How Fear of Missing Out Connects Behavioral Biases to Stock Investment Decisions among Gen Z in Indonesia

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ABSTRACT

Generation Z investors increasingly dominate the Indonesian capital market with high social media exposure raise concerns about behavioral biases in investment decision-making. This study examines the effect of herding behavior and availability bias on stock investment decisions among Generation Z investors in Indonesia, with Fear of Missing Out (FOMO) as a mediating variable based on behavioral finance theory. A quantitative cross-sectional survey of 200 Generation Z investors selected through purposive sampling was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings indicate that herding behavior and availability bias positively and significantly influence stock investment decisions, and that FOMO also positively influences stock investment decisions. Furthermore, FOMO significantly mediated both relationships in a complementary pattern, with mediation proportions of 35.0% for availability bias and 16.8% for herding. These results highlight the critical role of cognitive biases and emotional factors in shaping stock investment decisions among Generation Z. The implication is that investors should set investment criteria before acting on trending stocks, trading applications could add brief risk prompts, and regulators could strengthen disclosure for finfluencer content, although their effectiveness needs testing

ABSTRAK

Investor Generasi Z semakin mendominasi pasar modal Indonesia dengan tingginya paparan media sosial, sehingga menimbulkan kekhawatiran terkait bias perilaku dalam pengambilan keputusan investasi. Penelitian ini bertujuan untuk menguji pengaruh herding behavior dan availability bias terhadap keputusan investasi saham pada investor Generasi Z di Indonesia, dengan Fear of Missing Out (FOMO) sebagai variabel mediasi berdasarkan teori keuangan perilaku (behavioral finance). Penelitian ini menggunakan survei kuantitatif dengan desain cross-sectional terhadap 200 investor Generasi Z yang dipilih menggunakan teknik purposive sampling, dengan analisis Partial Least Squares Structural Equation Modeling (PLS-SEM). Hasil penelitian menunjukkan bahwa herding behavior dan availability bias berpengaruh positif dan signifikan terhadap keputusan investasi saham, sedangkan FOMO juga berpengaruh positif terhadap keputusan investasi saham. Selain itu, FOMO secara signifikan memediasi kedua hubungan tersebut melalui pola mediasi komplementer, dengan proporsi mediasi sebesar 35,0% untuk availability bias dan 16,8% untuk herding behavior. Hasil ini menyoroti peran penting bias kognitif dan faktor emosional dalam membentuk keputusan investasi saham di kalangan Generasi Z. Implikasinya, investor perlu menetapkan kriteria investasi sebelum bertindak berdasarkan saham yang sedang tren, aplikasi perdagangan dapat menambahkan pengingat risiko singkat, dan regulator dapat memperkuat keterbukaan informasi terkait konten finfluencer, meskipun efektivitas langkah-langkah tersebut masih perlu diuji.

1. INTRODUCTION

The rapid growth of Generation Z's participation in Indonesia's capital market represents a significant dimension of digital transformation reshaping global investment landscapes. Data from the Indonesia Central Securities Depository (KSEI, 2025) reveal that 54.23% of Indonesia's capital market investors are under the age of 30, with growth in Single Investor Identification (SID) predominantly driven by Generation Z, born between 1997 and 2012. As digital natives, Generation Z investors are characterized by high connectivity to social media and exposure to massive, yet often unverified, information flows, which may influence investment decisions through social trends, financial influencer narratives, and easily accessible content (Kala et al., 2025; Friederich et al., 2024). Easy access to digital investment platforms can

heighten the risk of financially detrimental investment behavior (Friederich et al., 2024).

First, mobile investment applications may lower entry barriers for retail investors in the stock market. Evidence from the United States shows that app-based retail trading can intensify attention-driven buying. Robinhood users engage in more attention-driven trading than other retail investors, partly because of the app's features, and their intense buying of high-attention stocks predicts negative returns (Barber et al., 2022). Second, investment information may increasingly reach young investors through social media, where financial influencers act as opinion leaders. Indonesia's financial regulator now regards the conduct of financial information providers as a consumer protection concern and issued POJK No. 6 of 2026, which regulates parties that disseminate financial sector information to enhance financial literacy or influence consumers (OJK, 2026). Theoretical work shows that influencers and social networks can amplify the spread of investment ideas, bursts of trading volume, and bubbles (Pedersen, 2022). Third, platform feeds repeatedly expose users to like-minded opinions about the same stocks. Investor social networks display lopsided information flows that favor users' views (Cookson et al., 2023), and attention-grabbing stocks are more likely to be bought by individual investors because attention narrows the set of stocks they consider (Barber and Odean, 2008). These conditions suggest that information salience and the observation of others' behavior may be especially relevant for Generation Z investors in Indonesia, a market with a large share of young and digitally connected investors.

Prior studies indicate that investors' decisions can deviate from the rational decision-making principles assumed by classical finance theory, and that young investors may be especially exposed to such influences. Evidence from other markets suggests that investors may base their investment decisions on easily accessible social media information without adequate verification, follow majority decisions or peer recommendations without independent analysis, and feel pressured to enter the market out of fear of missing profitable opportunities (Kaur et al., 2024; Friederich et al., 2024). Prior studies have linked this behavioral pattern to higher portfolio volatility and financial losses (Chishti et al., 2025). This concern is particularly relevant for young investors, who face an active distribution of low-reliability information through social media, user-generated platforms, and electronic word-of-mouth, which can be associated with a stronger fear of missing out and a greater urgency to invest (Kala et al., 2025; Cookson et al., 2023).

These tendencies are difficult to explain using classical finance theory, which assumes rational investor behavior. Behavioral finance theory, serving as the grand theory of this study, offers an alternative paradigm, affirming that investment decisions are shaped by psychological, emotional, and cognitive bias factors (Antony, 2019; Rad et al., 2025). Building on Kahneman and Tversky (1979), behavioral finance demonstrates that real-world investors frequently make decisions based on limited information, mental shortcuts, and heightened emotions rather than pure logic. This theory is supported by several complementary frameworks, including bounded rationality theory (Simon, 1955), heuristics and biases theory (Tversky & Kahneman, 1974), social comparison theory (Festinger, 1954), and FOMO theory (Przybylski et al., 2013), each of which explains specific mechanisms of investor behavior. This study does not evaluate whether investment decisions are rational; rather, it examines how these biases are associated with the extent to which investors report their decisions. Within this framework, three behavioral biases are particularly relevant to Generation Z investors: herding behavior, availability bias, and Fear of Missing Out (FOMO). Herding behavior can create price distortions and market bubbles (Bikhchandani & Sharma, 2000). Availability bias leads investors to overweight easily accessible or recently encountered information, and Generation Z investors immersed in viral content may be especially exposed to it. FOMO has emerged as an important psychological mechanism in the digital investment ecosystem (Kaur et al., 2024) and can function not only as an independent bias but also as a mediator that transmits the influence of other biases on investment decisions through emotional and social pathways (Gupta & Shrivastava, 2021; Kaur et al., 2024).

