meeting the validity test requirements..

Reliability Test

Table 4. Reliability test

Variable	Number of Question Items	Cronbach's Alpha	Remarks
Social Influence	5	0.966	Reliable
Fear of Missing Out (FOMO)	5	0.967	Reliable
Herding Behavior	5	0.968	Reliable
Overconfidence	5	0.967	Reliable
Investment Decision	5	0.968	Reliable

The Reliability Test results in Table 4 are carried out to help assess whether the measuring instrument is able to produce consistent data if applied repeatedly in similar situations for each 5-question item in 25 questions. Cronbach's Alpha is a statistical test that can be used to evaluate the reliability of a variable. A variable is said to be reliable if Cronbach's Alpha> 0.60. As can be seen, the reliability test results show that the variables Social Influenced (0.966> 0.60), Fear of Missing Out (FOMO) (0.967> 0.60), Herding Behavior (0.968> 0.60), Overconfidence (0.967> 0.60), and Investment Decision (0.968> 0.60), it can be stated that all of these variables can be said to be valid and reliable measuring instruments in research.

Normality Test
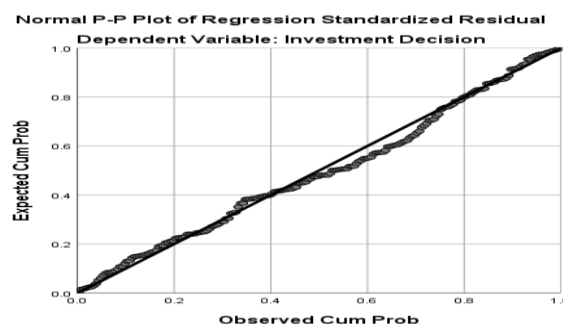
Figure 2. Normality plot graph

The Normality Test results test in Figure 2 whether the data collected meets a normal distribution. Data that shows a normal distribution indicates consistent data collection or the absence of errors, making it possible to observe the P-plot scatter plot to determine whether the independent and dependent variables interact in shaping the normality of the sample data. If the data is normally distributed, the points on the scatter plot will parallel the reference line (Annamalah et al., 2019)

The analysis conducted using the Normal P-plot shows that most of the points are close to the diagonal line. This indicates that the data distribution is normal. It can be seen from the graph that most of them are centred along the centre line and spread evenly around it. In addition, the Normality Test was also analyzed using the One-Sample Kolmogorov-Smirnov Test on the residual value which has an asymptotic sig (2-tailed) value of 0.067 (0.067 > 0.050).

This shows that the P-plot and One-Sample Kolmogorov-Smirnov Test analysis follows a normal distribution so that the Social Influence, Fear of Missing Out (FOMO), Herding Behavior, Overconfidence, and Investment Decision variables meet the requirements of the normality assumption of research data which ensures data quality.

F Test

Table 5. F test

Model	F	Sig.
Regression	2532.127	0.000[b]

a. Dependent Variable: Investment Decision
b. Predictor: (Constant), Social Influence, Fear of Missing Out (FOMO), Herding Behavior, Overconfidence

The F Test results in Table 5 can determine whether there is a significant difference in the average value between the research groups. The test indicates a calculated F value of 2532.127 with a significance level (Sig.) of 0.000. With a Sig value < 0.050 (0.000 < 0.050) and an F table value of 2.42, it is obtained that F count > F table (2532.127 > 2.42). Therefore, the variables of Social Influence, Fear of Missing Out (FOMO), Herding Behavior, and Overconfidence significantly influence Investment Decisions.

Determination Coefficient Test

Table 6. Determination coefficient test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.991	0.981	0.981	1.258

a. Predictor: (Constant), Social Influence, Fear of Missing Out (FOMO), Herding Behavior, Overconfidence
b. Dependent Variable: Investment Decision

The Coefficient of Determination al, also known as R-squared, in Table 6 to ascertain how the model can predict or explain the variability of the response variable concluded that the R-squared value is 0.981. This shows that variables such as Social Influence, Fear of Missing Out (FOMO), Herding Behavior, and Overconfidence contribute 98.1% to the Investment Decision variable. The rest is caused by other variables not examined in this study

Model Testing Results

Table 7. Model testing results

Variables	T	Result	Hypothesis	Immediacy
Constanta	-	-0.102	-	-
P-Value	-	(0.713)	-	-
Social Influence	5.294	0.315	H1	Supported
P-Value	-	(0.000) **	-	-
Fear of Missing Out (FOMO)	4.004	0.278	H2	Supported
P-Value	-	(0.000) **	-	-
Herding Behavior	3.065	0.215	H3	Supported
P-Value	-	(0.002) **	-	-
Overconfidence	2.983	0.197	H4	Supported
P-Value	-	(0.003) **	-	-
F	-	2532.127	-	-
P-Value	-	(0.000) **	-	-

