

The Impact of Behavioral Biases with Investment Interest as a Mediating Variable on Online Investment Decision making among Generation Z

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ABSTRACT

It is important for Generation Z investors to increase awareness of herding bias and overconfidence bias in order to make more rational investment decisions and reduce the risks associated with impulsive behavior. This research provides valuable contributions to understanding the psychological factors that influence the investment behavior of Generation Z. It emphasizes the importance of recognizing and managing psychological biases in investment decision-making, so they can make more rational and informed decisions, as well as reduce the risk of losses due to impulsive behavior in investments. This study aims to analyze the impact of behavioral biases on investment interest and decisions, focusing on Generation Z as the research sample. The sample consists of 116 respondents, all of whom are individuals from Generation Z. The data analysis technique used is Partial Least Squares (PLS) to test the relationships between variables. The research findings indicate that: (1) herding bias contributes to investment decision-making, (2) overconfidence bias contributes to investment decision-making, (3) herding bias contributes to investment interest, (4) overconfidence bias contributes to individual investment decision-making, (5) investment interest contributes to investment decision-making, (6) herding bias contributes to investment decision-making through investment interest, and (7) overconfidence bias contributes to investment decision-making through investment interest.

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INTRODUCTION

The phenomenon of the increase in the number of investors in Indonesia in recent years has attracted the attention of various circles. Based on data from the Indonesia Central Securities Depository (KSEI), in 2019, the number of recorded investors was 2,484,000 people. This number increased to 3,880,753 in 2020, which indicates a growth of 56.2%. This positive trend continued in 2021, where the number of investors skyrocketed more than twofold to 7,489,337, reflecting an increase in public participation in the capital market. In 2022, the number of investors continued to increase, reaching 10,311,152, and in 2023, the number of investors reached 12,168,061.

The increase in the number of investors is closely linked to the role of increasingly advanced technology, with the emergence of various online investment applications that offer ease in investing. The generation born between 1997 and 2012 (Dimock, 2019) is known as a generation that is very familiar with technology and the internet. As a generation that grew up in the digital era, Generation Z possesses very high skills and proficiency in using technology, the internet, and digital devices. The ease of technology influences how they search for, access, and process information, including financial and investment information. They are used to multitasking and can quickly adapt to changes. These characteristics can impact how they manage investment portfolios and respond to changing market conditions.

The ease of access to information and transactions through online investment applications has become one of the main drivers of investment interest among Generation Z. Many of them see investment as a way to achieve financial freedom and prepare for a better future. Therefore, understanding the investment behavior of Generation Z becomes important, considering they will be the backbone of the economy in the future. In 2021, it was known that Ajaib was the favorite stock investment platform in Indonesia, with 35.5% of investors. IPOT ranks second with 29.9% of investors, and Mirae HOTS ranks third with 10.6% of investors. If viewed by age group, Generation Z is the age group that invests the most in stocks, with a number of investors at 41.4%. Generation Y ranks second with 34.1% of investors, and Generation X & Boomers rank third with 24.5% of investors.

Investment decision-making among Generation Z has become an interesting topic to explore in the context of their financial activities, as this generation has grown up amidst rapid technological and informational advancements, giving them broader access to financial products and services. Investment decisions are activities that involve analyzing an investment product to determine whether or not to proceed with the investment, with the expectation of future profits (Mamduh & Halim, 2018). finance (Widjanarko et al., 2023). Investment decisions refer to the process of selecting and implementing investment actions, with the aim of obtaining greater benefits in the future. Investment decision-making involves seeking information, evaluating risks, timing investments, updating knowledge, performance evaluation, and possibly reinvestment. This process requires analysis, evaluation, and precise decision-making to achieve the desired investment goals. Although investment decision-making among Generation Z is increasing, many of them do not yet have sufficient knowledge about investments, making them vulnerable to less rational decision-making, influenced by behavioral biases such as herding bias and overconfidence bias.

Herding bias is the behavior of following others and is practiced by an investor in following other investors for various reasons. This attitude is one of the wrong actions and often occurs because investors tend to follow the actions of others when making investment decisions. A study conducted by Sahabuddin (2021) explains that investors often fall into herding bias, where they tend to follow the actions of the majority without considering in-depth fundamental analysis. Based on the research conducted by Rona & Sinarwati (2021), herding bias has a positive influence on investment decision-making. that bias can cause investors to make irrational decisions, such as investing in instruments that do not match their risk profile, or investing in uncredible investment schemes, However, this research is not in line with the study conducted by (Soraya et al., 2023), which states that herding bias does not have a direct effect or does not influence investment decision-making.