Empirically, evidence that models FOMO as a mediator for both herding behavior and availability bias and compares its role across the two pathways remains scarce for Generation Z investors in Indonesia. Existing studies have addressed parts of this model. Nizar and Daljono (2024) examined availability bias with FOMO as an intervening variable among Indonesian investors but did not include herding behavior. Nguyen et al. (2025) and Gupta and Shrivastava (2021) confirmed FOMO's mediating role in the herding context among Vietnamese and Indian investors without incorporating availability bias. Rakshika & Kumar T (2025) discussed FOMO's relationship with herding and availability heuristics in a literature-based conceptual study that did not test these relationships with data.

This study addresses this gap by estimating herding behavior, availability bias, and FOMO by using a single mediation model for Generation Z stock investors in Indonesia. Its contribution is twofold. Empirically, it extends the evidence on FOMO to Indonesia, a market with a large share of young investors and growing regulatory attention to financial influencers. Mechanistically, it distinguishes two routes through which behavioral biases relate to stock investment decisions by comparing how much of the effect of availability bias, which reflects information salience, and of herding behavior, which reflects imitation of

others, is transmitted through FOMO. The distinction can matter for practice because the two routes could call for different measures: presenting widely circulated information with a balanced risk context for the availability bias route and clearer disclosure in content that signals what others are buying for the herding route. Beyond the conceptual nature of that earlier work, this study also differs in measurement and population: FOMO is measured on a frequency scale adapted from Good and Hyman (2020) and Przybylski et al. (2013), the decision variable follows the categories of Waweru et al. (2008), and the respondents are Generation Z investors with active stock accounts and an SID. The relevance of this question is underscored by the scale of Generation Z participation, with 54.23% of Indonesia's capital market investors under the age of 30 (KSEI, 2025), and by growing regulatory attention to online investment information (OJK, 2026). Whether these tendencies translate into market-level outcomes is beyond the scope of the present data and is left for future research. Grounded in behavioral finance theory, this study contributes to a behavioral finance model for digital-native investors and offers implications for investors' decision practices, design of trading platforms, and disclosure expectations for financial influencer content.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

2.1 Behavioral Finance Theory

Behavioral finance theory served as the foundation of this study. Antony (2019) defined behavioral finance as an academic field that integrates insights from economics, psychology, and sociology to understand how psychological and emotional factors influence individual financial decisions. The theory challenges the classical financial assumptions of perfect investor rationality, explaining that cognitive and affective aspects always contribute to decision-making that deviates from perfect rationality.

This study employs four supporting theories: Bounded Rationality Theory (Simon, 1955), which explains that cognitive limitations cause investors to use mental shortcuts or heuristics; Heuristics and Biases Theory (Tversky & Kahneman, 1974), which explains the availability heuristic, where investors judge event probability based on ease of recall; Social Comparison Theory (Festinger, 1954), which explains herding through the mechanism of investors evaluating decisions by comparing themselves to others; and FOMO Theory (Przybylski et al., 2013), which explains the specific psychological phenomenon of fear of missing out in the digital era.

These four theories form one sequence rather than separate explanations. Bounded rationality (Simon, 1955) is the starting point: because investors have limited time, attention, and information-processing capacity, they rely on heuristics and the observed behavior of others. Two routes follow. Through social comparison (Festinger, 1954), observing other investors' decisions and gains leads to herding behavior that generates a sense of being left behind. Social comparison has been linked to FOMO in social network settings (Steinberger & Kim, 2023). Through the availability heuristic (Tversky & Kahneman, 1974), easily recalled and highly salient information leads to an availability bias, making missed opportunities easy to imagine, which also feeds FOMO. The FOMO theory (Przybylski et al., 2013) then explains how this apprehension becomes a psychological urgency to act so that stock investment decisions are carried out under emotional rather than analytical pressure. FOMO, therefore, occupies the mediating position in the framework: it is the emotional step through which both cognitive routes are transmitted to stock investment decisions.

2.2 Stock Investment Decision

Stock investment decisions refer to the decisions investors make in trading stocks, which Waweru et al. (2008) examined across five categories: buying, selling, choice of stock, holding period, and volume. Tandelilin (2010) further defines stock investment decisions as placing funds in one or more assets expected to yield returns over a period of time while considering the level of risk the investor is willing to bear.

In the context of Generation Z investors who are highly exposed to social media and digital platforms, stock investment decisions are particularly susceptible to psychological bias. The massive and rapid flow of information in the digital ecosystem has the potential to exacerbate behavioral biases, such as herding behavior, availability bias, and fear of missing out (FOMO), each of which may influence how investors make and carry out their decisions (Kahneman & Tversky, 1979; Tversky & Kahneman, 1974).

2.3 Herding Behavior

Herding behavior is defined as investor behavior that tends to follow and imitate other investors' stock investment decisions by ignoring personal information and analysis (Bikhchandani & Sharma, 2000). In the context of Generation Z investors, who are highly connected through digital platforms and social media, herding behavior is facilitated by the rapid dissemination of market information and sentiment among young investors.

2.4 Availability Bias

Availability bias is a judgment heuristic in which an individual evaluates the frequency or probability of an event based on the ease with which relevant examples come to mind (Tversky & Kahneman, 1973). In investment, availability bias causes investors to overweight easily accessible information while ignoring more

Comprehensive and relevant historical data (Tversky and Kahneman, 1973; Maheswari et al., 2023). Generation Z, as digital natives who are massively exposed to viral content through social media, is particularly vulnerable to availability bias.

2.5 Fear of Missing Out (FOMO)

FOMO is defined as a pervasive apprehension that others might have rewarding experiences from which one is absent, characterized by a desire to stay continually connected with what others are doing (Przybylski et al., 2013). In behavioral finance, FOMO functions as a psychological bridge that translates cognitive biases (herding behavior and availability bias) into actual investment actions through emotional arousal, which creates the urgency to invest (Nguyen et al., 2025).

2.6 The Effect of Herding Behavior on Stock Investment Decisions

Based on behavioral finance theory, particularly the social comparison mechanism (Festinger, 1954) and bounded rationality (Simon, 1955), investors tend to follow majority decisions as a strategy under uncertainty. When facing cognitive limitations and information asymmetry, investors rely on heuristics by following majority decisions (informational cascade), assuming that the majority possesses superior information (Deutsch and Gerard, 1955). Empirical evidence supports this relationship. Bhutto et al. (2025) find a positive and significant effect of herding behavior among 256 investors on the Pakistan Stock Exchange. Similarly, Syukur et al. (2025) confirmed the positive impact of herding behavior on investment decisions across 1,293 investors from various generations in Indonesia. Nguyen et al. (2025) further find that herd behavior has a positive and significant direct effect on gold investment decisions among 727 individual investors in Vietnam.

H1: Herding behavior has a positive and significant effect on stock investment decisions.

2.7 The Effect of Availability Bias on Stock Investment Decisions

The availability heuristic (Tversky & Kahneman, 1973) explains that individuals assess the probability of an event based on how easily it can be recalled in memory. In the investment context, availability bias causes investors to overweigh easily accessible or recently experienced information, such as recent news, media headlines, and viral stocks, while neglecting more comprehensive statistical data. Rasheed et al. (2018) found that availability bias significantly affected the investment decision-making of 227 investors in Pakistan. Chaudhary et al. (2025) confirmed its significant effect among 404 investors on the Nepal Stock Exchange, while Kurniana et al. (2023) demonstrated its influence on 120 Indonesian Millennials and Generation Z through constant social media exposure. Shahzad et al. (2024) further confirm the universal impact of availability bias among 362 investors across various Chinese stock markets.

