

Why Gen Z Investors Hesitates: Behavioral and Status Quo Biases in Investment Intention

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Abstract

Investors often deviate from rational decision making due to cognitive biases, emotional factors, and social influences, which may lead to suboptimal investment outcomes. At the same time, resistance to change, reflected in status quo bias, may hinder portfolio adjustments. This study examines the effect of behavioral biases (overconfidence, availability, and herding) and status quo biases (sunk cost, inertia, and switching costs) on Gen Z's investment intention. A quantitative approach was employed using data collected from 400 Gen Z investors in Indonesia who possess a Single Investor Identification (SID). Data were analyzed using Partial Least Squares-Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0. The results show that overconfidence, availability, and herding biases significantly influence investment intention. In addition, sunk cost and inertia exhibit significant effects, whereas switching costs are not found to be significant. These findings highlight that both cognitive biases and resistance to change play critical roles in shaping Gen Z's investment behavior. This study contributes to behavioral finance literature by integrating behavioral and status quo biases in explaining investment intention among younger investors. The findings offer practical implications for investors and financial practitioners in designing strategies that mitigate bias-driven decisions and enhance investment outcomes.

Keywords: Behavioral Biases, Status Quo Bias, Investment Intention, Gen Z, Behavioral Finance, PLS-SEM.

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INTRODUCTION

Gen Z, defined as individuals born between 1997 and 2012, represent a significant and increasingly influential demographic segment (BPS, 2021). According to the latest census data from Central Statistics Agency (BPS, 2024), Indonesia's population has reached approximately 281.60 million, with Gen Z accounting for 27.98% of the total population. The demographic dominance is accompanied by distinct financial behaviours, particularly in investments activities. Prior studies suggest that Gen Z tends to exhibit higher risk tolerance and preferences for high-risk, high-return investments instruments. (Paramita et al., 2018). In line with these characteristics, Gen Z's participations in the capital markets has shown a substantial increase. Data from the Indonesian Central Securities Depository (KSEI, 2024) indicates that investors aged 30 years and below constitute 56.29% of the total investor base as of January 2024. Furthermore, the number of Single Investor Identification (SID) accounts has grown significantly, from 3.58 million in November 2020 to 11.72 million in September 2023, and continues to rise. These figures highlight the growing interest and active involvement of Gen Z in investment activities within the capital market.

Investment intention refers to an individual's tendency or willingness to allocate financial resources into investment instruments with the expectation of generating future returns. Traditional financial theory assumes that investors behave rationally by carefully evaluating risk and return before making decisions (Asmilia, 2019). However, in practice, investment decisions are not always based on rational considerations. Many investors rely on heuristics or are influenced by external factors such as peer recommendations, past

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performance trends, or speculative behaviour without comprehensive analysis (Qotrunada & Hascaryani, 2024). This indicates that behavioral biases play a crucial role in shaping investors' attitudes and, ultimately, their investment intention. Behavioral finance literature has increasingly emphasized the role of cognitive and emotional biases, such as overconfidence, herding, and availability bias, in influencing investment decision-making. In addition, status quo bias, defined as the tendency to prefer maintaining current conditions or prior decisions, may further inhibit optimal investment behavior by discouraging portfolio adjustments or new investment actions (Samuelson & Zeckhauser, 1988; Shankar & Nigam, 2022). Despite its relevance, the integration of both behavioral biases and status quo bias in explaining investment intention remains relatively underexplored.

