

Fear of Missing Out (FOMO) in Generation Z Digital Investment: Risk Analysis and Islamic Finance Perspective

Ayu Cahya Milanti¹, Muzalifah²

^{1,2}Universitas Islam Negeri Palangaka Raya

E-Mail: acmdays@gmail.com

DOI: <https://doi.org/10.33084/jhm.v13i2.12531>

Received: 21-03-2026

Revised: 03-04-2026

Accepted: 07-05-2026



©2026 Ayu Cahya Milanti, Muzalifah. Published by [Institute for Research and Community Services Universitas Muhammadiyah Palangkaraya](#). This is Open Access article under the CC-BY-SA License (<http://creativecommons.org/licenses/by-sa/4.0/>).

Abstract. *The rapid development of financial technology has significantly increased Generation Z's participation in digital investment activities. However, limited attention has been given to the psychological factors influencing their investment decisions, particularly Fear of Missing Out (FOMO). This trend is supported by the accessibility of digital platforms and the widespread use of social media, which facilitate the dissemination of investment information. This study aims to analyze the influence of FOMO on digital investment behavior among Generation Z and to examine the phenomenon from the perspective of Islamic finance. This research employs a qualitative descriptive approach, with data collected through open-ended questionnaires distributed to 60 respondents who actively engage in digital investment. The data were analyzed using thematic analysis. The results indicate that FOMO significantly influences investment behavior by encouraging impulsive decisions driven by social media trends, with many respondents prioritizing short-term gains without sufficient risk analysis. From the perspective of Islamic finance, such behavior may lead to elements of gharar and maysir, which are not in accordance with Islamic financial principles. Therefore, improving financial literacy and Islamic financial literacy is essential to support more rational and responsible investment decisions.*

Keyword: *Fear Of Missing Out, Digital Investment, Generation Z, Social Media Influence, Islamic finance*

INTRODUCTION

In Indonesia, the increase in the number of retail investors in recent years has been dominated by the under-30 age group, as reported by the Financial Services Authority (Evanthi et al., 2023; Hasibuan et al., 2023). This demographic shift underscores a growing trend where younger generations, particularly Millennials and Gen-Z, are increasingly participating in the capital market, often influenced by readily accessible digital platforms and social media (Azizah, 2025; Nurhayati et al., 2025). The propensity for aggressive investment strategies among these young investors is notably high, often driven by the Fear of Missing Out phenomenon, which frequently leads to impulsive decision-making without thorough risk assessment (Nguyen et al., 2026; Yuliani et al., 2023).

This phenomenon marks a demographic shift in investors towards the digital native generation. Easy access through online investment platforms and aggressive promotion on social media have encouraged Gen Z to enter digital investment instruments such as digital gold, stocks, and crypto assets (Utami et al., 2025; Yanida et al., 2025). Data from the Commodity Futures Trading Commission shows that the majority of crypto investors come from the younger age group (Cfa Institute, 2023). This participation reflects increased financial inclusion but also indicates a potential for higher behavioral risk due to limited experience and financial literacy. In the context of financial psychology, Generation Z is vulnerable to the phenomenon of Fear of Missing Out or FOMO.

The concept of FOMO, introduced by Przybylski et al. (2013), explains the anxiety individuals feel when they feel left behind by others who are gaining certain experiences or benefits (Prawitasari et al., 2025). In digital investing, FOMO arises when Gen Z is driven to buy assets because they see price spikes or testimonials of profits on social media (Maheshwari, 2026; Maukar & Sudyasjayanti, 2025). Decisions are made impulsively without fundamental analysis and without considering personal risk profiles. This phenomenon can be analyzed through the behavioral finance framework developed by Daniel Kahneman and Amos Tversky in prospect theory (Fathin & Hersugondo, 2022). The theory asserts that individuals often make decisions based on subjective perceptions of profit opportunities and fear of loss.