H2: Availability bias has a positive and significant effect on stock investment decisions.

2.8 The Effect of Fear of Missing Out on Stock Investment Decisions

FOMO theory (Przybylski et al., 2013) describes a state in which individuals feel compelled to stay continually connected with what others are doing because they fear being absent from rewarding experiences. Observing others' gains makes inaction feel costly, so FOMO is expected to push investors to make their stock investment decisions with greater urgency. In a financial context, FOMO causes cognitive bias, in which investors disregard factual elements and act based on emotions rather than rational analysis, contributing to speculative bubbles and herding behavior across various markets (Nguyen et al., 2025). Nguyen et al. (2025) find a direct effect of FOMO on gold investment decisions among 727 Vietnamese investors. Gupta and Shrivastava (2021) confirmed that FOMO exerts the most significant influence compared to other behavioral biases among 323 retail investors in India. Gultom and Kamaludin (2025) found that FOMO has a positive and significant effect on investment decisions among 230 investors actively trading on the Indonesia Stock Exchange. Kaur et al. (2024) also found that FOMO plays a critical role in cryptocurrency investment decisions.

H3: FOMO has a positive and significant effect on stock investment decisions.

2.9 The Effect of Herding Behavior on FOMO

Social comparison theory (Festinger, 1954) holds that people evaluate themselves by comparing themselves with others, and bounded rationality (Simon, 1955) explains why investors lean on others' choices when their own information is limited. When investors observe the majority purchasing a particular asset, this triggers social comparison with successful investors, which generates anxiety about being left behind and ultimately develops into FOMO. Nguyen et al. (2025) found strong evidence among 727 Vietnamese gold investors that observing majority behavior triggers FOMO. Gupta & Shrivastava (2021) confirmed similar findings among retail investors in India, Chi et al. (2025) explain that collective behavior increases investor anxiety about missing profitable opportunities, reinforced by social influence and information exposure on digital platforms.

H4: Herding behavior has a positive and significant effect on FOMO.

2.10 The Effect of Availability Bias on Fear of Missing Out

The availability heuristic (Tversky & Kahneman, 1973) holds that easily recalled information is judged to be more frequent and more important. Repeated exposure keeps investment information salient, so that opportunities that others appear to exploit become easy to imagine and hard to ignore, which is the condition under which FOMO arises (Przybylski et al., 2013). When investment information is highly accessible, it creates the perception that opportunities will be lost if not immediately seized, thereby triggering FOMO. Nizar and Daljono (2024) found a positive and significant effect of availability bias on FOMO among 116 Indonesian investors. Gultom and Kamaludin (2025) confirmed this finding among 230 active investors on the Indonesia Stock Exchange, while Rakshika and Kumar (2025), in a conceptual literature-based study, discussed how availability bias may amplify FOMO by making investors reliant on readily available information.

H5: Availability bias has a significantly positive effect on FOMO.

2.11 The Mediating Role of Fear of Missing Out in the Relationship Between Herding Behavior and Stock Investment Decisions

Following the sequence outlined in Section 2.1, under behavioral finance theory, FOMO serves as a psychological mechanism that mediates the relationship between herding behavior and stock investment decisions. Herding behavior creates social proof that investors observe others profiting, triggering FOMO as a fear of missing out on the success enjoyed by the majority. This process begins when herding observation triggers social comparison, generating FOMO arousal that creates the psychological urgency to invest. Nguyen et al. (2025) find that FOMO mediates the relationship between herding behavior and gold investment decisions among 727 Vietnamese investors. Gupta and Shrivastava (2021) confirmed complementary mediation of FOMO among 323 retail investors in India, and Kaur et al. (2024) found strong partial mediation of FOMO among 473 cryptocurrency investors.

H6: FOMO mediates the effect of herding behavior on stock investment decisions.

2.12 The Mediating Role of Fear of Missing Out in the Relationship Between Availability Bias and Stock Investment Decisions

Following the sequence outlined in Section 2.1, the availability heuristic (Tversky & Kahneman, 1973) explains why widely circulated information becomes salient and easy to recall. FOMO theory (Przybylski et al., 2013) explains how salience turns into fear of being left out, and that fear in turn creates urgency to act. Constant exposure to investment information on social media makes certain information highly salient, which can create FOMO arousal and psychological urgency to invest. Nizar and Daljono (2024) found strong evidence of partial FOMO mediation among 116 Indonesian investors, while Gultom and Kamaludin (2025) revealed that FOMO acts as a partial mediator between availability bias and investment decisions among 230 active investors on the Indonesia Stock Exchange. Rakshika & Kumar T (2025) further discussed FOMO as a mediator between behavioral biases, including availability heuristics, and investment decisions at a conceptual level. Empirical evidence of FOMO mediating the effect of other behavioral biases comes from Nguyen et al. (2025), Gupta and Shrivastava (2021), and Kaur et al. (2024).

H7: FOMO mediates the effect of availability bias on stock investment decisions.

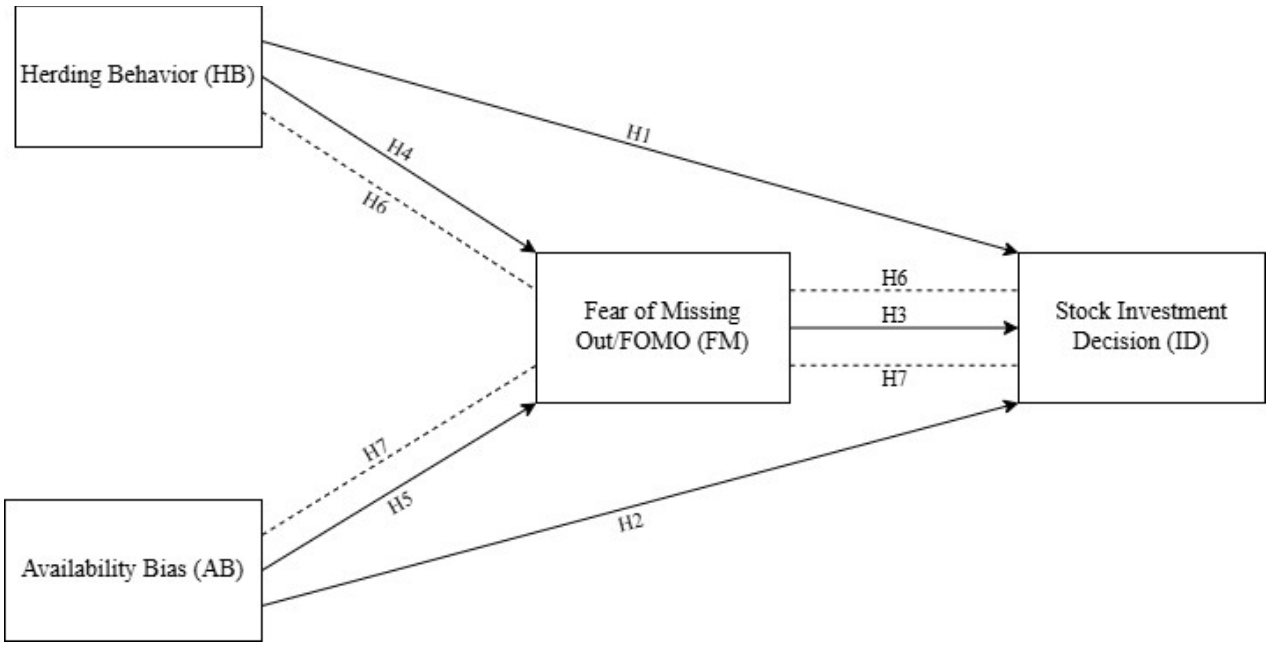


Figure 1. Research framework

3. RESEARCH METHOD

3.1 Research Design and Sample

This study employs a quantitative approach with an explanatory research design to examine the hypothesized relationships between herding behavior, availability bias, FOMO, and stock investment decisions. A cross-sectional design was used, with data collected over approximately one month.