Empirical studies have provided evidence on the influence of behavioral factors on investment decisions. Sune Ferreira-Schenk & Dickason-Koekemoer (2023) found that behavioral biases significantly influence long-term investment intentions among individual investors in South Africa. Similarly, Mamidala et al. (2023) demonstrated that both behavioral bias and status quo bias have a significant impact on retail investors' investment intentions in India. However, several research gaps remain. First, prior studies tend to examine behavioral biases and status quo bias separately, with limited research integrating both constructs within a single framework to explain investment intention. Second, there is a lack of empirical focus on Gen Z, a cohort characterized by digital nativity, high information exposure, and distinct risk preferences, which may lead to behavioral patterns that differ from those of older generations. Third, most existing studies are conducted in non-Indonesian contexts, limiting the generalizability of findings to Indonesia's rapidly evolving capital market. Therefore, this study aims to examine the influence of behavioral biases and status quo bias on investment intention among Gen Z in Indonesia. By addressing the identified gaps, this research is expected to contribute to the behavioral finance literature and provide practical insights for investors, financial institutions, and policymakers to understand the investment behavior of the emerging Gen Z market. The novelty of this research lies in integrating behavioral bias and status quo bias into a single empirical model, and in its specific focus on Indonesian Gen Z investors as an emerging and underexplored investor segment. By addressing these gaps, this study is expected to enrich the behavioral finance literature and provide practical insights for investors, financial institutions, and policymakers seeking to understand the investment behavior of the emerging Gen Z market.

Literature Review

Behavioral Bias

Behavioral bias is widely recognized as a critical determinant of individual investment intention, as it captures systematic deviations from rational decision-making (Tversky & Kahneman, 1974). Contrary to the assumptions of traditional finance, which posit that investors act rationally, behavioral finance argues that cognitive limitations and psychological tendencies often distort perception, judgment, and decision outcomes. These distortions can lead to suboptimal investment behavior, particularly in uncertain and information-intensive environments such as capital markets. Recent literature has increasingly emphasized that behavioral bias is not a single construct but a multidimensional phenomenon encompassing various heuristic-driven and social-driven biases (Gavrilakis & Floros, 2022). Among these, heuristic biases, such as overconfidence and availability bias, and social biases, such as herding, are particularly relevant in shaping investment intention. However, prior studies tend to examine these biases in isolation, limiting a comprehensive understanding of how different biases interact in influencing investor behavior. This study, therefore, focuses on three key biases: overconfidence, availability, and herding, to provide a more integrated explanation of investment intention among Gen Z.

Overconfidence Bias

Overconfidence bias refers to an individual's tendency to overestimate the accuracy of their knowledge, predictions, and decision-making abilities (Chandra & Kumar, 2011). This bias can lead investors to underestimate risk and overestimate expected returns, ultimately resulting in suboptimal portfolio choices. Empirical evidence by Gervais & Odean (2001) demonstrates that investors who experience early success tend to become overconfident, which subsequently influences their trading behavior and investment intentions. Further studies by Yang et al. (2021) confirm that overconfidence bias significantly affects both investment

behavior and performance outcomes. While some research suggests that overconfidence may encourage greater market participation and long-term investment orientation (Sune Ferreira-Schenk & Dickason-Koekemoer, 2023), it simultaneously increases exposure to risk due to excessive trading and misjudgment. Thus, overconfidence bias presents a dual effect—potentially motivating investment intention while also impairing decision quality.

H₁: Overconfidence bias has a significant effect on Gen Z's investment intention.

Availability Bias

Availability bias refers to the tendency of individuals to rely on information that is easily accessible or recently encountered when making decisions, regardless of its relevance or accuracy (Mamidala et al., 2023). In investment contexts, this bias may cause investors to prioritize salient or trending information over comprehensive and objective analysis. Empirical studies indicate that investors often base decisions on readily available information, which can lead to biased risk perception and inefficient market outcomes (Keller et al., 2006). For instance, Massa & Simonov (2005) show that investors are more likely to invest in assets that are familiar or easily accessible in terms of information. Similarly, Sashikala & Chitramani (2018) find that availability bias may trigger overreaction to market events, particularly during periods of heightened sentiment. More recent evidence, Mankuroane et al. (2022), suggests that exposure to market trends and easily accessible information significantly influences short-term investment intentions, such as trading behavior. These findings indicate that availability bias can distort investment intention by shifting decision-making from analytical evaluation to heuristic-based judgment, particularly among Gen Z investors who are highly exposed to digital information flows.

H₂: Availability bias has a significant effect on Gen Z's investment intention.