This behavioral bias can lead to suboptimal financial outcomes, particularly for young investors who may prioritize immediate gains over long-term financial stability, exhibiting a high-risk tolerance and a preference for volatile assets like cryptocurrencies and meme stocks (Fathin & Hersugondo, 2022; Idris, 2024; Lanciano et al., 2026). In a volatile digital market, Gen Z tends to exhibit herd behavior and overconfidence, especially when decisions are influenced by online communities or financial influencers (Nguyen et al., 2026; Nilawati & Ainiah, 2025; Suraweera, 2025). From a risk management perspective, FOMO behavior increases the probability of asset allocation errors (Goeyana & Marlina, 2024). Gen Z, who are oriented towards short-term profits, tend to ignore portfolio diversification and systematic risk analysis. Exposure to instant information accelerates the frequency of transactions and increases the volatility of individual portfolios (Aisyah et al., 2025; Eduard et al., 2024). This impulsivity, often exacerbated by social media's portrayal of lucrative opportunities, compels hasty investment decisions without adequate research or consideration of potential downsides (Li et al., 2025).

The principles of muamalah require clarity of information, rationality, and avoidance of elements of gharar and maysir (Nurjanah et al., 2024). Speculation triggered by social pressure and

minimal analysis approaches the practice of maysir because decisions are not based on adequate rational considerations (Mubarroq & Latifah, 2023). Additionally, maqashid al syariah emphasizes the protection of wealth as part of the main objectives of sharia (Amelia et al., 2024). Therefore, Gen Z's impulsive investment behavior needs to be examined within the framework of Islamic finance ethics and governance.

Despite the growing body of literature on digital investment behavior and Fear of Missing Out (FOMO), previous studies have largely focused on general behavioral patterns without comprehensively integrating psychological factors with financial risk analysis and Islamic finance perspectives (Hanif et al., 2025). Moreover, empirical studies specifically examining the influence of FOMO on digital investment behavior among Generation Z in Indonesia remain limited (Goeyana & Marlina, 2024; Maukar & Sudyasjayanti, 2025). This indicates a research gap in understanding how psychological biases interact with ethical and risk considerations within the framework of Islamic finance, particularly in the context of rapidly evolving digital investment environments.

To address this issue, this study proposes an analytical framework that integrates behavioral finance perspectives with Islamic finance principles in examining digital investment behavior among Generation Z. This study is important to identify the level of FOMO vulnerability among Gen Z, analyze its implications for financial risk, and formulate mitigation strategies based on Islamic principles. This research aims to address this gap by examining how FOMO influences investment decisions among Generation Z within the digital landscape, and by evaluating these behaviors against the ethical standards of Islamic finance, which prioritize risk-sharing and asset-backed transactions (Rahayu et al., 2024). This approach is expected to strengthen the behavioral Islamic finance literature and provide a relevant policy basis for regulators, Islamic financial institutions, and educational institutions in improving the financial literacy and resilience of the younger generation.

METHOD

This study employs a qualitative approach with a descriptive exploratory design to examine the experiences and reflections of Generation Z regarding Fear of Missing Out (FOMO) in digital investment and its implications for risk perception and compliance with Islamic financial principles. The study adopts a cross-sectional design and is conducted within a defined data collection period.

The research subjects consist of Muslim Generation Z individuals who actively invest in digital instruments such as stocks or crypto assets. The inclusion criteria are: (1) aged between 18 and 27 years, (2) having an active investment account for at least six months, and (3) having conducted

investment transactions influenced by trends or social media information. Respondents were selected using purposive sampling. A total of 60 respondents participated in this study.

Data were collected through an online open-ended questionnaire distributed via Google Forms. The questionnaire was designed to explore respondents' investment experiences, emotional responses related to FOMO, perceptions of financial risk, experiences of gains or losses, and considerations of Islamic financial principles such as gharar and maysir in decision-making. Data collection was conducted over a period of three weeks. Supporting contextual data were obtained from official reports published by Otoritas Jasa Keuangan and Badan Pengawas Perdagangan Berjangka Komoditi to describe the demographic profile of young investors in Indonesia.

