e-ISSN: 3124-6788

SADANA: International Journal of Education, Law, Technology, Economics and Agriculture
Volume: 1, Number: 2, (2026), pp: 153-169

Research Article

The Effect Of Fear Of Missing Out (FOMO) And Social Media On Generation Z Stock Investment Decisions Through Financial Literacy Mediation

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DOI: https://doi.org/10.61492/sadana.V1i2|received: 15-06-2026; accepted: 05-25-2026; online: 06-30-2026

Abstract: *This study aims to analyze the influence of Fear of Missing Out (FOMO) and social media on Generation Z stock investment decisions in Sukabumi City, with financial literacy as a mediating variable. The population of this study was Generation Z investors in Sukabumi City, with a sample of 96 respondents selected using a purposive sampling technique. The data analysis method used was Structural Equation Modeling based on Partial Least Squares (PLS-SEM) through SmartPLS 4 software. The results showed that FOMO and social media had a positive and significant effect on Generation Z stock investment decisions. Financial literacy was proven to have a positive and significant effect on investment decisions and acted as a significant mediating variable in the relationship between social media and investment decisions. However, financial literacy was not proven to mediate the relationship between FOMO and investment decisions, indicating that the influence of FOMO on investment decisions is direct and driven by emotional factors. These findings provide important implications for regulators and educational institutions to strengthen financial literacy as a cognitive filter in dealing with the rapid flow of information and psychological pressure in the digital capital market.*

Keywords: FOMO, Social Media, Financial Literacy, Investment Decisions, Generation Z

1. Introduction

Digital transformation has fundamentally changed the landscape of the financial industry, including investment activities in the capital market. Developments in information technology, the internet, and stock trading applications have enabled people to access investments more easily, quickly, and efficiently. This digitalization has not only increased financial inclusion but also expanded the participation of retail investors, particularly among younger age groups with high levels of technology adoption (Organization for Economic Co-operation and Development [OECD], 2023; World Bank, 2022). These changes demonstrate that stock investment has evolved from an activity previously dominated by professional investors to one that is increasingly inclusive and accessible to all levels of society.

Indonesia is one of the countries experiencing rapid growth in capital market investors in recent years. According to data from the Indonesian Central Securities Depository (KSEI), the number of Single Investor Identification (SID) investors reached 21,066,415 in January 2026. Of these, more than 54.35% are investors under the age of 30, dominated by Generation Z. Although the number of young investors has increased significantly, the value of their assets remains relatively low compared to older age groups. This condition indicates that most Generation Z are still in the early stages of building their investment portfolios, making them vulnerable to various psychological factors and external information in the investment decision-making process.

The dominance of Generation Z as new investors is inextricably linked to their high level of social media use. Unlike previous generations who obtained investment information through conventional media or financial institutions, Generation Z tends to use platforms like TikTok, Instagram, YouTube, X, and various digital communities as their primary sources of investment information. Social media can disseminate information quickly, allowing for real-time access to opinions, stock recommendations, market analysis, and the experiences of other investors. Furthermore, the inherently unverified nature of social media results in varying degrees of accuracy in the information investors receive, potentially impacting the quality of investment decisions (Mittal et al., 2025; Moitra et al., 2026).

Constant exposure to investment information through social media has contributed to a psychological phenomenon known as Fear of Missing Out (FOMO). FOMO is a condition where someone feels anxious about missing out on an opportunity enjoyed by others, leading them to engage in the same activity without careful consideration (Przybylski et al., 2013). In the context of stock investing, this condition encourages investors to buy or sell shares based on trends developing on social media, rather than based on fundamental analysis or company conditions. As a result, investment decisions are influenced more by emotional impulses than rational considerations, increasing the risk of impulsive and speculative investment behavior.

This phenomenon becomes even more relevant when compared to the Indonesian capital market, which has experienced significant fluctuations in recent periods. Changes in the Jakarta Composite Index (JCI), influenced by global economic dynamics, monetary policy, and market sentiment, often trigger overreactions among young investors. Investors with FOMO tendencies are generally more likely to make transactions due to social pressures and fear of missing out on profitable opportunities, resulting in investment decisions often ignoring the principles of risk analysis and long-term investment objectives. This situation suggests that psychological factors play a significant role in shaping Generation Z's investment behavior.

In such conditions, financial literacy becomes a crucial factor in building the quality of investment decisions. Financial literacy relates not only to the ability to understand financial concepts but also to the ability to evaluate risk, analyze information, and make rational investment decisions. The OECD (2023) explains that individuals with a good level of financial literacy tend to be able to select investment products that align with their risk characteristics, understand the relationship between return and risk, and are less easily influenced by speculative information. Conversely, low financial literacy makes investors more susceptible to the influence of information that is not necessarily accurate, including information circulated through social media.