Overconfidence bias is the tendency of a person to exaggerate their abilities or knowledge. According to (Ayudiasuti, 2021), overconfidence is divided into two types: someone who is overconfident due to excessive belief in their knowledge and someone who is overconfident due to excessive belief in their abilities. Bhatt & Smith (2023) state that young investors often have a high level of overconfidence in their ability to generate profits from investments. The research conducted by Afriani & Halmawati (2019), which states that overconfidence has a positive influence on investment decisions, supported by the research of Berliana & Pertiwi (2021) This study found a positive influence of

overconfidence bias on the investment decisions of novice investors in Sidoarjo City. The research conducted by Bakar & Yi (2016) states that there is no significant positive influence of overconfidence bias on investment decision-making in the Malaysian capital market. Additionally, Adiputra et al., (2023) also found that overconfidence bias does not have a significant impact on investment decisions.

In previous studies, the specific influence of herding bias and overconfidence on investment decision-making by Generation Z, with investment interest as a mediation in online investment applications, has not yet been examined. Investments made by Generation Z in the digital era have many options such as gold investments, stocks, mutual funds, bonds, and others. In this study, the researcher focuses on stock investments in online stock investment applications. Previous research was also generally conducted on populations of professional investors or adults with broader investment knowledge and experience.

Investment interest plays an important role as a mediator in research on the influence of herding bias and overconfidence bias on investment decision-making. By making investment interest a mediator, this research can clarify the relationship between herding bias and investment decisions, where herding bias can increase students' interest in investing, which in turn affects their decisions. investment interest helps explain psychological dynamics, where individuals with overconfidence may feel more certain in taking risks, but if their interest is low, investment decisions may not be affected.

Behavior Finance Theory

Behavioral Finance Theory is a branch in the field of economics and finance that studies human behavior in the context of financial decision-making. Contributions to behavioral finance include studies on overreaction, underreaction, investor sentiment, and corporate finance (Thaler, 1993). Behavioral Finance Theory explains that psychological factors underlie a person's actions, where rational attitudes are not always the basis of their actions but also the irrational attitudes they possess (Fridana & Asandimitra, 2020). Maheran and Muhammad's (2009) investigation further elaborates on this concept, establishing that investors' behavioural tendencies and personal dispositions significantly shape investment decision-making patterns.

Theory Planned Behavior

The Theory of Planned Behavior (TPB), established by social psychologist Icek Ajzen, represents a systematic approach within psychological research for analyzing human conduct. This framework examines how individuals' behavioural intentions shape their subsequent actions. Research by Putri and Andayani (2022) demonstrates that TPB operates on the premise that human decision-making follows logical patterns, with individuals drawing upon their knowledge base and past encounters to guide their choices. The framework suggests a direct correlation between self-efficacy perceptions and behavioural intentions. When people possess strong confidence in their capabilities and available resources, they demonstrate enhanced motivation to act, affecting their choices in various domains, including financial investments.

Theory Reasoned Action

The Theory of Reasoned Action (TRA) provides a framework for understanding how consumers make choices, demonstrating that behavioural intentions serve as key indicators for predicting rational purchase-related conduct when individuals systematically process accessible data, as established by Ajzen and Fishbein's (1980) research. According to Isu and colleagues' (2022) analysis of TRA, people's behavioural patterns, particularly about investment choices, are fundamentally shaped by their anticipated outcomes of specific actions. The perception of investments as significant undertakings stems from their anticipated beneficial returns and positive outcomes that individuals expect to receive.

Bias Behavior

According to Sartika & Humairo (2021), behavioral bias is a financial behavior influenced by psychology, making it unpredictable for investors when making investment decisions. Behavioral bias in finance refers to behavior related to financial decision-making influenced by psychological, sociological, and financial factors (Siregar et al., 2022).

Herding Bias

Herding bias according to (Prayudi & Purwanto, 2023) is a more specific form of cognitive bias, where individuals systematically tend to follow the group or majority in decision-making, even when such actions are irrational or contrary to their own knowledge. Herding bias according to Ferdinand & Purwanto (2022) is the tendency of individuals to follow the decisions and behaviors of others, especially in the context of investment. In the capital market, investors often ignore their own analysis and beliefs, choosing to buy or sell stocks based on the actions of other investors.