Data analysis was conducted using thematic analysis based on the framework proposed by Clarke & Braun (2017). The first stage involved data reduction through repeated reading and open coding to identify key patterns related to FOMO behavior and investment decisions. The second stage grouped similar codes into broader categories. The third stage developed major themes that explain behavioral patterns and ethical considerations among respondents (Mwita & Mwilongo, 2025). The interpretation of findings was based on behavioral finance theory and Islamic financial principles.

All data were collected using the same instrument and procedure to maintain consistency. The analysis process was conducted systematically to ensure that the findings accurately reflect the respondents' perspectives.

FINDINGS

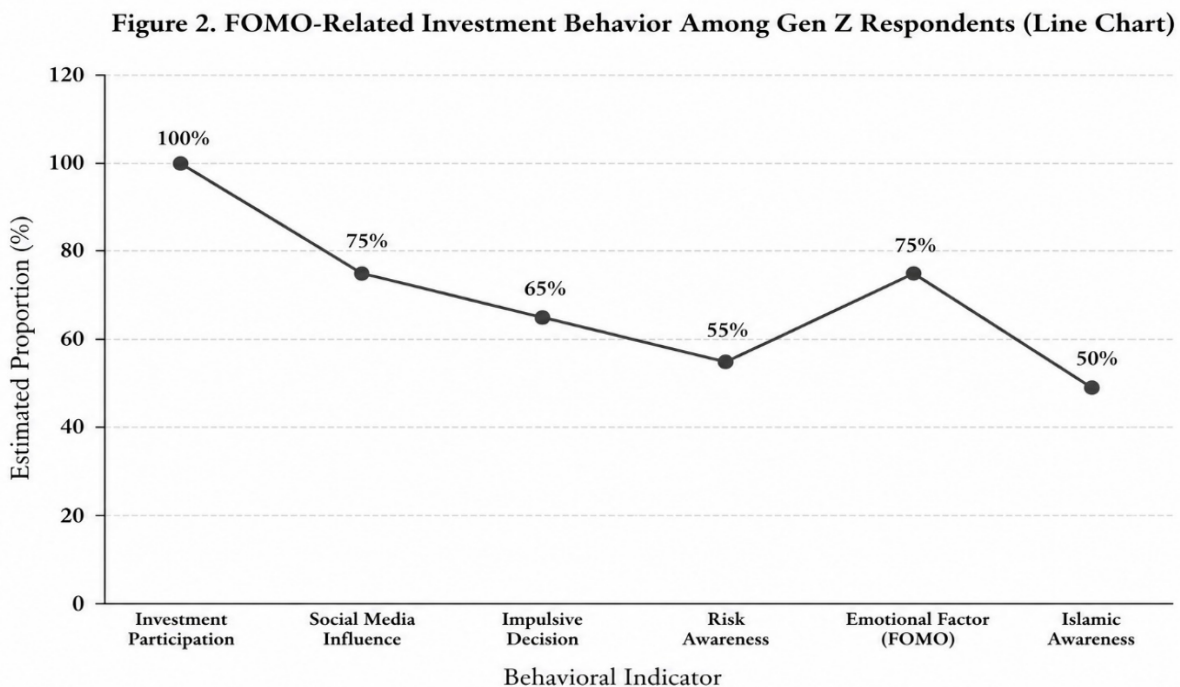
The findings of this study indicate that Generation Z actively participates in digital investment activities through various instruments such as stocks, cryptocurrencies, and mutual funds using digital platforms. The main factors encouraging participation include ease of access, flexibility in transactions, and the potential for high returns. Table 1 presents a summary of respondents' behavior related to Fear of Missing Out (FOMO) in digital investment.