The urgency of improving financial literacy in Indonesia remains a serious concern. According to the National Survey of Financial Literacy and Inclusion (SNLIK), the financial inclusion rate in Indonesia has reached 92.74%, while the financial literacy rate is only 66.64%. For those aged 18–25, the financial inclusion rate is around 95.07%, while the financial literacy rate remains at around 73.26%. This gap indicates that people's access to financial products is growing faster than their ability to understand the characteristics and risks of the financial products they use. This situation has the potential to make young investors more susceptible to psychological pressures and information circulating on social media when making investment decisions.

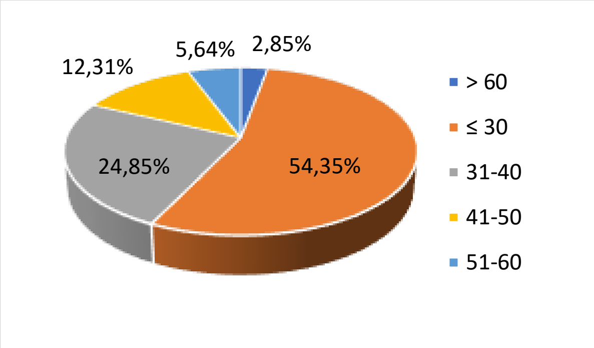

Figure 1. Age Range of Investors in Indonesia

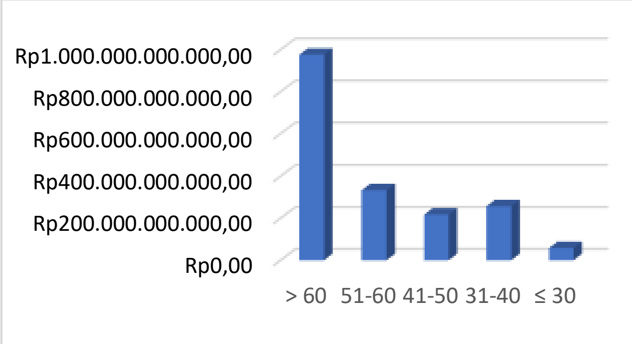

Figure 2. Total Assets of Each Investor Within a Certain Age Range

The current dominance of participation in the capital market is significantly centered on the younger age group, which, according to KSEI statistical data as of January 2026, comprises 54.35% of the total national investor population. This group is sociologically identified as Generation Z, namely individuals born between 1997 and 2012 and growing up alongside the acceleration of internet technology and a massive digital ecosystem (Stillman & Stillman, 2018). As digital natives, Generation Z has a very intimate closeness to technology, which directly shapes their preference for transparent and efficient application-based investment instruments. However, this massive enthusiasm for participation from Generation Z has given rise to a striking disparity when viewed from the aspect of national asset accumulation. This phenomenon indicates an inverse correlation between the number of investors and the amount of capital managed.

Various previous studies have shown that FOMO, social media, and financial literacy are factors that influence investment decisions. Lazuardi (2025) found that FOMO, financial literacy, social media, and technological developments influence Generation Z's investment interest. Sofyan (2025) showed that social media and financial literacy influence stock investment decisions. Meanwhile, Ningtyas et al. (2024) demonstrated that digital financial literacy can mediate the relationship between online communities and investment decisions. Other studies have also revealed that social media and peer influence have a significant contribution in shaping Generation Z's investment behavior (Mittal et al., 2025; Moitra et al., 2026).

However, research on the relationship between FOMO, social media, and investment decisions still yields mixed results. Some studies find a direct influence between FOMO and investment decisions, while others suggest that the quality of investment decisions is more determined by an individual's level of knowledge and ability to understand financial information. On the other hand, research specifically examining financial literacy as a mediating variable in the relationship between FOMO, social media, and Generation Z stock investment decisions is still relatively limited. This situation indicates an empirical and research gap that requires further study to more comprehensively understand the mechanisms that shape investment decisions in Generation Z.

Based on this phenomenon, this study offers novelty through the development of a model that integrates psychological factors (Fear of Missing Out), digital factors (social media), and cognitive factors (financial literacy) in explaining Generation Z's stock investment decisions. Unlike previous studies that generally only examine the direct influence between variables, this study positions financial literacy as a mediating mechanism that explains how psychological stress and exposure to digital information can translate into more rational investment decisions. Thus, this study is expected to contribute to the development of financial accounting and behavioral finance literature and provide input for regulators, the Indonesia Stock Exchange, educational institutions, and financial industry players in designing programs to improve financial literacy for young investors.