The population consisted of Generation Z investors (born 1997–2012; respondents were aged 17–29 years at the time of data collection in 2026, that is, born between 1997 and 2009) who actively traded stocks in Indonesia. Using purposive sampling, the final sample comprised 200 respondents who met the following inclusion criteria: active stock account ownership (evidenced by SID ownership), at least one transaction within the last six months, use of OJK-regulated securities platforms, and Indonesian domicile. Eligibility was checked through two screening questions at the beginning of the online questionnaire, asking whether the respondent was aged 17– 29 years and whether the respondent actively invested in stocks and held an SID in his or her own name; the survey ended for respondents who answered "no" to either question. The lower age limit follows from SID ownership, which requires a national identity card (KTP). Seventeen respondents (8.5%) were aged 17–19 years and had passed the same screening questions as all other respondents. The questionnaire was opened with a statement of the research purpose and an assurance that responses would be kept confidential and used only for the research. Only respondents who chose to complete the questionnaire were included in this study. Because screening relied on respondents' answers, age and SID ownership were self-reported rather than verified against documents.

The initial sample size was determined based on the 10-times rule suggested by Hair et al. (2010), which recommends a sample size ten times the number of indicators. Using 20 indicators, this approach yielded a target sample of 200 respondents. To provide additional support for sample adequacy, an a priori power analysis was conducted using G*Power 3.1.9.7. The analysis used an F-test for linear multiple regression with a fixed model, R^2 deviation from zero, a medium effect size ($f^2 = 0.15$), a significance level of 0.05, and a power of 0.80. For the stock investment decision equation, which included three predictors–herding behavior, availability bias, and FOMO–the analysis indicated a minimum required sample size of 77 observations. For the FOMO equation, which includes two predictors, the minimum required sample size is 68 observations. The final sample of 200 respondents exceeded both estimates and is about 2.6 times the larger minimum of 77 observations, providing additional support for sample adequacy under the specified regression assumptions.

3.2 Measurement of Variables

All variables were measured using a five-point Likert scale. Agreement and frequency subscales were employed based on variable characteristics. The stock investment decision variable is based on the five

decision categories examined by Waweru et al. (2008): buying, selling, stock choice, holding period, and volume. The items in this study cover the same five categories, but describe how investors carry out each decision.

Table 1. Operationalization of Variables

Variable	Indicators	Scale	Source
Herding Behavior (HB)	**HB.1** I prefer to invest in stocks in which my peers and relatives have invested. **HB.2,** I feel more confident choosing stocks that are also chosen by many investors. **HB.3** I follow market movements while buying stocks. **HB.4** I tend to be interested in buying stocks that are currently in high demand. **HB.5** Other investors' recommendations influence my stock purchases	Likert 1–5	Adapted and modified from Gupta and Shrivastava (2021); Banerjee (1992)
Availability Bias (AB)	**AB.1** I tend to make stock purchase decisions based on the most recently available market information. **AB.2** I tend to buy stocks from companies whose information I frequently hear or see in the media. **AB.3** Stock information that I frequently encounter influences my investment decisions more than information I rarely see. **AB.4** I consider the information from my close friends and relatives as a reliable reference for my investment decisions. **AB.5** I prefer to invest in local stocks because information on local stocks is more available.	Likert 1–5	Adapted and modified from Rasheed et al. (2018)
FOMO (FM)	**FM.1** How often do you feel left behind when you find out that others have gained profits from stock investments? **FM.2** How often do you feel anxious about missing out on stock investment opportunities that other investors may be profiting from? **FM.3** How often do you feel left behind when your friends have already invested in certain stocks while you have not? **FM.4** How often do you compare your investment opportunities with those of others and feel that you have missed out on a chance? **FM.5** How often do you regret not investing in stocks that are currently being widely discussed among your friends?	Likert 1–5 (frequency)	Adapted and modified from Good & Hyman (2020) and Przybylski et al. (2013)
Stock Investment Decision (ID)	**ID.1** I purchase stocks after determining that the stock price aligns with the investment criteria. **ID.2** I sell stocks when my profit target or stop-loss limit has been reached. **ID.3** I allocate stocks across various industrial sectors to build my investment portfolio. **ID.4** I determine the holding period for each stock transaction. **ID.5** I adjust the number of stock lots I purchase according to my available capital and investment plans.	Likert 1–5	Adapted and modified from Waweru et al. (2008)

In the research framework, stock investment decisions are the dependent variable, influenced by herding behavior and availability bias, both directly and through FOMO. The items were written without reference to other investors, easily recalled information, or fear of missing out, so the variable does not overlap conceptually with the independent variables and the mediator. This variable reflects the extent to

which investors report their stock investment decisions. It does not measure the quality or rationality of those decisions, nor the actual transaction frequency or trading volume; the volume items capture how investors decide on the amount to invest, not the amount actually traded. Table 1 summarizes the operationalization of all variables.

3.3 Data Analysis Method

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. PLS-SEM was selected because it is suitable for complex models with mediating variables, does not require normality assumptions, and is appropriate for prediction-oriented research (Hair et al., 2021). Analysis proceeded through four stages: (1) descriptive statistics; (2) outer model evaluation (measurement model); (3) inner model evaluation (structural model), including R^2, effect size (f^2), Q^2, multicollinearity (VIF), and model fit (SRMR); and
(4) Hypothesis testing using bootstrapping with 5,000 samples and a one-tailed test (critical t > 1.65, significance level 5%).

4. RESULTS

4.1 Respondent Profile

A descriptive analysis of 200 Generation Z stock investor respondents indicates that all variables, namely herding behavior (M = 4.51), availability bias (M = 4.55), FOMO (M = 4.43), and stock investment decisions (M = 4.50), fall within the very high category. Mean scores were classified using five equal-width intervals of 0.80, calculated as (5 − 1)/5:1.00–1.80 (very low), 1.81–2.60 (low), 2.61–3.40 (moderate), 3.41–4.20 (high), and 4.21–5.00 (very high). The majority of respondents were female (66.5%), aged 20–22 years (58%), residing on Java Island (41.5%), enrolled as students (51.5%), had 6–12 months of investment experience (47%), and conducted transactions 2–3 times per month (26%). The complete respondent characteristics are presented in Table 2.