Herding Bias

Herding bias refers to the tendency of investors to mimic others' actions rather than rely on their own information or analysis (Hwang & Salmon, 2003). This behavior is often driven by informational asymmetry, uncertainty, and social pressure, leading investors to follow market consensus as a perceived safer strategy (Ahmad, 2020). Empirical evidence shows that herding behavior can significantly influence market dynamics and investment decisions. Caparrelli et al. (2004) find that investors tend to move in line with prevailing market trends, often disregarding fundamental information. Similarly, Economou et al. (2011) demonstrate that herding intensifies during bullish market conditions, amplifying price movements and increasing the likelihood of asset overvaluation. Choi & Skiba (2015) further confirm that herding bias significantly affects investment intention across different markets. However, contrasting findings by Guney et al. (2017) suggest that herding behavior may not be consistently present across all market conditions, indicating that its impact is context-dependent. This inconsistency highlights the need for further investigation, particularly within specific demographic groups such as Gen Z.

H₃: Herding bias has a significant effect on Gen Z's investment intention.

Status Quo Bias

In addition to general behavioral bias, status quo bias constitutes a critical mechanism influencing investment intention by explaining individuals' resistance to change under uncertainty (Shankar & Nigam, 2022). The concept was first introduced by Samuelson and Zeckhauser (1988). Status quo bias reflects a systematic preference for maintaining existing choices, even when alternative options may offer superior outcomes. From a behavioral perspective, this bias is not merely passive inertia but arises from the interaction of psychological attachment, cognitive limitations, and perceived switching costs (Shankar & Nigam, 2022). These dimensions manifest in investment contexts as sunk cost effects, inertia, and switching costs. While prior studies acknowledge these components, empirical evidence often treats them independently, limiting a comprehensive understanding of how status quo bias constrains investment intention. This study, therefore, examines these three dimensions in an integrated manner to better capture their behavioral implications, particularly among Gen Z investors.

Sunk Cost

Sunk cost bias occurs when investors continue to allocate resources to underperforming assets due to psychological attachment to prior investments (Shankar et al., 2020). Instead of evaluating decisions based on future prospects, investors influenced by sunk costs tend to anchor their judgments on past expenditures. As a result, they may overestimate the likelihood of investment recovery relative to those not affected by sunk-cost considerations (Shankar & Nigam, 2022). Mamidala et al. (2023) show that sunk cost bias encourages investors to persist in declining investments, while Li & Wang (2018) demonstrate that the sunk cost fallacy leads investors to retain unprofitable assets. Similarly, Jessup et al. (2018) highlight that investors remain committed to their initial decisions despite unfavorable outcomes. These findings suggest that sunk cost bias distorts investment intention by reinforcing commitment to suboptimal investment choices.

H₄: Sunk costs has a significant effect on Gen Z investment intention.

Inertia

Inertia refers to investors' tendency to resist changing their existing investment decisions, even when more profitable alternatives are available (Kumar & Shankar, 2023). This bias is often driven by a preference for stability and an aversion to uncertainty, leading investors to maintain the status quo rather than engage in active decision-making. Mamidala et al. (2023) find that retail investors tend to retain their investments due to comfort with existing positions and concerns about the uncertainty associated with change. Similarly, Seth et al. (2020) report that inertia influences investment intention through convenience considerations and perceived risks of altering investment strategies. De Goeij & De Leeuw (2000) further note that investor uncertainty may reinforce inertia, as maintaining current decisions is perceived as a safer option. However, inertia may also have adverse consequences. Gennaioli & Shleifer (2002) highlight that investors exhibiting inertia often hold underperforming assets for extended periods, leading to significant financial losses. This dual role suggests that inertia not only stabilizes decision-making but may also hinder optimal investment adjustments.

H₅: Inertia significantly affects Gen Z's investment intention.