2. Literature Review

Behavioral Finance Theory

Behavioral Finance Theory explains that investment decisions are not always based on rational considerations but are also influenced by psychological factors, emotions, and cognitive biases. This theory critiques the traditional financial assumption that investors always act rationally to maximize their utility. In practice, investors are often influenced by imperfect information, social pressure, and emotional states when making investment decisions (Kahneman et al., 2021; Baker et al., 2022; Barberis & Thaler, 2022).

The development of digital technology further strengthens the relevance of Behavioral Finance Theory because investors obtain investment information through various digital platforms, which can influence their perceptions and investment behavior. Rapid exposure to information through social media has the potential to create behavioral biases such as herd behavior, overconfidence, confirmation bias, and Fear of Missing Out (FOMO). Therefore, Behavioral Finance Theory provides an appropriate foundation for explaining how psychological factors and the digital environment influence Generation Z's stock investment decisions (Baker et al., 2022; Mittal et al., 2025).

Fear of Missing Out (FOMO)

Fear of Missing Out (FOMO) is a psychological condition where individuals worry about missing out on opportunities enjoyed by others, prompting them to constantly follow news and social activities. In the context of stock investing, FOMO causes investors to make transactions out of fear of missing out on profitable opportunities without adequately analyzing the investment risks. This condition encourages investors to prioritize emotional decisions over rational ones (Przybylski et al., 2013; Putra & Fauzi, 2025; Lazuardi, 2025).

Various studies have shown that high levels of FOMO increase young investors' tendency to follow investment trends emerging on social media. Investors with high levels of FOMO tend to buy stocks when prices are rising or sell stocks when negative sentiment emerges, without considering the company's fundamentals. As a result, investment decisions become more speculative and potentially increase the risk of investment losses (Akmando, 2024; Gupta et al., 2021; Maulida Sari, 2025).

Social media

Social media has become one of the most widely used sources of investment information among Generation Z. Platforms like TikTok, Instagram, YouTube, and X allow investors to quickly access information on market conditions, stock recommendations, and the experiences of other investors. This ease of access increases the efficiency of information dissemination, but also opens up the possibility of unverified information emerging, which can impact the quality of investment decisions (Kapoor et al., 2022; Mittal et al., 2025).

Social media not only serves as a communication tool but also shapes investor perceptions of investment opportunities through content delivered by influencers and investment communities. Repeatedly receiving information can influence investor confidence, leading to investment decisions no longer being solely based on fundamental analysis. Therefore, social media is seen as a key determinant of Generation Z's investment behavior (Moitra et al., 2026; Akmando, 2024; Ningtyas et al., 2024).

Financial Literacy

Financial literacy is an individual's ability to understand financial concepts, manage risk, evaluate financial information, and make effective financial decisions. Individuals with a high level of financial literacy tend to be able to distinguish relevant information from speculative information, thus making more rational investment decisions (OECD, 2023; Lusardi, 2023; OJK, 2024).

In the context of stock investment, financial literacy serves as a cognitive mechanism that helps investors evaluate information obtained through social media and manage the psychological pressures caused by FOMO. Investors with good financial literacy are better able to analyze risks and potential returns, resulting in more objective investment decisions. Therefore, financial literacy is seen as a mediating variable in the relationship between FOMO, social media, and stock investment decisions (Ningtyas et al., 2024; Sibuea, 2025; OECD, 2023).

Stock Investment Decisions

Stock investment decisions are the process of selecting investment alternatives based on considerations of return levels, risks, market conditions, and the investor's financial goals. Quality investment decisions are made through a comprehensive information evaluation process that minimizes the risk of loss and optimizes investment returns (Tandelilin, 2021; Jogiyanto, 2022).

From a Behavioral Finance Theory perspective, investment decisions are influenced by a combination of psychological, social, and cognitive factors. FOMO and social media have the potential to increase investors' tendency to make decisions based on emotional impulses, while financial literacy strengthens investors' ability to evaluate information rationally. Therefore, this study develops a model that examines the influence of Fear of Missing Out (FOMO) and social media on Generation Z's stock investment decisions through the mediation of financial literacy.