Table 1. FOMO-Related Investment Behavior Among Gen Z Respondents

No	Indicator	Description of Findings	Approximate Proportion
1	Investment Participation	Active in stocks, crypto, and mutual funds	All respondents
2	Social Media Influence	Use social media as primary information source	Majority (>70%)
3	Impulsive Decision	Purchase assets when trending	Most respondents (≈60–70%)
4	Risk Awareness	Lack of systematic risk analysis	Moderate (≈50–60%)
5	Emotional Factor (FOMO)	Fear of missing profit opportunities	High (>70%)

Table 1 shows that social media plays a dominant role in shaping investment behavior among Generation Z, with the majority of respondents relying on it as their primary source of information. A substantial proportion of respondents demonstrate impulsive investment behavior, particularly when assets are trending, indicating the strong influence of Fear of Missing Out (FOMO). Furthermore, risk awareness among respondents appears to be moderate, as many participants do not consistently conduct systematic risk analysis before making investment decisions. The findings also reveal that emotional factors, especially the fear of missing profit opportunities, are highly prevalent among respondents. In contrast, awareness of Islamic financial principles such as avoiding *gharar* and *maysir* is present but not consistently applied. Overall, these findings suggest that psychological and social influences play a significant role in shaping investment behavior among Generation Z in digital environments. These findings indicate that investment behavior among Generation Z is not solely driven by rational considerations but is also strongly influenced by psychological biases and digital social environments.

To provide a clearer visualization of the data presented in Table 1, the proportions are illustrated in Figure 2.



Note. Estimated proportions are based on respondents' self-reported data. For ranges, midpoint values are used; for ">70%", a conservative estimate of 75% is applied; "All respondents" is set to 100%.

Figure 2 illustrates the distribution of FOMO-related investment behavior among Generation Z respondents across several behavioral indicators. The chart shows that investment participation reaches the highest level at 100%, indicating that all respondents are actively involved in digital investment activities. Social media influence and emotional factors (FOMO) both exhibit relatively high proportions at 75%, highlighting the significant role of digital platforms and psychological pressure in shaping investment decisions. Furthermore, impulsive decision-making is observed at 65%, suggesting that a considerable number of respondents tend to purchase assets based on trends rather than careful analysis. In contrast, risk awareness appears at a lower level of 55%, indicating that many respondents do not consistently apply systematic risk assessment in their investment practices. Islamic awareness records the lowest proportion at 50%, reflecting that considerations related to halal investment principles and the avoidance of uncertainty are present but not yet dominant. Overall, the pattern shown in Figure 2 suggests that while participation in digital investment among Generation Z is very high, their decision-making behavior is strongly influenced by emotional and social factors rather than rational analysis. This imbalance highlights the potential risk of biased investment behavior driven by Fear of Missing Out (FOMO), particularly in a highly dynamic digital environment.

DISCUSSION

The findings of this study confirm that Fear of Missing Out (FOMO) plays a significant role as a psychological driver in shaping investment behavior among Generation Z. This is consistent with previous research indicating that FOMO generates anxiety when individuals perceive that others are gaining financial benefits, thereby motivating them to engage in similar investment activities (Manchanda & Bajaj, 2025). From a theoretical perspective, this phenomenon can be explained by Prospect Theory, which suggests that individuals tend to make decisions based on subjective perceptions of gains and losses rather than objective evaluation.

From a causal mechanism standpoint, the influence of FOMO is closely linked to the rapid dissemination of information through digital platforms. Social media accelerates information exposure and creates continuous social comparison, where individuals evaluate their financial outcomes relative to others. This process intensifies emotional responses such as anxiety and urgency, ultimately leading to impulsive investment decisions. The dominance of success-oriented content and viral investment trends further reinforces short-term profit orientation, reducing the likelihood of systematic risk analysis. As a result, investment decisions are often driven by perceived opportunities rather than

rational financial planning. This finding is consistent with the results presented in Table 1, which indicate a high prevalence of social media influence and impulsive decision-making among respondents.

This study also extends existing literature by integrating behavioral finance with Islamic finance perspectives. While previous studies, such as Laraga (2025), primarily examine FOMO within general investment behavior, this study highlights its implications within the ethical framework of Islamic finance. Investment decisions driven by FOMO tend to involve high uncertainty and speculative elements, which may lead to practices resembling *gharar* (uncertainty) and *maysir* (speculation). These conditions contradict the fundamental principles of Islamic finance, which emphasize transparency, risk awareness, and rational decision-making. Therefore, the presence of FOMO not only affects financial outcomes but also raises ethical concerns in investment practices.