Overconfidence Bias

Overconfidence bias is the tendency of a person to overestimate their own abilities. It is a more specific type of cognitive bias, where individuals systematically overestimate their abilities and knowledge. This encompasses various aspects, such as excessive confidence in decisions made in the context of investments; overconfidence bias can lead investors to take on greater risks than they should (Budiarto & Susanti, 2017). According to (Sabilla & Pertiwi, 2021), someone affected by overconfidence bias is less aware of the limitations of their knowledge, leading them to believe that their knowledge is the best and most accurate.

Investment Interest

Setyowati et al. (2020) conceptualize investment interest as an individual's conviction to allocate a portion of their financial resources within capital markets, anticipating future monetary gains. Being interested in investing also means being willing to engage in activities with the goal of achieving investment objectives, such as attending investment seminars and participating in capital market training (Cahya & Kusuma, 2019). According to Savanah & Takarini (2021), investment interest is the desire or passion of individuals to learn and understand the aspects of investment, which then encourages them to participate in transaction and investment activities. This interest can develop through an attraction to investment.

Investment Decision Making

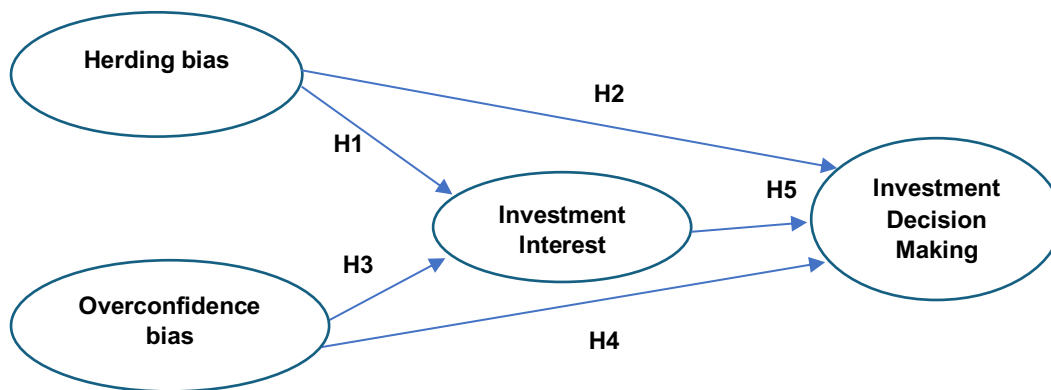
Investment decision-making encompasses the systematic evaluation and selection process through which individuals analyze multiple factors to determine optimal resource allocation. As Junianto et al. (2020) noted, this cognitive procedure involves weighing various options, comparing investment possibilities, and converting available resources into desired outcomes. According to Mumtazah and Anwar (2022), investment decision-making refers to the process by which individuals or institutions allocate their capital to various investment instruments to obtain profits. According to Tandelilin (2012), some factors are the basis for individuals when making investment decisions.

RESEARCH METHOD

The methodology employed in this investigation follows a quantitative approach designed to gather empirical data examining the correlations among herding bias, overconfidence bias, investment interest, and investment decision-making, specifically within Generation Z participants. The target demographic encompasses individuals from Generation Z, specifically those who entered the world between 1997 and 2012. The researchers implemented a purposive sampling technique regarding

participant selection within the non-probability sampling framework—the final dataset comprised responses from 115 participants. The investigation utilized PLS-SEM (Partial Least Squares Structural Equation Modeling) as its primary statistical framework for analytical purposes. The analytical process incorporated reflective model evaluation (examining validity and reliability metrics) and structural model assessment (including R-Square calculations and hypothesis verification procedures).

Figure 1. Conceptual Frame Work



RESULTS AND DISCUSSIONS

The research sample comprised 116 respondents who participated in an examination of how herding bias and overconfidence bias affect investment decision-making, with investment interest serving as a mediating variable.