3. Hypothesis Development

The Influence of Fear of Missing Out (FOMO) on Stock Investment Decisions

Fear of Missing Out (FOMO) is a psychological condition that drives individuals to avoid feeling left out of opportunities enjoyed by others. In the context of stock investing, FOMO causes investors to make transactions based on emotional impulses to follow market trends rather than analyzing a company's fundamentals. Behavioral Finance Theory explains that psychological biases such as FOMO can cause investors to make less rational decisions because they prioritize emotions over objective considerations. Empirical research shows that FOMO has a positive influence on investment behavior and investment decisions, especially among young investors who actively use social media and have a high level of information exposure. Based on these arguments, the first hypothesis is formulated as follows:

H1: Fear of Missing Out (FOMO) has a positive influence on Generation Z's stock investment decisions.

The Influence of Social Media on Stock Investment Decisions

Social media has become a primary source of information for Generation Z regarding stock investments. Information conveyed through social media can influence investors' perceptions of investment opportunities due to its rapid dissemination and easy access. Behavioral Finance Theory explains that intensive exposure to information can shape investor sentiment, thereby influencing investment decisions. Several studies have shown that social media significantly influences investor behavior through information, recommendations, and interactions between investors that develop on digital platforms. Therefore, the following hypothesis is formulated:

H2: Social media has a positive influence on Generation Z's stock investment decisions.

The Influence of Financial Literacy on Stock Investment Decisions

Financial literacy is an individual's ability to understand financial concepts, evaluate risks, and manage financial information effectively. Investors with good financial literacy tend to be able to objectively analyze investment information, resulting in more rational investment decisions. Various studies have shown that increased financial literacy contributes to the quality of investment decision-making, increased participation in the capital market, and investors' ability to manage investment risk. Based on this description, the following hypothesis is formulated:

H3: Financial literacy has a positive influence on Generation Z's stock investment decisions.

The Mediating Role of Financial Literacy in the Relationship between Fear of Missing Out (FOMO) and Stock Investment Decisions

Behavioral Finance Theory explains that psychological factors do not always result in rational investment decisions. An investor's level of financial literacy can function as a cognitive mechanism that helps individuals evaluate information more objectively before making investment decisions. Investors with high financial literacy tend to be able to control emotional impulses caused by FOMO, thus basing investment decisions more on risk and potential profit analysis. Conversely, investors with low financial literacy are more prone to impulsive decision-making. Thus, financial literacy is expected to mediate the relationship between FOMO and stock investment decisions. Based on this argument, the following hypothesis is proposed:

H4: Financial literacy mediates the influence of Fear of Missing Out (FOMO) on Generation Z's stock investment decisions.

The Mediating Role of Financial Literacy in the Relationship between Social Media and Stock Investment Decisions

Social media provides a variety of investment information that can either help or mislead investors, depending on the individual's ability to evaluate the quality of that information. Investors with a good level of financial literacy will be more selective in receiving information from social media and will be able to distinguish credible information from speculative information. Therefore, financial literacy is seen as a mechanism that bridges the influence of social media on investment decisions, enabling investors to make more rational decisions. Recent research findings also indicate that financial literacy plays a crucial role in improving the quality of investment decisions amidst the proliferation of digital information. Based on this description, the following hypothesis is formulated:

H5: Financial literacy mediates the influence of social media on Generation Z's stock investment decisions.

4. Method

This study uses a quantitative approach with a causal explanatory research design to examine the causal relationship between Fear of Missing Out (FOMO), social media, financial literacy, and stock investment decisions in Generation Z. The study was conducted in Sukabumi City with a population consisting of Generation Z individuals who have experience investing in the capital market. The sampling technique used purposive sampling, namely respondents who meet the following criteria: (1) included in the Generation Z category, (2) have a stock investment account, and (3) have made stock transactions. Based on these criteria, 96 respondents were obtained as research samples.

Data collection was conducted using a structured questionnaire with a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The research instrument was developed based on indicators used in previous research and adapted to the research context. The Fear of Missing Out (FOMO) variable measures an individual's tendency to worry about missing out on emerging investment opportunities. The social media variable measures the intensity of social media use as a source of investment information. The financial literacy variable measures respondents' level of knowledge and ability to understand basic financial and investment concepts. Meanwhile, the stock investment decision variable measures respondents' ability to make investment decisions based on risk and potential profit considerations.

Data analysis was performed using Structural Equation Modeling–Partial Least Squares (PLS-SEM) with the assistance of SmartPLS 4 software. PLS-SEM was selected based on its ability to simultaneously test structural relationships between latent variables, including mediation models, as well as its ability to accommodate relatively small sample sizes and does not require normally distributed data. The analysis was conducted in two stages, namely evaluation of the measurement model (outer model) and the structural model (inner model). Evaluation of the outer model included testing convergent validity, discriminant validity, composite reliability, and Cronbach's alpha. Next, evaluation of the inner model was carried out through testing the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and hypothesis testing using a bootstrapping procedure with a significance level of 5%. The mediating effect of financial literacy was analyzed through testing the indirect effect based on the path coefficient, t-statistic, and p-value.