Switching Cost

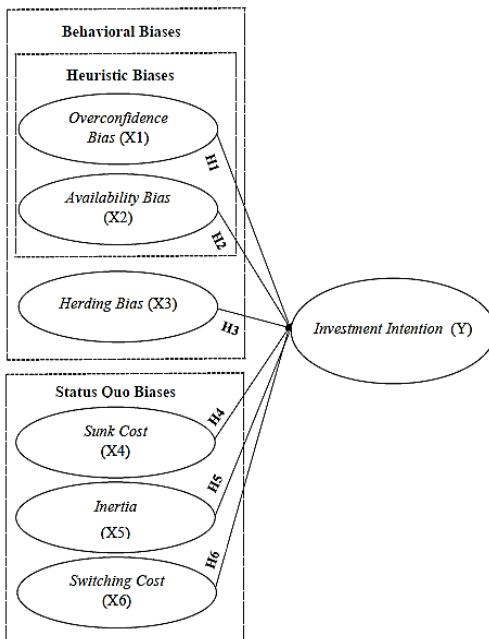


Figure 1. Research Model Framework

Switching costs are the perceived or actual costs incurred when changing investment decisions, including time, effort, and transaction costs required to adopt alternative strategies (Shankar et al., 2022). These costs create barriers that discourage investors from adjusting their portfolios, thereby reinforcing the status quo. Mamidala et al. (2023) find that high switching costs lead investors to hesitate in modifying their investment

strategies. Ting (2014) similarly reports that higher switching costs reduce the likelihood of investment switching. Gün (2024) further demonstrates that switching costs contribute to continued use of the same financial products or strategies. However, evidence regarding the effect of switching costs is not entirely consistent. Kim et al. (2004) show that switching costs do not always significantly influence investors' decisions to change investment services. This inconsistency suggests that the impact of switching costs may depend on contextual factors, such as market accessibility and investor characteristics, making it important to examine within specific populations such as Gen Z.

H₆: Switching costs have a significant effect on the investment intention of Gen Z.

METHODS

This study adopts a quantitative associative approach to examine the influence of behavioral biases and status quo bias on investment intention. The sampling technique employed is purposive sampling, targeting Gen Z investors who possess a Single Investor Identification (SID) and have an income. In determining the minimum sample size, this study refers to the guideline proposed by Hair et al. (2017), which suggests that the minimum sample size in PLS-SEM should be at least ten times the largest number of indicators used to measure a construct or the largest number of structural paths directed at a particular endogenous construct. Since this study involves 29 indicators, a minimum sample size of 290 respondents was considered adequate for analysis. Although the 10-times rule provides a practical minimum guideline, the final sample size was conservatively determined to improve the stability of parameter estimates and the robustness of PLS-SEM results. This study utilizes primary data collected through a structured questionnaire distributed via Google Forms. The questionnaire was disseminated to respondents through various social media platforms. Furthermore, this study incorporates both exogenous and endogenous variables, as presented in Table 1.

Table 1. Summary of Research Variables

Variable	Definition	Indicator
Endogenous Variable		
Investment intention	Gen Z plans to invest for the future in the hopes of making a profit.	1. Desires, intentions, and plans to study and invest in stocks in the future (II1, II2, II3) (Mamidala et al., 2023) 2. Plan to take time and study stock investing (II4, II5) (Kusmawati, 2011)
Exogenous Variable		
Overconfidence bias	Gen Z behavior - related to overconfidence in their abilities and their valuation of stock investments	1. Excessive confidence in investment ability (OB1, OB2, OB3) (Mamidala et al., 2023) 2. Over-estimation, over-placement, and Over-Precision (OB4, OB5, OB6) (Moore & Healy, 2008)
Availability bias	Gen Z evaluates investments based on available data.	Invest after conducting an analysis and based on the company's historical trends (AB1, AB2, AB3) (Mamidala et al., 2023)
Herding bias	Gen Z mimics others' investment decisions and constantly follows the latest information, even when they lack sufficient information to make their own decisions.	1. Stock investment based on the decisions of others based on the latest news and the sector under discussion (HB1, HB2, HB3) (Mamidala et al., 2023) 2. Other investors' decisions influence investment decisions (HB4, HB5, HB6) (Adielyani & Mawardi, 2020)
Sunk cost	The costs incurred are non-refundable.	Investors have invested and don't want to lose their investment. (SC1, SC2) (Arkes & Blumer, 1985; Mamidala et al., 2023)
Inertia	Gen Z's is reluctant to change.	Invest in stocks with low risk, reliable sectors, and that are less likely to change investment portfolios (I1, I2, I3) (Mamidala et al., 2023)
Switching Cost	Switching costs when investing in stocks	1. Investors are not willing to bear the switching fees (SWC1, SWC2, SWC3) (Mamidala et al., 2023) 2. Investors do not switch investments because they save costs (SWC4) (Suwandi & Sobari, 2023)