Table 1. Respondent Characteristics

Characteristics	Information	Frequency	Presentase (%)
Gender	Male	59	50,86%
	Female	57	49,14%
Age	17 Years	1	0,86%
	18 Years	1	0,86%
	19 Years	1	0,86%
	20 Years	5	4,31%
	21 Years	3	2,59%
	22 Years	4	3,45%
	23 Years	9	7,76%
	24 Years	20	17,24%
	25 Years	22	18,975
	26 Years	35	30,17%
	27 Years	15	12,93%
Lavel of Education	Senior high school	20	17,24%
	Bachelor degree	89	76,72%
	Master	7	6,03%
Application Used	Pluang	25	21,55%
	Ajaib	20	17,24%
	Bibit	45	38,74%
	IPOT	11	9,48%
	Stokbit	7	6,03%
	HOTS Mirae	7	6,03%
	Other	1	0,86%

Source: Outer Smart PLS, 2024

This research uses reflective model measurement with herding bias and overconfidence bias variables, investment interest, and investment decision-making that have factor loading values above 0.5 (Sugiono, 2019).

Tabel 2. Outer loading

	<i>Herding bias (X1)</i>	<i>Investment Decision Making (Y)</i>	<i>Investment Interest (Z)</i>	<i>Overconfidence bias (X2)</i>
X1.1	0,610			
X1.2	0,796			
X1.3	0,671			
X1.4	0,737			
X1.5	0,837			
X2.1				0,850
X2.2				0,808
X2.3				0,878
Y1.1		0,727		
Y1.2		0,599		
Y1.3		0,676		
Y1.4		0,847		
Z1.1			0,583	
Z1.2			0,521	
Z1.3			0,753	
Z1.4			0,598	
Z1.5			0,683	

Source: Outer Smart PLS, 2024

Tabel 3. Construct Realibility and Validity

	Cronbach's alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Average Variance Extracted (AVE)
<i>Herding bias (X1)</i>	0,788	0,814	0,853	0,54
Keputusan Investasi (Y)	0,768	0,77	0,807	0,549
Minat Investasi (Z)	0,746	756	0,767	0,527
<i>Overconfidence bias (X2)</i>	0,802	0,811	0,883	0,715

Source: Outer Smart PLS, 2024

Tabel 4. Diskriminan Validity

	<i>Herding Bias (X1)</i>	<i>Investment Decision Making (Y)</i>	<i>Investment Interest (Z)</i>	<i>Overconfidence Bias (X2)</i>
<i>Herding bias (X1)</i>	0,815			
Investment Decision Making (Y)	0,736	0,748		
Investment Interest (Z)	0,622	0,714	0,663	
Overconfidence (X2)	0,487	0,602	0,604	0,846

Source: Outer Smart PLS, 2024

The analysis revealed significant findings in examining the Average Variance Extracted (AVE) value as a subsequent analytical metric. According to Sugiono (2019), validity was confirmed as the AVE measurements exceeded 0.5 for all key constructs, specifically herding bias, overconfidence bias, investment interest, and investment decision-making. Regarding construct reliability assessment, the benchmark for trustworthiness relies on composite reliability scores, with 0.70 serving as the critical threshold above which indicators demonstrate consistent evaluation of their underlying latent variables. The analytical outcomes further established reliability, as composite reliability calculations for all four constructs - herding bias, overconfidence bias, investment interest, and investment decision-making - surpassed the 0.7 criteria, thereby confirming the measurement model's dependability.

Tabel 5. R Square

	R-square	R-square Adjusted
Investment Decision Making (Y)	0,762	0,756
Investment Interest (Z)	0,558	0,550

Source: Outer Smart PLS, 2024

The statistical analysis yielded an R² value of 0.762 for Business Performance, indicating that the model accounts for approximately 76.20% of the variance in investment decision-making patterns. This substantial percentage demonstrates the model's effectiveness in explaining the studied phenomenon. The analysis reveals that the combined effects of herding bias, overconfidence bias, and investment interest constitute the primary explanatory factors. However, it is noteworthy that 23.80% of the variance remains unexplained by these primary variables, suggesting the presence of additional unmeasured factors and potential statistical error terms. The findings effectively demonstrate that while the three key variables - herding bias, overconfidence bias, and investment interest - collectively explain more than three-quarters of the variation in investment decision-making behaviour, nearly one-quarter of the influence stems from external factors not captured within the current model's framework.