Examined across demographic characteristics, female respondents recorded higher mean scores for herding behavior and availability bias than their male counterparts, whereas the 20–22 age group exhibited the highest scores across all variables. In terms of domicile, respondents from Java Island, the largest group (41.5%), recorded a mean availability bias score of 4.61, and respondents from Papua recorded the highest FOMO score (mean = 4.86), although this group had only seven respondents. By occupation, entrepreneurs exhibited the highest herding behavior (Mean = 4.64), while civil servants (ASN) recorded the highest availability bias and FOMO scores (Mean = 4.75 and 5.00, respectively).

Regarding investment experience, the 6–12 month group recorded the highest herding behavior and availability bias scores, whereas investors with more than two years of experience showed higher FOMO and stock investment decision scores. Additionally, investors who transacted once per week recorded the highest herding behavior, availability bias, and FOMO, while daily traders exhibited the highest stock investment decision scores (mean = 4.80). Overall, these findings indicate that behavioral biases are distributed broadly across respondents' demographic characteristics, although the intensity differs somewhat across age, experience, and transaction frequency groups. These subgroup differences were descriptive only and were not statistically tested. Several subgroups were very small (for example, Papua, n = 7; civil servants, n = 8; daily traders, n = 5; and other occupations, n = 3), so their mean scores should not be interpreted as evidence of group differences.

4.2 Measurement Model Evaluation

Table 3 presents the results of the convergent validity and reliability assessment. All outer loadings exceeded 0.708, all AVE values exceeded 0.50, and all Cronbach's alpha and composite reliability values were within acceptable ranges. Common method bias (CMB) was assessed using Harman's single-factor test and the full collinearity VIF approach. The first component accounted for 47.259% of the total variance, which was below the conventional 50% threshold. Furthermore, all full collinearity VIF values were below 3.3 (Kock, 2015). These results suggest that CMB is unlikely to be a severe concern in this study, although its presence cannot be entirely ruled out.

Table 2. Respondent Characteristics (N = 200)

Characteristic	Category	n	%	X̄HB	X̄AB	X̄FM	X̄ID
Gender	Female	133	66.5	4.60	4.59	4.47	4.53
	Male	67	33.5	4.31	4.45	4.34	4.45
Age (years)	17–19	17	8.5	4.24	4.41	3.94	4.29
	20–22	116	58.0	4.57	4.63	4.52	4.57
	23–25	51	25.5	4.55	4.53	4.47	4.47
	26–29	16	8.0	4.19	4.13	4.19	4.31
Geographic region	Java	83	41.5	4.60	4.61	4.53	4.55
	Sumatra	43	21.5	4.49	4.44	4.35	4.44
	Sulawesi	21	10.5	4.57	4.52	4.43	4.67
	Kalimantan	18	9.0	4.28	4.56	4.17	4.50
	Bali & Nusa Tenggara	15	7.5	4.20	4.33	4.07	3.93
	Maluku Islands	13	6.5	4.62	4.62	4.62	4.62
	Papua	7	3.5	4.29	4.71	4.86	4.71

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Characteristic	Category	n	%	X̄HB	X̄AB	X̄FM	X̄ID
Occupation	Student	103	51.5	4.49	4.56	4.38	4.45
	Private sector employee	47	23.5	4.51	4.49	4.43	4.53
	Entrepreneur	25	12.5	4.64	4.60	4.32	4.56
	Freelancer	14	7.0	4.57	4.50	4.79	4.64
	Civil servant (ASN)	8	4.0	4.50	4.75	5.00	4.63
	Others	3	1.5	3.67	4.00	4.00	4.33
Investment experience	< 6 months	41	20.5	4.41	4.56	4.44	4.46
	6–12 months	94	47.0	4.61	4.68	4.46	4.56
	1–2 years	48	24.0	4.40	4.23	4.31	4.38
	> 2 years	17	8.5	4.47	4.65	4.59	4.59
Transaction frequency	Daily trader	5	2.5	4.40	4.20	4.20	4.80
	2–3 times/week	40	20.0	4.60	4.65	4.60	4.58
	Once/week	36	18.0	4.64	4.72	4.78	4.69
	2–3 times/month	52	26.0	4.42	4.40	4.19	4.50
	Once/month	51	25.5	4.47	4.59	4.29	4.33
	< Once/month	16	8.0	4.38	4.31	4.50	4.31

Table 3. Convergent Validity and Reliability

Construct	Indicators	Outer Loadings	AVE	Cronbach's α	CR (rho_c)
Herding Behavior	HB.1–HB.5	0.747–0.806	0.594	0.829	0.880
Availability Bias	AB.1–AB.5	0.733–0.792	0.575	0.816	0.871
FOMO	FM.1–FM.5	0.853–0.889	0.764	0.923	0.942
Stock Investment Decision	ID.1–ID.5	0.774–0.845	0.663	0.873	0.907

Note: All criteria meet Hair et al. (2017) thresholds (Outer Loading ≥ 0.708, AVE ≥ 0.50, α ≥ 0.70, CR 0.70–0.95)

Discriminant validity was assessed using three criteria: cross-loadings, the Fornell-Larcker criterion, and the heterotrait-monotrait (HTMT) ratio. All indicators loaded higher on their own constructs than on any other construct, thus satisfying the cross-loading criterion (see Appendix A, Table A1). The Fornell-Larcker criterion was also met as the square root of each construct's AVE exceeded its correlations with all other constructs (Appendix A, Table A2). Finally, all HTMT values remained below the conservative threshold of 0.85 (Hair et al. 2017), as presented in Table 4. The highest values were observed for herding behavior and stock investment decisions (0.828), herding behavior and availability bias (0.804), and availability bias and stock investment decisions (0.800). Although these values approach the threshold, they remain below it, and the cross-loading and Fornell–Larcker results show clear separation among the constructs. Taken together, these results confirm that the constructs were empirically distinct.

Table 4. Heterotrait-Monotrait (HTMT) Ratio

	Herding Behavior	Availability Bias	FOMO	Stock Investment Decision
Herding Behavior	–			
Availability Bias	0.804	–		
FOMO	0.611	0.683	–	
Stock Investment Decision	0.828	0.800	0.725	–

Note: All HTMT values < 0.85 (conservative threshold), confirming discriminant validity (Hair et al., 2017)

Common method bias (CMB) was assessed because all data were collected from a single self-reported questionnaire (Podsakoff et al., 2024). Harman's single-factor test showed that the first unrotated factor accounted for 47.26% of the total variance, which was below the conventional 50% threshold. Additionally, all full collinearity VIF values were below 3.3 (Kock, 2015). These results suggest that CMB is unlikely to be a serious concern in this study, although its influence cannot be entirely ruled out.

4.3 Structural Model Evaluation

Table 5 presents the results of the inner model assessment. The model explains 63.3% of the variance in stock investment decisions ($R^2 = 0.633$) and 39.2% of the variance in FOMO ($R^2 = 0.392$). The effect size analysis (f^2) showed that herding behavior had a medium effect on stock investment decisions ($f^2 = 0.207$) and a small effect on FOMO ($f^2 = 0.058$), availability bias had a medium effect on FOMO ($f^2 = 0.168$) and a small effect on stock investment decisions ($f^2 = 0.076$), and FOMO had a medium effect on stock investment decisions ($f^2 = 0.154$). All VIF values were below 5, indicating no multicollinearity issues. Q^2 values above zero confirm predictive relevance. The model demonstrated a good fit, with SRMR values of 0.058 for both the saturated and estimated models (SRMR = 0.058 < 0.08), meeting the conservative threshold for model fit (Hair et al., 2017).