Despite these contributions, this study has several limitations. The use of a qualitative approach with a relatively small sample size limits the generalizability of the findings. In addition, the reliance on self-reported data may introduce response bias, as participants may not fully reflect their actual investment behavior.

Future research is recommended to adopt quantitative approaches to measure the magnitude of FOMO influence more precisely and to examine additional variables such as financial literacy, risk tolerance, and digital behavior. Furthermore, longitudinal studies may provide deeper insights into how investment behavior evolves over time in response to digital financial trends.

Practically, the findings highlight the importance of enhancing both financial literacy and Islamic financial literacy among young investors. Improving individuals' ability to critically evaluate investment information and manage psychological biases is essential to promote more rational, responsible, and ethically compliant investment decisions in the digital era.

CONCLUSION

This study concludes that Fear of Missing Out (FOMO) significantly influences digital investment behavior among Generation Z, where investment decisions are not only driven by rational considerations but also by psychological and social factors, particularly exposure to social media. The findings indicate that FOMO encourages impulsive investment decisions based on perceived profit opportunities, often without adequate risk analysis. From the perspective of Islamic finance, such behavior may lead to elements of *gharar* and *maysir* due to high uncertainty and lack of careful consideration, which are not aligned with Islamic financial principles. This study contributes to the

literature by integrating behavioral finance and Islamic finance perspectives in explaining investment behavior in the digital era. Practically, the findings highlight the importance of improving financial literacy and Islamic financial literacy to support more rational and ethically compliant investment decisions among young investors. Future research is recommended to apply quantitative approaches and include additional variables such as financial literacy, risk tolerance, and digital behavior to better understand the magnitude of FOMO influence.

REFERENCES

- Aisyah, N., Isoni, I., & Suryani, R. (2025). Behavioral Finance in the Digital Age: How Social Media Influences Investment Decisions. *Jurnal Akuntansi, Ekonomi Dan Manajemen Bisnis*, 5(1), 347–354. <https://doi.org/10.55606/jaemb.v5i1.6519>
- Amelia, R. N., Afiqu Rifqi, M., & Latifah, E. (2024). KONSEP UANG DALAM EKONOMI MAKRO ISLAM. *JLAR: Journal Of International Accounting Research*, 2(02), 74–83. <https://doi.org/10.62668/jiar.v2i02.1148>
- Azizah, A. N. (2025). The Impact of FOMO (Fear of Missing Out) on Investment Decisions in the Millennial Generation. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.5127021>
- Cfa Institute. (2023, May 23). *Gen Z and Investing: Social Media, Crypto, FOMO, and Family*. <https://doi.org/10.56227/23.1.15>
- Clarke, V., & Braun, V. (2017). Thematic analysis. *The Journal of Positive Psychology*, 12(3), 297–298. <https://doi.org/10.1080/17439760.2016.1262613>
- Eduard, M. B., Widyastuti, T., Maidani, M., & Sari, P. N. (2024). PENGARUH PENGETAHUAN INVESTASI, FINANCIAL LITERACY, DAN PERSEPSI RISIKO TERHADAP KEPUTUSAN INVESTASI PADA GENERASI MILENIAL DAN GENERASI Z DI KECAMATAN BEKASI UTARA. *SENTRI: Jurnal Riset Ilmiah*, 3(2), 924–941. <https://doi.org/10.55681/sentri.v3i2.2338>
- Evanthi, A., Wikartika, I., & Suwaidi, R. A. (2023). Investment Decision Making With Investment Satisfaction As An Intervening Variable: Availability Bias And Financial Literacy. *JBMP (Jurnal Bisnis Manajemen Dan Perbankan)*, 9(1), 12–24. <https://doi.org/10.21070/jbmp.v9i1.1661>
- Fathin, N. A., & Hersugondo, H. (2022). The Role of Psychological and Social Factors on Retail Investor Investment Decisions in the Indonesia Stock Exchange. *Jurnal Dinamika Manajemen*, 13(2), 236–252. <https://doi.org/10.15294/jdm.v13i2.36588>
- Goeyana, A., & Marlina, M. A. E. (2024). FINANCIAL LITERACY AND RISK PERCEPTION: THE KEY TO UNDERSTANDING THE RELATIONSHIP BETWEEN FOMO AND INVESTMENT DECISIONS. *Jurnal Aplikasi Akuntansi*, 9(1), 46–59. <https://doi.org/10.29303/jaa.v9i1.433>
- Hanif, H., Harahap, M. I., & Silalahi, P. R. (2025). Pengaruh Gaya Hidup, Fomo, Literasi Keuangan Syariah, dan Persepsi Risiko Terhadap Keputusan Investasi Cryptocurrency. *Journal of Business and Economics Research (JBE)*, 6(1), 83–93. <https://doi.org/10.47065/jbe.v6i1.6916>