Tabel 6. Hypothesis test

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Decision
Herding bias (X1) -> Investment Decision Making (Y)	0,558	2,705	0,007	Significant
Herding bias (X1) -> Investment Interest (Z)	0,392	2,961	0,003	Significant
Investment Interest (Z)-> Investment Decision Making (Y)	0,318	2,187	0,031	Significant
Overconfidence bias (X2) -> Investment Decision Making (Y)	0,119	2,193	0,028	Significant
Overconfidence bias (X2) -> Investment Interest (Z)	0,473	4,297	0,000	Significant
Herding bias (X1) -> Investment Interest (Z) -> Investment Decision Making (Y)	0.125	2.049	0.026	Significant
Overconfidence bias (X2) -> Investment Interest (Z) -> Investment Decision Making (Y)	0.151	2.122	0.026	Significant

Source: Outer Smart PLS, 2024

The Effect of Herding Bias on Investment Interest

Analysis of the study outcomes demonstrates that herding bias exhibits a substantial affirmative correlation with investment interest. The phenomenon manifests when many people express

enthusiasm toward a particular investment opportunity, subsequently influencing others to adopt similar investment behaviours. This observation aligns with scholarly investigations conducted by Harahap and Hascaryani (2024) and Hakim and Rahmawati (2023), whose studies similarly established a notable positive association between herding bias and investment interest. The indicator shows the tendency to invest because of seeing others' profits have the highest mean value, indicating that many respondents agree that those around them influence their investment decisions.

A positive path coefficient indicates that the greater the social influence in investment decision-making, the higher the individual's interest in investing. The majority of respondents are in the age range of 24–26 years, which is more susceptible to herding bias. This age group is more easily influenced by others' investment decisions because they are at the early stages of their professional lives, where experience and confidence in investment decision-making are still developing. In addition, at this age, individuals tend to be more active in seeking references and opinions from their social environment as an effort to reduce uncertainty. Theoretically, the relationship between herding bias and investment interest can be explained through the Theory of Planned Behavior, where social and psychological factors shape individuals' attitudes and decisions in investing.

The Effect of Herding Bias on Investment Decision-Making

Analysis of the study data reveals a substantial constructive correlation between herding bias and investment decision-making processes. This means that when investors see others investing in a particular stock, they tend to follow that decision without in-depth analysis. These findings are consistent with the research of Yuwono & Altiyane (2023), Rona & Sinarwati (2021), and Sabilla & Pertiwi (2021), which also found that herding bias plays a role in investment decisions. This psychological phenomenon occurs when individuals tend to imitate the actions of others despite having different information.

Generation Z is a group that is more susceptible to social influences in investment decision-making. This age often marks the early stage of a professional career, where individuals tend to have limited investment experience and a developing sense of confidence. Therefore, they are more likely to seek references from their social environment, including following others' investment decisions, to reduce uncertainty and gain social validation. The analysis results show that the indicator of investing because of seeing others' profits has the highest mean value and factor loading, confirming that many respondents are aware of the influence of herding bias. Applying the Theory of Reasoned Action to examine the relationship between herding bias and investment decisions enables investors to develop more cautious strategic approaches and implement superior risk management practices.

The Effect of Overconfidence bias on Investment Interest

Analysis of the research data demonstrates that overconfidence bias correlates positively with investment interest, as individuals displaying elevated self-assurance demonstrate heightened engagement in investment activities. This observation aligns with previous scholarly investigations, particularly those documented by Yuwono and Yeo (2020) and Argapryla (2022), whose studies revealed comparable positive associations. The data suggests that market participants with strong convictions in their market analysis capabilities and stock selection proficiency typically exhibit enhanced inclination toward investment participation.

Among the surveyed population, Bachelor's degree graduates constitute the largest segment at 76.72%, High School completers represent 17.24%, and Master's degree achievers comprise 6.03%. Advanced academic qualifications, particularly at the Bachelor's and Master's levels, typically correlate with enhanced capabilities in market analysis and comprehension of financial instruments. Nevertheless, this elevated educational attainment may trigger overconfidence bias in investment interests. Academically accomplished individuals frequently perceive themselves as having superior

market insights, which amplifies their self-assurance when making investment decisions. While such self-assurance can be advantageous, it might simultaneously lead to insufficient risk assessment or inadequate scrutiny of potential investment opportunities. They might rely too much on their knowledge without considering external variables or market uncertainties. This shows that although higher education provides better insights into investment risks, overconfidence bias still affects their investment interest. To manage risk more effectively, it is important for individuals to be aware of the influence of this bias and to consider various factors in investment interest thoroughly.