Data Analysis Techniques

In hypothesis testing, the analysis begins with evaluating the measurement model (outer model) to assess the validity and reliability of the indicators. Hair et al. (2022) state that the evaluation of the outer model consists of three main tests. First, convergent validity is assessed to determine the extent to which indicators represent their respective constructs. Convergent validity is evaluated using outer loading and Average Variance Extracted (AVE) values. Indicators are considered valid when outer loadings exceed 0.50 and AVEs exceed 0.50, indicating that the construct explains more than half of the variance in its indicators. Second, discriminant validity is assessed to ensure that each construct is distinct from the others. This can be evaluated using the heterotrait–monotrait ratio (HTMT), cross-loadings, and the Fornell–Larcker criterion. The HTMT value should be below 0.90 to indicate adequate discriminant validity and minimize multicollinearity. In terms of cross-loadings, each indicator should load higher on its associated construct than on other constructs. Additionally, based on the Fornell–Larcker criterion, the square root of AVE for each construct should be greater than its correlations with other constructs. When these conditions are satisfied, discriminant validity is established. Third, reliability is assessed using Composite Reliability (CR) and Cronbach’s Alpha (CA). These measures evaluate the internal consistency of the constructs. According to Hair et al. (2022), values above 0.60 indicate acceptable reliability, suggesting that the indicators consistently measure the intended construct. Following the evaluation of the outer model, the analysis proceeds to the structural (inner) model. The inner model is assessed using the coefficient of determination (R^2), which indicates the proportion of variance in the endogenous variables explained by the exogenous variables. Higher R^2 values reflect the model's stronger explanatory power.

RESULT

This study included up to 431 Gen Z respondents; however, only 400 met the criteria, and 31 did not.

Table 2. Respondent Demographics

Variable	Quantity	Percentage
Gender		
Male	246	61,50%
Women	154	38,50%
Age		
Age 16	3	0,75%
Age 17	3	0,75%
Age 18	25	6,25%
Age 19	47	11,75%
Age 20	52	13,00%
Age 21	71	17,75%
Age 22	56	14,00%
Age 23	24	6,00%
Age 24	11	2,75%
Age 25	58	14,50%
Age 26	37	9,25%
Age 27	13	3,25%
Residence (City)		
Surabaya City	170	42,50%
Semarang City	74	18,50%
Jakarta City	34	8,50%
Solo City	30	7,50%
Yogyakarta City	27	6,75%
Bandung City	26	6,50%
Malang City	14	3,50%
Sidoarjo City	14	3,50%
Bogor City	5	1,25%
Kediri City	3	0,75%
Sumbawa City	3	0,75%