Table 5. Inner Model Evaluation Criteria

Criterion	Value	Adjusted	Category	Note
R^2 – FOMO	0.392	0.386	Weak	–
R^2 – Stock Investment Decision	0.633	0.627	Moderate	–
f^2 – Herding Behavior → FOMO	0.058	–	Small effect	–
f^2 – Herding Behavior → Stock Inv. Decision	0.207	–	Medium effect	–
f^2 – Availability Bias → FOMO	0.168	–	Medium effect	–
f^2 – Availability Bias → Stock Inv. Decision	0.076	–	Small effect	–

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f^2-FOMO → Stock Inv. Decision	0.154	–	Medium effect	–
VIF (all paths)	<2.107	–	No multicollinearity	–
Q^2 – FOMO	0.289	–	Medium predictive relevance	–
Q^2 – Stock Investment Decision	0.404	–	Large predictive relevance	–
SRMR (saturated & estimated model)	0.058	–	Good fit (< 0.08)	–

Note: R^2 categories follow Hair et al. (2017): 0.75 = substantial, 0.50 = moderate, 0.25 = weak; f^2 categories follow Hair et al. (2017): 0.02 = small, 0.15 = medium, 0.35 = large; SRMR < 0.08 indicates good model fit under the conservative guideline of Hair et al. (2017).

4.4 Hypothesis Testing

Hypothesis testing was conducted using bootstrapping (5,000 samples, BCa method, one-tailed test). Table 6 presents the complete results for the direct effects, indirect effects, and mediation classification. Each estimate is reported with its 95% bias-corrected and accelerated (BCa) confidence interval, and an effect is regarded as supported when the interval excludes zero, which is in line with the t-test criterion.

Table 6. Path Coefficient Results, Indirect Effects, and Mediation Analysis

Hyp.	Path	β	t-stat	p-value	95% Bootstrap CI	Result
H1	Herding Behavior → Stock Inv. Decision	0.381	5.793	0.000	[0.272, 0.488]	**Supported**
H2	Availability Bias → Stock Inv. Decision	0.242	3.310	0.000	[0.118, 0.357]	**Supported**
H3	FOMO → Stock Inv. Decision	0.305	3.962	0.000	[0.182, 0.434]	**Supported**
H4	Herding Behavior → FOMO	0.252	3.201	0.001	[0.120, 0.378]	**Supported**
H5	Availability Bias → FOMO	0.429	5.675	0.000	[0.306, 0.554]	**Supported**
H6	HB → FOMO → Stock Inv. Decision (indirect)	0.077	2.384	0.009	[0.030, 0.134]	**Supported (Partial)**
H7	AB → FOMO → Stock Inv. Decision (indirect)	0.131	3.097	0.001	[0.068, 0.206]	**Supported (Partial)**

*Note: *p<0.05, **p<0.01, ***p<0.001. All mediation is classified as complementary (partial) mediation per Zhao et al. (2010), as cited in Hair et al. (2017). CI = 95% BCa bootstrap confidence interval (5,000 samples).*

All seven hypotheses were supported. Among the direct effects, herding behavior has the strongest direct impact on stock investment decisions (β = 0.381), followed by FOMO (β = 0.305) and availability bias (β = 0.242). Availability bias was the strongest predictor of FOMO (β = 0.429), exceeding the effect of herding behavior (β = 0.252). FOMO plays a more substantial mediating role in the availability bias → stock investment decision relationship (35.0% mediation proportion) than in the herding behavior →

stock investment decision relationship (16.8%). The 95% BCa confidence intervals of both indirect effects excluded zero (H6:0.030–0.134; H7:0.068–0.206), supporting the significance of both indirect effects.

5. DISCUSSION

5.1 Effect of Herding Behavior on Stock Investment Decisions

The first hypothesis (H1) was supported, confirming that herding behavior has a positive and significant effect on stock investment decisions among Generation Z investors in Indonesia (β = 0.381, t-statistic = 5.793, p-value = 0.000). The stronger an investor's tendency to follow the majority, the greater the extent to which the investor reports making stock investment decisions. This finding indicates an association with the reported execution of decisions; however, it does not indicate whether these decisions are better or worse.

This result can be explained by bounded rationality (Simon 1955) and social comparisons (Festinger 1954). Under uncertainty and cognitive limitations, following the majority is a low-cost heuristic that can substitute for independent analysis. Among Generation Z investors, this heuristic is reinforced by continuous exposure to peers' investment success stories on social media, which can foster informational cascades in which investors assume that most investors possess superior information. The following market movements are not inherently irrational since informational herding can add useful perspectives, but it may become a concern when collective sentiment, rather than independent analysis, becomes the primary reference for stock investment decisions. These results are consistent with those of Bhutto et al. (2025) for 256 investors on the Pakistan Stock Exchange, Syukur et al. (2025) for 1,293 multi-generational investors in Indonesia, and Nguyen et al. (2025) for 727 gold investors in Vietnam.

From a practical standpoint, because herding behavior has the strongest direct effect on stock investment decisions, investors should verify the fundamentals of a stock independently before following the majority. Content promoted by financial influencers is a visible source of crowd signals, and clearer disclosure of compensation, ownership interests, and risks in such content deserves attention (see Section 6).

5.2 Effect of Availability Bias on Stock Investment Decisions

The second hypothesis (H2) was supported, confirming that availability bias has a positive and significant effect on stock investment decisions among Generation Z investors in Indonesia (β = 0.242, t-statistic = 3.310, p-value = 0.000). Although its path coefficient is lower than that of herding behavior, the cognitive bias toward easily accessible information remains a significant determinant of stock investment decisions.

This finding is grounded in the availability heuristic (Tversky & Kahneman, 1973): investors tend to overweigh easily accessible or recently encountered information, such as viral news or peer success stories, while neglecting more relevant but cognitively demanding fundamental information. Familiarity with a company or a local stock can be a reasonable starting point, but availability bias may shape judgments regarding lot size and holding period when media exposure frequency becomes the primary basis for stock investment decisions. The smaller direct effect relative to herding is consistent with the interpretation in Section 5.5, that availability bias operates more strongly through the emotional pathway. These results are consistent with Rasheed et al. (2018) among 227 investors in Pakistan, Chaudhary et al. (2025) across 404 investors on the Nepal Stock Exchange, Kurniana et al. (2023) among 120 Millennial and Generation Z investors in Indonesia, and Shahzad et al. (2024) across 362 investors in Chinese stock markets.

From a practical standpoint, financial news aggregators and social media platforms could present a balanced context, such as risks and past volatility, alongside stocks that are widely discussed, and investors should check fundamental information rather than rely on the stocks they encounter most often (see Section 6).

5.3 Effect of Fear of Missing Out (FOMO) on Stock Investment Decisions

The third hypothesis (H3) was supported, confirming that FOMO has a positive and significant effect on stock investment decisions among Generation Z investors in Indonesia (β = 0.305, t-statistic = 3.962, p-value = 0.000). Anxiety over missing profitable opportunities enjoyed by others may create psychological urgency for investment.