The influence of this overconfidence bias can create an active market atmosphere, where increased investment interest can drive more transactions. However, this overconfidence can also be risky, as investors may overlook important information or potential risks. It is important for investors to be aware of overconfidence behavior and strive to balance their confidence with a more objective approach and in-depth information, in order to ensure that their investment interests are based on solid analysis and a good understanding of market conditions. The path coefficient shows that there is a strong positive relationship between overconfidence bias and investment interest. This means that the higher the level of someone's excessive confidence in their investment abilities and knowledge, the greater their interest in investing. P-value shows that this result is highly statistically significant. These results affirm that overconfidence bias not only affects interest but can also be a major driver in taking steps to invest.

Overconfidence bias and investment interest align with the Theory of Planned Behavior, where attitudes toward behavior and perceived behavioral control play a key role in influencing investment interest. Overconfidence bias can increase investment interest because investors tend to have an overly positive attitude towards their abilities and perceived control in investment decision-making. However, this excess control can become problematic as it may lead to overly impulsive or high-risk investment decisions. It is important for investors to be aware of the impact of the Overconfidence bias so that they can make investment decisions based on objective information and in-depth market analysis. Thus, self-awareness becomes key in effectively managing this bias and avoiding negative consequences in investment decision-making. The TPB theory provides valuable insights into how attitudes towards investment and perceived behavioral control influence investment interest, as well as how internal and external factors interact to shape more rational investment decisions. With a better understanding of the influence of overconfidence bias and the principles of the TPB, investors can enhance their awareness of their investment decisions and reduce the negative impact of these behavioral biases.

The Effect of Overconfidence Bias on Investment Decision-Making

Analysis of the study data reveals a substantial correlation between overconfidence bias and investment decision-making, demonstrating a notable positive influence. Individuals exhibiting elevated confidence levels demonstrate a greater propensity for aggressive and frequent investment activities. This observation aligns with previous academic work conducted by Afriani and Halmawati (2019), whose studies similarly established the impact of overconfidence bias on financial choices. Investors who are confident in their ability to predict the market tend to make transactions without thoroughly considering the risks, such as investing in certain stocks solely based on positive trends without in-depth analysis. the majority of respondents in this study hold a Bachelor's degree, and despite having a better understanding of investments, they remain vulnerable to overconfidence bias. Higher levels of education often provide individuals with a greater sense of confidence in their ability to analyze the market and make investment decisions. This confidence can become excessive when individuals feel that their knowledge and skills are sufficient to navigate market uncertainties without thoroughly considering the risks. They may tend to ignore other opinions or supporting data that could strengthen

their decisions. This overconfidence bias often arises from the belief that a high level of education provides sufficient advantages in making complex decisions, including investments.

Statistical analysis of path coefficients reveals that overconfidence bias substantially correlates with how individuals make investment decisions. When individuals demonstrate elevated levels of self-assurance, they tend to engage in more risk-prone financial choices. The theory of reasoned action framework suggests that investment decisions are strengthened by individuals' positive self-efficacy perceptions and enhanced behavioural control mechanisms. Consequently, effective management of overconfidence bias becomes crucial for investors to maintain objectivity and conduct thorough analytical assessments before finalizing their investment choices.

The Effect of Investment Interest on Investment Decision-Making

Analysis of the study data reveals a substantial positive correlation between investment interest and investment decision-making processes. When individuals develop enthusiasm and motivation toward financial ventures, this naturally propels them toward market participation. Multiple scholarly works, including studies conducted by Eka et al. (2022), Hasanudin et al. (2021), and Yovieta et al. (2022), corroborate these observations, demonstrating comparable positive associations between investment interest and subsequent financial choices. Those exhibiting heightened investment interest typically demonstrate greater initiative in information gathering, conduct more thorough evaluations of financial instruments, and display increased curiosity about potential investment prospects, ultimately leading to more knowledgeable and decisive financial determinations. Analysis of educational backgrounds reveals that most respondents possess a Bachelor's degree, suggesting that advanced academic qualifications correlate with superior comprehension of investment concepts and heightened engagement in financial planning activities. The academic foundation acquired through undergraduate studies equips people with comprehensive knowledge of economic principles, financial systems, and investment vehicles, fostering increased self-assurance and preparedness when approaching investment decisions.

Analysis reveals that the 26-year age bracket among respondents demonstrates heightened engagement in investment decision-making activities. This particular life stage coincides with the establishment of consistent financial earnings and expanded investment possibilities, naturally drawing these individuals into financial markets. Their enhanced receptivity to market possibilities and diligent monitoring of economic indicators facilitate superior financial choices. Statistical examination through path coefficient analysis demonstrates that investment interest correlates positively with subsequent investment decisions. As levels of investment interest expand, there is a corresponding elevation in both the frequency and strategic quality of financial choices. The statistical significance, as evidenced by the P-value, underscores how investment interest fundamentally shapes financial behaviour patterns, yielding valuable perspectives for crafting educational initiatives and promotional frameworks in the investment sector.