- Hasibuan, T. F. H., Meifari, V., Muda, I., & Kesuma, S. A. (2023). TECHNOLOGY 4.0 ERA INVESTMENT DECISIONS FOR MILENIALS AND GENERATION Z. *International Journal of Educational Review, Law And Social Sciences (IJERLAS)*, 3(4), 1297–1304. <https://doi.org/10.54443/ijerlas.v3i4.976>
- Idris, H. (2024). The Effects of FOMO on Investment Behavior in the Stock Market. *Golden Ratio of Data in Summary*, 4(2), 879–887. <https://doi.org/10.52970/grdis.v4i2.757>
- Lanciano, E., Previati, D., & Ricci, O. (2026). Crypto ownership among young people: The effect of financial literacy, risk propensity and behavioural biases. *The European Journal of Finance*, 32(3), 399–419. <https://doi.org/10.1080/1351847X.2026.2629350>
- Laraga, A. G. (2025). Understanding the “Fear of Missing Out” (FOMO) Phenomenon Among Retail Investors in the Indonesian Capital Market: A Literature Review. *Journal of Applied Accounting and Taxation*, 10(2), 310–319. <https://doi.org/10.30871/jaat.v10i2.10625>
- Li, Y., Delfabbro, P., & King, D. (2025). Investigating the Role of Regret, FOMO and Financial Literacy in Cryptocurrency Speculation. *International Journal of Mental Health and Addiction*. <https://doi.org/10.1007/s11469-025-01555-6>
- Maheshwari, C. (2026). Chasing Financial Goals: How Social Media Engagement, Fear of Missing Out, and Digital Financial Literacy Shape Investment Behaviour of Gen Z? *Vivekananda Journal of Research*, 15(2), 86–96. <https://doi.org/10.61081/vjr/15v2i102>
- Manchanda, M., & Bajaj, H. (2025). Fear of Missing Out: A Catalyst for Investment Choices. *South India Journal of Social Sciences*, 23(3), 15–18. <https://doi.org/10.62656/SIJSS.v23i3.1928>
- Maukar, T. T., & Sudyasjayanti, C. (2025a). The Moderating Impact of Fomo on Adoption Intention Toward Investment Behavior Among Gen Z. *Syntax Literate; Jurnal Ilmiah Indonesia*, 10(4), 4180–4192. <https://doi.org/10.36418/syntax-literate.v10i4.57923>
- Maukar, T. T., & Sudyasjayanti, C. (2025b). The Moderating Impact of Fomo on Adoption Intention Toward Investment Behavior Among Gen Z. *Syntax Literate; Jurnal Ilmiah Indonesia*, 10(4), 4180–4192. <https://doi.org/10.36418/syntax-literate.v10i4.57923>
- Mubarroq, A. C., & Latifah, L. (2023). ANALISIS KONSEP MUAMALAH BERDASARKAN KAIDAH FIQH MUAMALAH KONTEMPORER. *Tadayun: Jurnal Hukum Ekonomi Syariah*, 4(1), 95–108. <https://doi.org/10.24239/tadayun.v4i1.101>
- Mwita, K., & Mwilongo, N. (2025). Thematic Analysis of Qualitative Research Data: A Seven-Step Guide. *Eminent Journal of Business and Management*, 1(1), 51–59. <https://doi.org/10.70582/4ajw7k14>
- Nguyen, K. T. C., Dao, T. H. H., Pham, V. P., & Nguyen, P. H. N. (2026). Fear of missing out and Generation Z’s investment behavior in Vietnam’s stock market: The moderating role of financial literacy. *Edelweiss Applied Science and Technology*, 10(1), 500–510. <https://doi.org/10.55214/2576-8484.v10i1.11624>
- Nilawati, O., & Ainiah, L. (2025). Financial Literacy and Investment Decision-Making Tendencies: A Comparative Study between Millennials and Gen Z in Indonesia. *International Journal of Social Science Research and Review*, 8(7), 452–466. <https://doi.org/10.47814/ijssr.v8i7.2838>
- Nurhayati, N., Mutakin, K., Caroline, C., & Judijanto, L. (2025). Analysis of the influence of financial literacy on investment decisions of millennials and gen Z in the digital ERA. *Edelweiss Applied Science and Technology*, 9(7), 2129–2138. <https://doi.org/10.55214/2576-8484.v9i7.9128>