The FOMO theory (Przybylski et al., 2013) describes the apprehension that others have rewarding experiences from which one is absent. Observing peers who have already bought a stock makes inaction feel costly, and this pressure is reinforced by Generation Z investors' high dependence on social media. Social motivation within reasonable boundaries can encourage novice investors to participate in the capital market, but FOMO may become a psychological pressure associated with faster execution of stock investment decisions. These results are consistent with Nguyen et al. (2025) among 727 investors in Vietnam, Gupta and Shrivastava (2021) among 323 retail investors in India, Gultom and Kamaludin (2025)

among 230 active investors on the Indonesia Stock Exchange, and Kaur et al. (2024) among cryptocurrency investors.

From a practical standpoint, because FOMO has a significant effect on stock investment decisions, trading applications could consider cooling-off prompts or additional confirmation steps when users place orders for stocks that are trending or have risen sharply, and investors can set a long-term investment plan in advance to reduce reactive purchases (see Section 6).

5.4 Effects of Herding Behavior on Fear of Missing Out (FOMO)

The fourth hypothesis (H4) is supported, confirming that herding behavior has a positive and significant effect on FOMO among Generation Z investors in Indonesia (β = 0.252, t-statistic = 3.201, p-value = 0.001). Investors who observe many others engaging in a particular investment may feel anxious about missing the same opportunity if they do not act promptly.

This is consistent with the social comparison mechanism introduced in Section 5.1. According to Festinger (1954), observing the majority profit from an investment invites a comparison with successful investors, which can generate FOMO. Awareness of collective market dynamics can serve as a supplementary reference, but it may become an FOMO trigger when the majority's choices become the primary benchmark for investment success, so that the stronger the drive to follow the majority, the more intense the feeling of being left behind when investors cannot or fail to follow in time. These results are consistent with Nguyen et al. (2025) among 727 gold investors in Vietnam, Gupta and Shrivastava (2021) among retail investors in India, and Chi et al. (2025), who showed that collective behavior amplifies investors' anxiety about missing profitable opportunities on digital platforms. The comparatively smaller effect of herding behavior on FOMO is discussed in Section 5.5.

From a practical standpoint, social media platforms and investment communities should promote balanced discussions that present not only success stories but also investment risks and failures. Investors can also manage FOMO triggered by social comparison, for example, by setting time limits on investment-related social media content.

5.5 Effects of Availability Bias on Fear of Missing Out (FOMO)

The fifth hypothesis (H5) is supported, confirming that availability bias has a positive and significant effect on FOMO among Generation Z investors in Indonesia (β = 0.429, t-statistic = 5.675, p-value = 0.000). Constant exposure to easily accessible investment information on social media creates the perception that opportunities will be lost if not immediately seized, which may trigger intense FOMO.

The larger effect of availability bias on FOMO (β = 0.429) than on herding behavior (β = 0.252) can be interpreted through the different positions these biases occupy between information exposure and action. Availability bias, as measured here, reflects what investors repeatedly see and hear: recent market information, stocks frequently covered in the media, and information often encountered. FOMO is, by definition, the apprehension that others may have rewarding experiences from which one is absent (Przybylski et al., 2013). Repeated exposure to investment information, especially success stories and trending stocks, keeps other investors' gains continually visible, which supplies material for upward social comparison (Festinger, 1954) and makes missed opportunities easy to imagine (Tversky & Kahneman, 1973). In digital environments, this exposure is continuous: once investors choose to follow someone, the user's subsequent messages automatically enter their newsfeeds, which reinforces their existing views (Cookson et al., 2023). Evidence that individual investors are net buyers of stocks that capture their attention (Barber & Odean, 2008) is consistent with the view that salience, and not only social influence, shapes what investors feel they cannot afford to miss.

Herding behavior, in contrast, is a behavioral response: investors follow what others buy. Following the crowd can reduce rather than create the feeling of being left behind because an investor who imitates the majority already participates in the trade that others are making. FOMO then arises mainly when investors perceive that others are gaining information while they are not, which is closer to information exposure than imitation itself. This reading is consistent with the pattern in the results: herding has a larger direct effect on stock investment decisions (β = 0.381 versus 0.242 for availability bias), whereas availability bias has a larger effect on FOMO and a larger share of its total effect transmitted through FOMO (35.0% versus 16.8%). Thus, herding appears to act more directly on the behavioral side, while availability bias appears to operate more through the emotional side. Because the two biases are correlated (HTMT = 0.804), the path coefficients are also partial effects, so part of the variance in FOMO that herding can explain on its own is shared with the availability bias.

However, these explanations are only interpretive. The study did not measure platform algorithms, time spent on social media, or the sequence of these processes, and the difference between the two coefficients was not formally tested. In addition, availability bias and FOMO were both measured with frequency-oriented wording (for example, "frequently hear or see" and "how often do you feel"), which

may have strengthened their association. Future research could examine these mechanisms using exposure data, experimental designs, or longitudinal measurements.

These results are consistent with Nizar and Daljono (2024) among 116 investors in Indonesia and Gultom and Kamaludin (2025) among 230 active investors on the Indonesia Stock Exchange. Rakshika & Kumar T (2025) also discuss this relationship at a conceptual level.

From a practical standpoint, the strong effect of availability bias on FOMO suggests that the presentation of investment information is important. Trading applications could consider a brief risk notice or confirmation step before users buy stocks that are trending on social media, and platforms should avoid surfacing only popular or viral stocks without a balanced context (see Section 6). Whether such measures reduce FOMO among Indonesian Generation Z investors should be empirically tested.

5.6 Mediating Role of Fear of Missing Out (FOMO) in the Effect of Herding Behavior on Stock Investment Decisions

The sixth hypothesis (H6) was supported, confirming that FOMO significantly mediates the effect of herding behavior on stock investment decisions among Generation Z investors in Indonesia ($\beta = 0.077$, t-statistic= 2.384, p-value = 0.009). Therefore, part of the influence of herding on stock investment decisions is transmitted through emotional pressure.

Herding behavior retains a significant direct effect; therefore, this mediation pattern qualifies as complementary (partial) mediation, as both effects are significant and positive (Zhao et al., 2010; Hair et al., 2017). Of the total effect of 0.457, 16.8% represents the indirect effect through FOMO and 83.2% the direct effect. A plausible sequence drawn from theory rather than tested here is that observing the majority's investment activity triggers social comparison, which generates FOMO and, in turn, a sense of urgency to invest. These results are consistent with Nguyen et al. (2025) among 727 investors in Vietnam, Gupta and Shrivastava (2021) among 323 retail investors in India, and Kaur et al. (2024) among 473 cryptocurrency investors.

From a practical standpoint, investors can reduce the pressure to follow others by establishing objective investment criteria independent of others' behavior and building the habit of conducting their own analysis before acting. Following the majority without independent analysis may increase exposure to investment risk, and unmanaged anxiety about being left behind may heighten the pressure to follow others.