The Effect of Herding Bias on Investment Decision-Making Through Investment Interest

Analysis of the research findings demonstrates that herding bias influences investment decisions through dual pathways: a direct impact and an indirect effect via investment interest. Rather than conducting thorough analytical evaluations, investors frequently adopt collective behavioural patterns influenced by sociological and psychological dynamics. Supporting evidence emerges from scholarly investigations conducted by Rona and Sinarwati (2021) and Sabilla and Pertiwi (2021), whose studies established strong positive correlations between herding bias and investment decisions. Demographic examination reveals that age-related variables, specifically within the 24-26-year bracket, demonstrate the most pronounced impact on herding bias manifestation in investment decision-making processes. The susceptibility of this demographic cohort to peer influence and market trends can be

attributed to their limited practical experience combined with an inherent need for peer approval. While advanced educational attainment enhances investment comprehension, chronological factors emerge as more decisive in determining an individual's propensity to emulate others' financial choices.

The study revealed an indirect relationship between herding bias and investment decisions, mediated through enhanced investment interest. Observations indicate that widespread participation in investment activities triggers heightened curiosity among potential investors, ultimately leading them to participate in financial markets. These observations align with established behavioural frameworks - specifically the theory of planned behaviour and the theory of reasoned action - which demonstrate how communal standards and personal motivations shape financial choices. The research conclusions emphasize that human psychology and societal influences significantly impact investment decision-making, challenging traditional economic assumptions about purely rational financial behaviour.

The Effect of Overconfidence Bias on Investment Decision-Making through Investment Interest

This research demonstrates that overconfidence bias influences investment decisions through two pathways: a direct impact and an indirect effect via investment interest. Analysis reveals that individuals are more prone to execute investment decisions when their self-assurance in analytical capabilities increases. Prior scholarly work by Afriani and Halmawati (2019) and Argapryla (2022) corroborates these observations, documenting substantial positive correlations between overconfidence bias and investment decisions. Within the framework of behavioural finance theory, market participants frequently display excessive faith in their market prediction capabilities, subsequently adopting unrealistically positive stances while disregarding potential downsides. While the study's demographic data shows that most respondents possess undergraduate qualifications - suggesting advanced educational attainment contributes to improved investment comprehension - the research notably reveals that overconfidence bias continues to shape investment decision-making even among these well-educated respondents. This bias arises because they feel more confident with their knowledge, which can lead them to overlook risks or other external factors in investments. This excessive confidence often attracts Generation Z to investments, encouraging them to make investment decisions without deeply considering the potential losses and increasing their interest in investing despite the risks not being fully understood. Beyond its immediate impact, investment interest is an intermediary channel through which overconfidence bias shapes investment decisions. The heightened sense of capability among investors generates enhanced investment interest, subsequently guiding their decision-making processes. Such behavioural patterns align with established frameworks, specifically the theory of planned behaviour and the theory of reasoned action, emphasizing how individual attitudes, personal interests, and societal norms collectively shape human decision-making processes.

CONCLUSION

Research results show that herding bias increases investment interest, where individuals tend to follow popular investment trends. Herding bias also directly contributes to investment decisions, as individuals are more likely to make decisions based on the behavior of the majority. Overconfidence bias also increases investment interest, as investors with high confidence in their abilities tend to be more active in investing. This bias also directly affects investment decisions, with investors being more willing to make decisions despite potentially ignoring risks. Investment interest plays a crucial role in encouraging individuals to make more informed investment decisions. Herding bias and overconfidence bias also indirectly influence investment decisions through increased investment interest. This research has several limitations, including the use of survey methods that can be influenced by respondents' perceptions, a limited sample size, and not considering other factors such as financial knowledge and

investment experience. Generation Z investors are advised to recognize and manage herding bias and overconfidence bias in order to make more rational investment decisions. Collaborating with financial professionals or using robo-advisors can help provide an objective perspective in decision-making. Generation Z is also expected to adopt a data-driven approach to investing to reduce the influence of behavioral biases. Further research is recommended to include other factors, such as social, psychological, and digital investment technology, in order to provide a more comprehensive understanding of Generation Z's investment decisions.

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