- Nurjanah, D. I., Fitriana, Anisa, R., Darmawan, D., Jaweda, P. M. C., & Sulastri. (2024). Konsep Gharar dan Maisir dalam Transaksi Ekonomi Fikih Mu'amalah. *Al-Fiqh*, 2(3), 159–166. <https://doi.org/10.59996/al-fiqh.v2i3.368>
- Prawitasari, D., Kadarningsih, A., & Ahmad, M. Y. (2025). Financial Behavior of Gen Z Students: Digital Lifestyle, FoMo, and Financial Literacy. *Solusi*, 23(3). <https://doi.org/10.26623/slsi.v23i3.12359>
- Przybylski, A. K., Murayama, K., DeHaan, C. R., & Gladwell, V. (2013). Motivational, emotional, and behavioral correlates of fear of missing out. *Computers in Human Behavior*, 29(4), 1841–1848. <https://doi.org/10.1016/j.chb.2013.02.014>
- Rahayu, N. W. I., Hepni, H., Fauzan, F., Poernomo, D., Dafik, D., Mursyidah, I. L., & Jannah, E. S. W. (2024). An Islamic point of view of cryptocurrency investment: Generations z fear of missing out (FOMO) and their personal traits as traders. *Edehweis Applied Science and Technology*, 8(5), 1880–1905. <https://doi.org/10.55214/25768484.v8i5.1920>
- Suraweera, B. G. T. N. (2025, November 25). THE IMPACT OF HERDING BEHAVIOR AND OVERCONFIDENCE BIAS ON INVESTMENT DECISIONS OF GEN Z INVESTORS IN SRI LANKA: THE MEDIATING ROLE OF RISK PERCEPTION. *Proceedings of the 16th International Conference on Business and Information (ICBI) - 2025*. 16th International Conference on Business and Information. <https://doi.org/10.64920/ICBI25016>
- Utami, S. E., Astungkara, A., Mahesti, T., & Ciptaningtias, A. F. (2025). Gen Z Digital Investment Intentions: An Analysis of Financial Literacy, Social Media, and Privacy Issues. *Journal of Social Commerce*, 5(3), 453–467. <https://doi.org/10.56209/jommerce.v5i3.183>
- Yanida, P., Padmanegara, O. H., Universitas Widyatama, Indonesia, Muklis, T. I., & Universitas Widyatama, Indonesia. (2025). The Intention to use Digital Investment Management Platforms Among Gen Z in Indonesia: Perspective from Individual and Technological Motives. *Journal of Economics, Finance And Management Studies*, 08(01). <https://doi.org/10.47191/jefms/v8-i1-02>
- Yuliani, I., Setyowati, S. W., & Irianto, M. F. (2023). Determinan keputusan investasi dengan moderasi financial attitude pada IAI Muda Jawa Timur. *MBR (Management and Business Review)*, 7(1), 46–66. <https://doi.org/10.21067/mbr.v7i1.8212>