5. Results

Overview of Research Location

This study involved 96 respondents who met the criteria for Generation Z stock investors in Sukabumi City. Based on age characteristics, the majority of respondents were in the 22–25 age range (62 respondents (65%), while the remainder were in the 18–21 and 26–29 age groups. This composition indicates that all respondents are in the productive age group included in the Generation Z category, thus aligning with the research focus on the investment behavior of the younger generation.

Table 1. Respondent Identity

Characteristics	Category	Frequency	Percentage (%)
Age	18–21 years	30	31
	22–25 years	62	65
	26–29 years	4	4
Gender	Man	49	51
	Woman	47	49
Work	Students	39	41
	Government employees	4	4
	Private sector employee	24	25
	Businessman	12	13
	Other	17	18
Income/Month	< Rp. 1,000,000	15	16
	Rp1,000,000–Rp3,000,000	33	34
	Rp3,000,000–Rp5,000,000	39	41
	> Rp. 5,000,000	9	9
Sources of Investment Funds	Wages	54	56
	Parent	14	15
	Other	28	29
Investment Period	< 3 months	7	7
	3–6 months	23	24
	7–12 months	21	22
	1–2 years	24	25
	> 2 years	21	22

Investment Frequency	1–2 times	15	16
	3–5 times	24	25
	6–10 times	23	24
	11–20 times	22	23
	>20 times	12	13

Based on gender, respondents consisted of 49 men (51%) and 47 women (49%), resulting in a relatively balanced distribution. In terms of occupation, the majority of respondents were students (41%), followed by private sector employees (25%), while the remainder came from various other occupational backgrounds. These characteristics indicate that respondents have diverse socioeconomic backgrounds, providing a more representative picture of stock investment behavior among Generation Z.

The financial characteristics of respondents indicate that the majority have a monthly income of IDR 3,000,000–IDR 5,000,000 (41%), with salary as the primary source of investment funds (56%). In terms of investment experience, most respondents have been investing for 1–2 years (25%), and have a transaction frequency of 3–5 times per month (25%). This condition indicates that most respondents have investment experience and are actively trading in stocks, so they are considered capable of providing relevant information regarding the influence of Fear of Missing Out (FOMO), social media, and financial literacy on stock investment decisions.

Outer Model

Convergent Validity

The convergent validity test aims to measure the extent to which the indicators used are able to represent and correlate with the latent construct being measured. Convergent validity testing is carried out by observing the outer loading value for each indicator and the Average Variance Extracted (AVE) value for each construct. An indicator is declared to meet convergent validity if it has an outer loading value ≥ 0.70. In addition, a construct is said to have good convergent validity if the AVE value ≥ 0.50, which indicates that the construct is able to explain more than 50% of the variance of the indicators that form it.

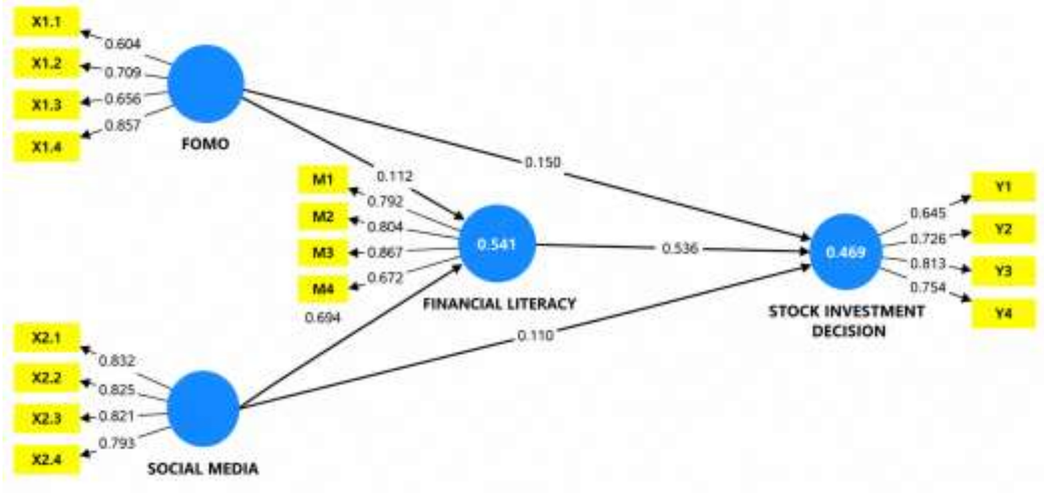

Figure 3. Measurement Model Output

The results of the outer loading test for each indicator used to evaluate convergent validity can be seen in the following table:

Table 2. Outer Loading Value Evaluation Results

Latent Variables	Indicator	Loading Factor	Information
Fear of Missing Out	X1.1	0.604	Valid
	X1.2	0.709	Valid
	X1.3	0.656	Valid
	X1.4	0.857	Valid
Social media	X2.1	0.832	Valid
	X2.2	0.825	Valid
	X2.3	0.821	Valid
	X2.4	0.793	Valid
Financial Literacy	M.1	0.792	Valid
	M.2	0.804	Valid
	M.3	0.867	Valid
	M.4	0.672	Valid
Stock Investment Decisions	Y.1	0.645	Valid
	Y.2	0.726	Valid
	Y.3	0.813	Valid
	Y.4	0.754	Valid

Based on the data presented in the table above, all indicators from the four research variables have produced outer loading values above the threshold of 0.60. Referring to the theory of Hair et al. (2019), all of these values are stated to be still within the normal and safe acceptability range for explanatory level analysis, so all indicators are valid to be retained and none need to be removed from the structural model.

The results of the AVE value test for all research variables can be seen in the following table:

Table 3. Results of Achieving Average Variance Extracted (AVE) Values

Variables	*Average variance extracted*(AVE)
Fear of Missing Out	0.508
Social media	0.668
Financial Literacy	0.619
Stock Investment Decisions	0.543

Through the data summary in Table 4.3, the overall estimated AVE values for the constructs of FOMO, Social Media, Financial Literacy, and Stock Investment Decisions have been proven to exceed the mandatory parameter of 0.50. Thus, the model is declared to have perfectly met the convergent validity criteria.

***Cronbach's Alpha*Composite Reliability**

This test was conducted to ensure the reliability, consistency, and stability of the distributed questionnaire instrument during repeated measurements. The reliability level was measured using Cronbach's Alpha indicators and two types of Composite Reliability, rho_a and rho_c. The eligibility criteria were established if all parameters indicated a value > 0.70. The results of the Cronbach's Alpha and Composite Reliability tests in this study can be seen in the following table:

Table 4. Results of Cronbach's Alpha Composite Reliability Test

Variables	*Cronbach's alpha*	*Composite reliability*(rho_a)	*Composite reliability*(rho_c)	Information
Fear of Missing Out	0.710	0.719	0.802	Reliable
Social media	0.835	0.836	0.89	Reliable
Financial Literacy	0.795	0.826	0.866	Reliable
Stock Investment Decisions	0.722	0.744	0.825	Reliable

The results of the Cronbach's alpha composite reliability test show that none of the variables have values below the minimum standard limit of 0.70. Cronbach's alpha values ranged from 0.710 to 0.835, while the composite reliability rho_c values reached 0.802 to 0.890. This strong internal consistency indicates that all question indicators are reliable for use in the next stage of structural analysis.

Inner Model

The Structural Model (Inner Model) is the testing stage in PLS-SEM that is conducted after the measurement model (outer model) has been met. The inner model aims to evaluate the relationships or influences between the latent variables under study and to test how well the conceptual model predicts endogenous variables (mediators and dependents).

R-Square

The results of the determination coefficient test in this study can be seen in the following table:

Table 5. R-Square Test Results

Variables	**r square**	**information**
Financial Literacy	0.541	Moderate
Stock Investment Decisions	0.469	Weak

Based on the results of the structural model testing, this model is classified as having moderate strength. The FOMO and social media variables simultaneously explain 54.1% of the variation in financial literacy. Meanwhile, the combined effect of FOMO, social media, and financial literacy explains 46.9% of the variation in Gen Z stock investment decisions.

Hypothesis Testing

Hypothesis testing in this study used the bootstrapping method in SmartPLS 4 to test the significance of the relationship between variables in the research model. A hypothesis is accepted if it has a t-statistic value > 1.96 and p-values < 0.05 at a 5% significance level, while a hypothesis is rejected if the t-statistic value ≤ 1.96 and p-values ≥ 0.05. Furthermore, the path coefficient value is used to indicate the direction of the relationship, whether it is positive or negative.