Note: Dependent Variable = ID; *** sig.1%; ** sig. 5%; * sig. 10%

Model Testing Results on the research title The Influence of Psychological Factors on Investment Decision Making Table 7 shows that hypothesis 1 (H1) states that Social Influence makes a positive and significant contribution to Investment Decision. The coefficient of 0.315 indicates that the greater the social influence, the more likely a person is to make an investment decision. The very low P-value (0.000) indicates that this result is highly statistically significant. The calculated T test > T table (5.294 > 1.973) shows findings that support the research. (Sinaga et al., 2022) Social Influence on investment decisions can occur because individuals tend to trust or follow the advice or actions of others in their community. Perhaps because they see that others have been successful in a particular investment they feel more confident about taking the same steps. (Dewi, 2022) in addition, social influence can also be related to recommendations from friends, family, or social media influences, which can influence individual perceptions of investments.

Hypothesis 2 (H2) states that Fear of Missing Out (FOMO) contributes positively and significantly to Investment Decisions. The coefficient of 0.278 indicates that the higher the level of FOMO, the more likely a person is to make an investment decision. The very low P-value (0.000) indicates that this result is highly statistically significant. The calculated T test > T table (4.004 > 1.973) indicates statistical significance. This means strong evidence supports the claim that FOMO affects Investment Decisions. FOMO encourages individuals to participate in specific investments for fear of losing profit opportunities (Osemeahon & Agoyi, 2020). They worry they will miss out on potentially huge profits if they do not follow what others are doing. This can result in individuals making irrational or impulsive investment decisions (Kang et al., 2019; Novak et al., 2018)

Hypothesis 3 (H3) states that Herding Behavior makes a positive and significant contribution to Investment Decisions. The coefficient of 0.215 indicates that the greater the herding behavior, the more likely a person is to make an investment decision. Although the P-value is higher (0.002) than H1 and H2, it still shows statistically significant results. The calculated T test > T table (3.065 > 1.973) indicates statistical significance. Herding Behavior occurs when individuals follow the majority's actions without conducting independent analysis. This can be caused by a desire to avoid risk, a belief that many people know better, or simply due to social pressure to follow trends. Herding behavior can lead to a "bubble symptom" in the market, where investment prices spike excessively before eventually falling sharply (Kim et al., 2020).

Finally, Hypothesis 4 (H4) states that Overconfidence contributes positively and significantly to Investment Decisions. The coefficient of 0.197 indicates that the greater a person's level of overconfidence, the more likely they are to make an investment decision. The very low P-value (0.003) indicates that this result is statistically significant. The calculated T test > T table (3.065 > 1.973) indicates statistical significance. This finding is consistent with the research (Bouteska et al., 2023; Wendy, 2021). Overconfidence occurs if a person is overconfident in an investment context; they may feel they can beat the market or take higher risks than they should, resulting in risky investment decisions and not following long-term financial goals.

4.   Conclusion

From This research entitled the influence of psychological factors on investment decision making focuses on the role of social media, especially instagram. This research looks at how social influence, fear of missing out (FOMO), herding behavior, and overconfidence influence investment decisions in investors in Indonesia, particularly in the Kalimantan region, where generation z prefers to invest in stocks. This research uses detailed statistical analysis and a survey of regional investors to explore the relationship between psychological factors and investment behavior. Firstly, social influence impacts investment decisions through the influence of individuals followed on social media, where group recommendations and opinions can shape individuals' perceptions towards certain investments. Secondly, fear of missing out (fomo) can lead to impulsive and ill-considered investment decisions. The pressure to take advantage of trends or potential investment opportunities can weigh against rational outcomes. Third, herding behavior, or the tendency to follow the masses, plays a vital role in investment decisions on social media. When many people are involved in a particular investment, individuals tend to go with the flow without considering other factors. Lastly, overconfidence can affect how individuals assess risks and returns in investments. This can result in overly bold and unplanned decision-making. Information and social influence can spread quickly on a large scale and directly influence investment decisions. The research contributes to the understanding of the role of psychological factors in investment decision-making, which shows that investors are not always rational in making investor decisions and that factors such as Social Influence, Fear of Missing Out (FOMO), Herding

Behavior, and Overconfidence have a significant influence on investment decision-making. In addition, this study also shows that emotions and social interactions play an important role in investment decision-making and that there needs to be an effort from strongly correlated parties, such as regulatory bodies and social media platforms, to better educate the public on the risks and potential impact of psychological influences, namely content around investment. From a practical perspective, this research provides important implications for investors, namely encouraging the development of more adaptive and intelligent investment strategies by considering psychological aspects so that it is hoped that future investment training and education programs can be tailored to local conditions and help increase the level of financial literacy and awareness of existing risks so that investors can make more informed and wise investment decisions in the era of social media dominance. This can shift the paradigm from simply following trends to more informed, wise and planned investment decisions.

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