Variable	Quantity	Percentage
Final Education		
≤ High School	230	57,50%
Diploma (D3) / Bachelor (S1)	158	39,50%
Master (S2)	12	3,00%
Source of Income		
Pocket Money	125	31,25%
Salary	139	34,75%
Allowance and Salary	136	34,00%
Income (Per Month)		
IDR 0 - IDR 5,000,000	178	44,50%
IDR 5,000,001 - IDR 20,850,000	216	54,00%
IDR 20,850,001 - IDR 41,700,000	6	1,50%
Getting to Know Stock Investment		
Social Media	142	35,50%
Friends	89	22,25%
Seminar or Training	62	15,50%
Parents	54	13,50%
Financial Institutions	53	13,25%
Investment Platforms		
Squirt	124	31,00%
Seedlings	97	24,25%
Magic	68	17,00%
Stockbit	61	15,25%
Bareksa	45	11,25%
Miraie	2	0,50%
Bions, Phantom, Trimegah	3	0,75%
Percentage of Income for Investment		
1% - 10%	217	54,25%
11% - 20%	146	36,50%
21% - 30%	28	7,00%
31% - 40%	5	1,25%
41% - 50%	4	1,00%
Types of Investment Stocks		
Blue Chip Stock	96	24,00%
Speculative Stock	93	23,25%
Income Stock	87	21,75%
Growth Stock	76	19,00%
Counter Cyclical Stock	48	12,00%
Investment in a Month		
1 Time	217	54,25%
2 Times	34	8,50%
3 Times	74	18,50%
4 times	4	1,00%
5 Times	42	10,50%
6 times	14	3,50%
7 times	5	1,25%
9 times	2	0,50%
10 times	8	2,00%
Reasons for Stock Switching		
Changes in Market Trends	173	43,25%
Overvaluation of Stocks	94	23,50%
Changes in Company Performance	81	20,25%
Changes in Government Policy	52	13,00%

Table 2 presents the demographic profile of the respondents. The majority are male (61.50%), aged 20-23 years (50.75%), and reside in Surabaya (42.50%). In terms of educational background, most respondents have attained a high school level or below (57.50%). The primary source of income is salary (34.75%), with monthly income predominantly ranging from IDR 0 to IDR 20,850,000. Regarding investment behavior, Gen

Z investors primarily acquire knowledge about stock investing from social media and peer networks (57.75%). The most commonly used investment platforms include iPot, Bibit, Ajaib, Stockbit, and Bareksa. On average, respondents allocate 1-20% of their monthly income for investment purposes, typically 1-3 times per month. The most preferred stock categories include blue chip, speculative, income, and *growth stocks*. Table 3 provides a detailed description of the exogenous and endogenous variables, along with the measurement indicators employed in this study (see Appendix).

Table 3. Description of variables and variable measurement indicators

Code	Indicator	Red	Std. Dev.
<i>Overconfidence</i>			
OB1	I believe my knowledge about investing is above average.	3,91	0,864
OB2	I remain confident in my investment decision even when market conditions are uncertain.	3,92	0,987
OB3	I am confident in my ability to make successful investment decisions.	3,94	0,943
OB4	I tend to overestimate my ability to predict stock market performance.	3,99	0,836
OB5	I believe my investment decisions are better than those of other investors.	3,89	0,857
OB6	I tend to be confident in my investment choices despite potential risks.	4,02	0,877
<i>Availability Bias</i>			
AB1	I tend to rely on recent or easily available company performance information when making investment decisions.	4,04	0,840
AB2	I rely on easily accessible information rather than searching for more comprehensive data when making an investment decision.	3,93	0,810
AB3	I am more likely to invest in stocks that I frequently hear about or see in the media.	3,92	0,905
<i>Herding Bias</i>			
HB1	I tend to follow the investment decisions of investors who have made a profit rather than relying on my own analysis.	3,81	1,013
HB2	I tend to follow other investors' investment decisions when making my own.	4,00	1,048
HB3	I prefer to invest in sectors that are widely discussed by other investors.	3,99	0,878
HB4	The stocks actively traded by other investors influence my investment decisions.	3,81	0,866
HB5	I am influenced by other investors' trading activity when making investment decisions.	3,86	0,959
HB6	I tend to react quickly to changes in other investors' decisions.	3,83	0,960
<i>Sunk Cost</i>			
SC1	I tend to continue investing in a stock because I have already invested a significant amount of money in it	3,82	0,941
SC2	I am likely to hold on to a losing investment because I have already invested in it	3,95	0,974
<i>Inertia</i>			
I1	I find it difficult to change my investments once they have been made.	3,85	0,932
I2	I tend to stick with my current investment because I am uncertain about other options	3,97	0,957
I3	I prefer not to change my existing investment portfolio	3,72	1,016
<i>Switching Cost</i>			
SWC1	I don't like to incur additional costs when switching investments.	3,91	0,982
SWC2	I don't want to divert the investment because it takes a lot of effort.	3,82	0,964
SWC3	I did not divert the investment due to the company's high switching costs.	3,97	0,964
SWC4	I'm not sure switching investments can save you switching costs.	4,04	0,866
<i>Investment Intention</i>			
II1	I intend to invest in the stock market.	4,01	0,977
II2	I plan to invest in the stock market in the future.	4,15	0,885
II3	I am willing to invest in stocks as part of my financial decision.	4,14	0,891
II4	I am likely to invest in stocks in the near future.	4,00	0,911
II5	I have a strong intention to invest in stocks.	4,07	0,882