Table 6. Hypothesis Testing Results

Path (Track)	T-StatisticPath Coefficient	*P-Value*	Direct Influence	Indirect Influence	Total Influence
Fear of Missing Out (A1) →Stock Investment Decision (Y)	2,112	0.035	0.150	0.060	0.210
Social Media (A2) → Stock Investment Decision (Y)	6,068	0,000	0.110	0.372	0.482
Financial Literacy (M) → Stock Investment Decisions (Y)	3,512	0,000	0.536	-	0.536
Fear of Missing Out (A1) → Financial Literacy → Stock Investment Decisions (Y)	1,279	0.201	-	0.060	0.060
Social Media (A2) → Financial Literacy → Stock Investment Decisions (Y)	3,454	0.001	-	0.372	0.372

Based on the test results presented in the table below, it can be concluded that:

a. Hypothesis 1

Based on the test results, the T-statistic value was 2.112 and the p-value was 0.035. These values meet the test criteria, namely T-statistic > 1.96 and p-value < 0.05. Thus, H1 is accepted, which indicates that Fear of Missing Out (FOMO) has a significant effect on Generation Z's stock investment decisions. These results indicate that the fear of missing out on information, trends, or investment opportunities can encourage Generation Z to make stock investment decisions.

b. Hypothesis 2

The test results showed a T-statistic of 6.068 and a p-value of 0.000. These values indicate that social media has a significant influence on stock investment decisions. Thus, H2 is accepted. These results indicate that social media is a source of information capable of influencing Generation Z's stock investment decisions through various educational content, market information, and investment experiences shared by other users.

c. Hypothesis 3

Based on the test results, the T-statistic value was 3.512 and the p-value was 0.000. These values met the significance criteria, thus accepting H3. These results indicate that financial literacy significantly influences Generation Z's stock investment decisions. The better an individual's understanding of financial concepts and management, the better the quality of their investment decisions.

d. Hypothesis 4

The results of the specific indirect effect test showed a T-statistic of 1.279 and a p-value of 0.201. These values did not meet the significance criteria because the T-statistic <1.96 and p-value >0.05. Thus, H4 was rejected. These results indicate that financial literacy has not been able to mediate the influence of FOMO on Generation Z's stock investment decisions. In other words, the influence of FOMO on investment decisions occurs more directly than through increased financial literacy.

e. Hypothesis 5

Based on the results of the specific indirect effect test, the T-statistic value was 3.454 and the p-value was 0.001. These values met the significance criteria, thus H5 was accepted. These results indicate that financial literacy can mediate the relationship between social media and Generation Z's stock investment decisions. This means that information obtained through social media can first improve financial literacy, which then encourages the formation of better stock investment decisions.

Discussion

The Influence of Fear of Missing Out (FOMO) on Generation Z's Stock Investment Decisions

The test results show that Fear of Missing Out (FOMO) significantly influences Generation Z's stock investment decisions, with a T-statistic of 2.112 and a p-value of 0.035. These results indicate that the first hypothesis is accepted. These findings indicate that the higher the level of FOMO experienced by Generation Z investors, the greater their tendency to make stock investment decisions. Generation Z is a group that grew up in a digital environment, making it easier to be exposed to investment information circulating through social media, investment communities, and other digital platforms. When they see others profiting from a particular stock, a fear of missing out arises, prompting them to immediately invest.

Theoretically, the results of this study align with the concept of behavioral finance, which explains that investment decisions are not always based on rational considerations but are also influenced by psychological factors. FOMO is a behavioral bias that can encourage investors to act quickly to avoid feeling left behind by other investors. These findings also support research by Pradana (2023), Maulida Sari (2025), and Putra and Fauzi (2025), which states that FOMO is a psychological factor that can influence the investment decisions of young investors.

The Influence of Social Media on Generation Z's Stock Investment Decisions

The test results show that social media has a significant influence on Generation Z's stock investment decisions with a T-statistic of 6.068 and a p-value of 0.000. Thus, the second hypothesis is accepted. These results indicate that social media has become one of the main sources of information influencing Generation Z's investment decisions. Through various platforms such as Instagram, TikTok, X, YouTube, and online investment forums, investors obtain information about market conditions, stock recommendations, investment strategies, and the experiences of other investors. This information is then used as a consideration in making investment decisions.

The significant influence of social media indicates that Generation Z tends to utilize digital technology as a means of obtaining fast and easily accessible investment information. However, information circulating on social media does not always have the same level of accuracy, requiring the ability to sort out relevant and credible information. This finding aligns with research by Sofyan (2025), Mittal et al. (2025), and Moitra et al. (2026), which states that social media has a significant influence on investment decisions because it can shape investors' perceptions and beliefs about an investment instrument.