5.7 Mediating Role of Fear of Missing Out (FOMO) in the Effect of Availability Bias on Stock Investment Decisions

The seventh hypothesis (H7) was supported, confirming that FOMO significantly mediates the effect of availability bias on stock investment decisions among Generation Z investors in Indonesia ($\beta = 0.131$, t-statistic = 3.097, p-value = 0.001). Thus, FOMO functions as an emotional bridge between constant exposure to accessible investment information and the urgency to invest.

Availability bias also retains a significant direct effect, so this pattern qualifies as complementary (partial) mediation (Zhao et al., 2010, as cited in Hair et al., 2017). Of the total effect of 0.373, 35.0% represents the indirect effect through FOMO, and 65.0% represents the direct effect. The mediating share is larger than that in the herding pathway (16.8%), which is consistent with the interpretation in Section 5.5, that availability bias operates more strongly through the emotional side. A plausible sequence, again drawn from theory rather than tested here, is that repeated media exposure makes certain information highly salient, creating a perception that others are already exploiting the opportunity, which may trigger FOMO and the psychological urgency to invest. These results are consistent with Nizar and Daljono (2024) among 116 investors in Indonesia and Gultom and Kamaludin (2025) among 230 active investors on the Indonesia Stock Exchange. Rakshika & Kumar T (2025) discuss the mediating role of FOMO in this relationship at a conceptual level.

From a practical standpoint, because part of the effect of availability bias on stock investment decisions is transmitted through FOMO, measures should address both information presentation and emotional pressure. Platforms could add credibility indicators and risk contexts to widely shared investment content, and investors should complete a structured checklist (e.g., fundamental and technical analysis) before acting on trending stocks (see Section 6).

6. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study examines the effects of herding behavior and availability bias on stock investment decisions among Generation Z investors in Indonesia, with Fear of Missing Out (FOMO) as a mediating variable. Using PLS-SEM analysis through SmartPLS 4.0, with 200 active Generation Z stock investors as respondents, all seven hypotheses were supported. Herding behavior, availability bias, and FOMO demonstrated a

positive and significant direct effect on stock investment decisions. Herding behavior and availability bias also positively and significantly influenced FOMO, with availability bias recording the highest path coefficient among all direct effects in the model. Furthermore, FOMO significantly mediated both pathways through complementary or partial mediation patterns, with its mediating role proving more substantial in the availability bias pathway than in the herding behavior pathway, indicating that FOMO's psychological mechanism is stronger in connecting ease of information access with actual stock investment decisions than in connecting majority-following tendencies with stock investment decisions. Collectively, these findings indicate that stronger tendencies toward herding and availability bias are associated with stronger FOMO and greater reported execution of stock investment decisions among Generation Z investors, which warrants attention to decisions shaped by social and informational pressure.

From a theoretical standpoint, this study enriches the behavioral finance literature by providing empirical evidence of FOMO's mediating role between cognitive biases and stock investment decisions, supporting behavioral finance theory (Kahneman & Tversky, 1979), and affirming the relevance of FOMO theory (Przybylski et al., 2013) in the context of emerging capital markets. From a practical standpoint, these findings highlight three areas of action. First, Generation Z investors should cultivate analytical independence, for example, by setting objective investment criteria in advance and checking fundamental information before acting on stocks that are trending or widely followed and limiting the time spent on investment-related social media content. Second, securities companies and trading application providers could consider adding friction when exposure to trending information is likely to prompt impulsive orders, such as a brief risk notice or an additional confirmation step before purchasing a stock that has risen sharply or is widely discussed on social media. Evidence of attention-driven trading among retail investors supports the relevance of such design choices. Third, regulators such as the Financial Services Authority (OJK) and the Indonesia Stock Exchange could consider strengthening disclosure expectations within the existing regulatory framework for investment content promoted by financial influencers, including the identification of compensation or ownership interests and a visible statement of investment risks. Because this study did not test these measures, their effectiveness among Indonesian Generation Z investors should be evaluated before they are widely adopted.

This study has several limitations that should be considered when interpreting its findings. A cross-sectional design captures investor behavior at a single point in time, and cannot account for longitudinal behavioral dynamics. Because the data are cross-sectional, the study cannot establish temporal order or causality; therefore, the findings should be interpreted as associations and predictive effects rather than causal effects. Purposive sampling limits the generalizability of the findings to a broader population of young investors. The stock investment decision items are self-reported and describe investment practices that are generally regarded as good; therefore, a high mean score may reflect social desirability bias and a ceiling effect. The ceiling effect limits the variance in the data but does not affect the reliability and validity indicators reported in Section 4.2. Therefore, the variable should be interpreted as the extent to which investors report carrying out their decisions, not as the quality or objective behavior of those decisions. Because all variables were self-reported in a single survey, common method bias cannot be ruled out. Additionally, the model focuses exclusively on herding behavior and availability bias as cognitive variables and FOMO as the sole mediator, leaving other potentially relevant psychological factors unexamined.

Several directions are recommended for future research. Longitudinal designs should be adopted to capture changes in Generation Z investors' behavior and cognitive biases across different market conditions, such as bullish and bearish periods. The model could be expanded to incorporate additional cognitive biases, such as overconfidence, anchoring, or loss aversion, for a more comprehensive understanding of the psychological determinants of investment decisions. Mixed-methods approaches combining quantitative surveys with qualitative in-depth interviews would allow for a richer contextual exploration of the underlying psychological mechanisms. Finally, replication studies in other emerging capital markets or cross-generational comparative studies between Generation Z and Millennial investors could yield valuable theoretical contributions to the advancement of behavioral finance literature.

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APPENDIX A. DISCRIMINANT VALIDITY: CROSS-LOADINGS AND FORNELL-LARCKER CRITERION

Tables A1 and A2 report the cross-loadings and Fornell-Larcker results referred to in Section 4.2. The indicator codes are shown in Table 1.

Table A1. Cross-Loadings

Indikator	Herding Behavior	Availability Bias	Fear of Missing Out	Keputusan Investasi Saham
X1.1	0,762	0,460		
X1.2	0,753	0,541		
X1.3	0,747	0,501		
X1.4	0,785	0,494		
X1.5	0,806	0,573	0,463	0,511
X2.1	0,444	0,736	0,398	0,451
X2.2	0,412	0,733	0,422	0,523
X2.3	0,477	0,751	0,427	0,500
X2.4	0,604	0,778	0,510	0,559
X2.5	0,573	0,792	0,497	0,531
M1.1	0,416	0,505	0,853	0,570
M1.2	0,509	0,563	0,889	0,580
M1.3	0,534	0,536	0,885	0,634
M1.4	0,460	0,510	0,878	0,561
M1.5	0,422	0,492	0,864	0,505
Y1.1	0,614	0,569	0,560	0,822
Y1.2	0,512	0,500	0,498	0,774
Y1.3	0,616	0,560	0,540	0,845
Y1.4	0,576	0,573	0,580	0,807
Y1.5	0,549	0,555	0,478	0,821

Table A2. Fornell-Larcker Criterion

	Herding Behavior	*Availability Bias*	*Fear of Missing Out*	**Keputusan Investasi Saham**
Herding Behavior	0,771			
Availability Bias	0,668	0,759		
Fear of Missing Out	0,538	0,597	0,874	
Keputusan Investasi Saham	0,707	0,679	0,655	0,814