Evaluation of the Outer Model

At the initial stage of analysis, the measurement model comprised 29 indicators. However, four indicators, three from herding bias (HB4, HB5, and HB6) and one from switching cost (SWC4), were excluded due to

outer loading values below the recommended threshold of 0.5. The inclusion of these indicators also resulted in Average Variance Extracted (AVE) values falling below the acceptable level of 0.5. After removing those indicators, all remaining indicators had outer loadings above 0.5, and the AVE values met the required threshold, indicating acceptable convergent validity.

Table 4. *Outer Model*

Variable	Indicator	Outer Loading	AVE	CR	CA
<i>Overconfidence Bias</i>	OB1	0,701	0,516	0,864	0,817
	OB2	0,817			
	OB3	0,767			
	OB4	0,636			
	OB5	0,711			
	OB6	0,663			
<i>Availability Bias</i>	AB1	0,787	0,512	0,756	0,535
	AB2	0,602			
	AB3	0,743			
<i>Herding Bias</i>	HB1	0,762	0,623	0,831	0,702
	HB2	0,867			
	HB3	0,732			
<i>Sunk Cost</i>	SC1	0,845	0,713	0,833	0,598
	SC2	0,844			
<i>Inertia</i>	I1	0,699	0,558	0,788	0,647
	I2	0,642			
	I3	0,879			
<i>Switching Cost</i>	SWC1	0,764	0,537	0,773	0,629
	SWC2	0,584			
	SWC3	0,828			
<i>Investment Intention</i>	II1	0,839	0,597	0,881	0,831
	II2	0,785			
	II3	0,712			
	II4	0,731			
	II5	0,790			

Table 4 presents the indicators that meet the required criteria and are deemed valid for further analysis, as their outer loading and AVE values exceed the threshold of 0.5, indicating satisfactory convergent validity. Subsequently, discriminant validity is assessed to ensure that each construct is empirically distinct from other constructs. This is evaluated using the heterotrait-monotrait ratio (HTMT), cross-loading, and the Fornell-Lacker criteria. Specifically, each indicator is expected to load higher on its associated construct than on other constructs.

Table 5. Value of Heterotrait-Monotrait Ratio (HTMT)

	AB	HB	I	II	OB	SC
AB						
HB	0,56					
I	0,18	0,12				
II	0,61	0,44	0,15			
OB	0,62	0,45	0,16	0,53		
SC	0,16	0,10	0,54	0,17	0,11	
SWC	0,16	0,14	0,73	0,19	0,31	0,47

The HTMT values are all below the 0.9 threshold, indicating adequate discriminant validity and confirming that each construct is empirically distinct (Table 5). Furthermore, the cross-loading results presented in Table 6 show that each indicator loads higher on its respective construct than on other constructs. This finding supports the discriminant validity of the measurement model and indicates that the indicators are suitable for further analysis.