The Influence of Financial Literacy on Generation Z's Stock Investment Decisions

The test results show that financial literacy significantly influences Generation Z's stock investment decisions, with a T-statistic of 3.512 and a p-value of 0.000. Therefore, the third hypothesis is accepted. These findings indicate that the ability to understand financial concepts, investment risks, financial statements, and fund management plays a crucial role in shaping better investment decisions. Investors with a high level of financial literacy tend to conduct more thorough analysis before making investment decisions than investors who rely solely on intuition or emerging trends.

The results of this study reinforce the decision usefulness theory, which states that the quality of investment decisions is highly dependent on an individual's ability to understand and utilize available financial information. The better a person's financial literacy, the more rational their investment decisions. This finding is consistent with research by Kusuma (2025), Utami and Wiguna (2024), Sibuea (2025), and Putra and Fauzi (2025), which concluded that financial literacy is a crucial factor in improving the quality of young investors' investment decisions.

The Role of Financial Literacy in Mediating the Influence of Fear of Missing Out (FOMO) on Generation Z's Stock Investment Decisions

The test results show that financial literacy is unable to mediate the influence of FOMO on Generation Z's stock investment decisions. This is indicated by the T-statistic value of 1.279 and p-value of 0.201 so that the fourth hypothesis is rejected. The results of this study indicate that financial literacy is unable to mediate the influence of Fear of Missing Out (FOMO) on Generation Z's stock investment decisions. This indicates that investment decisions influenced by FOMO are driven more by emotional and psychological factors than by an individual's ability to understand and manage financial information. When investors feel afraid of missing out on investment opportunities that are considered profitable, they tend to make decisions quickly without going through an in-depth analysis process based on their financial knowledge.

This finding aligns with research conducted by Lidya Anastasya et al. (2025) which concluded that financial literacy was unable to mediate the relationship between Fear of Missing Out (FOMO) and investment decisions. The study explained that even if someone has a good level of financial literacy, the emotional impulse due to FOMO can still directly influence investment behavior. Even if investors have good financial literacy, the impulse of Fear of Missing Out (FOMO) can still directly influence investment decisions, so the mediating role of financial literacy is insignificant. The results of this study indicate that for Generation Z investors in Sukabumi City, investment decisions influenced by FOMO tend to occur due to emotional responses to circulating investment information and trends, so the role of financial literacy as a mediating variable cannot bridge this relationship. Therefore, the influence of FOMO on investment decisions is more appropriately explained as a direct influence rather than through increased financial literacy.

The Role of Financial Literacy in Mediating the Influence of Social Media on Generation Z's Stock Investment Decisions

The test results show that financial literacy can mediate the influence of social media on Generation Z's stock investment decisions, with a T-statistic of 3.454 and a p-value of 0.001. Therefore, the fifth hypothesis is accepted. These findings indicate that social media not only provides direct investment information to investors but also improves financial literacy, ultimately leading to better investment decisions. Information on financial education, stock analysis, company reports, and investment strategies obtained through social media can improve investors' knowledge and understanding of stock investment.

These results indicate that financial literacy functions as a cognitive filter that helps investors select and evaluate information obtained from social media before using it as a basis for investment decisions. Therefore, the information received is not directly translated into investment actions but is first processed through the investor's financial understanding and knowledge. These research findings align with those of Ningtyas et al. (2024), Gunawan et al. (2024), and Lestari (2023), which state that financial literacy can mediate the relationship between social media and investment decisions. These results also strengthen the research argument that financial literacy is a crucial mechanism for transforming digital information into more rational and measured investment decisions.

6. Conclusion

This study aims to analyze the influence of Fear of Missing Out (FOMO) and social media on Generation Z's stock investment decisions, with financial literacy as a mediating variable. The results show that Fear of Missing Out (FOMO) has a positive and significant effect on Generation Z's stock investment decisions. This finding suggests that the psychological drive to not miss out on investment opportunities drives young investors to make investment decisions more quickly, even though these decisions are not always based on rational analysis.

This study also demonstrates that social media has a positive and significant impact on Generation Z's stock investment decisions. Social media has become a primary source of information influencing investors' perceptions and considerations when making investment decisions. Furthermore, financial literacy has been shown to have a positive and significant impact on stock investment decisions, indicating that the better an individual's understanding of financial and investment concepts, the more rational their investment decisions will be.

Tests of the mediation effect showed mixed results. Financial literacy was unable to mediate the relationship between Fear of Missing Out (FOMO) and stock investment decisions, suggesting that FOMO's influence on investment decisions is more direct and dominated by emotional factors. Conversely, financial literacy was shown to mediate the influence of social media on stock investment decisions. These findings suggest that information obtained through social media can improve the quality of investment decisions if first processed through adequate financial knowledge and understanding.

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