Table 6 demonstrates that the Fornell-Larcker criterion values for each construct exceed their correlation with other constructs, indicating adequate discriminant validity. Furthermore, the reliability test results

presented in Table 4 show that both Composite Reliability and Cronbach's Alpha values are above 0.6 for most variables, except for availability bias and sunk cost. Nevertheless, these variables were retained in the model because their values were only marginally below the threshold and remain acceptable for exploratory research purposes (Hair et al., 2022). In addition, the structural model evaluation showed that the R-Square value for investment intention was 0.334, indicating that the exogenous variables explained 33.4% of the variance in Gen Z's investment intention, while the remaining 66.6% was influenced by other factors outside the scope of this study. Hypothesis testing was conducted to examine the effect of exogenous variables on the endogenous variables using the t-statistic criterion, where values greater than 1.96 indicate statistical significance. As shown in Table 7, overconfidence bias, availability bias, herding bias, sunk cost, and inertia significantly influence Gen Z's investment intention, as their t-statistic values exceed the critical threshold of 1.96. In contrast, switching costs do not significantly affect Gen Z's investment intention because the t-statistic value is below the critical value.

Table 6. *Forner-Larcker Criterion*

	AB	HB	I	II	OB	SC	SWC
AB	0,72						
HB	0,38	0,79					
I	-0,09	0,05	0,75				
II	0,43	0,35	-0,10	0,77			
OB	0,41	0,35	0,06	0,47	0,72		
SC	0,01	0,06	0,33	0,12	0,06	0,85	
SWC	0,07	0,04	0,44	0,14	0,21	0,28	0,73

Table 7. *Path Coefficients*

Variable	Original sample (O)	Sample mean (M)	Std. Dev. (STDEV)	t-test (O/STDEV)	p-values
OB -> II	0,311	0,312	0,049	6,374*	0,000
AB -> II	0,213	0,215	0,048	4,444*	0,000
HB -> II	0,162	0,159	0,048	3,388*	0,001
SC -> II	0,121	0,114	0,043	2,822*	0,005
I -> II	-0,196	-0,18	0,075	2,623*	0,009
SWC -> II	0,104	0,092	0,063	1,650	0,099

*p < 0.05

DISCUSSION

The Effect of Overconfidence Bias on Investment Intention

The results of this study indicate that overconfidence bias has a significant effect on investment intention among Gen Z investors with an SID. The findings suggest that the higher level of overconfidence bias is associated with stronger investment intention. Overconfidence bias arises when investors exhibit excessive confidence in their investment decisions, potentially leading to cognitive distortions during the decision-making process. Investors tend to believe strongly in the profitability of their stock investments despite being aware of the associated risks. In addition, they often overestimate the potential return of their investments relative to the actual performance achieved. This condition indicates that investment motivation, particularly in stock instruments, is strongly influenced by the expectation of short-term profits. The findings are consistent with Gervais & Odean (2001), who argue that investors tend to become overconfident after experiencing profits in the early stages of investment activities, which subsequently influences their investment intentions. Similarly, Yang et al. (2021) and Anastasia & Kayne (2024) emphasize that excessive self-confidence, including strong confidence in goal setting and decision-making abilities, may increase the tendency toward overconfident behavior. Furthermore, Sune Ferreira-Schenk & Dickason-Koekemoer (2023) reveal that overconfidence bias encourages investors to engage in long-term investment decisions.

The Effect of Availability Bias on Investment Intention

The findings demonstrate that availability bias significantly affects investment intention among Gen Z investors. The results indicate that the higher the level of availability bias, the stronger the investment intention.

Availability bias occurs when investors rely too heavily on readily accessible information or overanalyze, which may distort investment decision-making. Investors tend to base their decisions on historical company performance and readily available market information. Many investors are motivated to invest after conducting an in-depth analysis, even beyond the information currently available. In addition, investors generally show greater interest in stocks with positive historical performance than in those with losses. The findings are consistent with Keller et al. (2006), who argue that investors use availability bias to minimize perceived investment risk. Massa & Simonov (2005) further support this argument by suggesting that availability bias influences investment intentions by encouraging investors to select assets based on readily available information about company performance. Sashikala & Chitramani (2018) also found that availability bias may lead investors to overreact to market events, thereby influencing investment intention. Similarly, Mankuroane et al. (2022) reported that the recent news and market trends can influence short term investment intention. In the long term, Sune Ferreira-Schenk & Dickason-Koekemoer (2023) explain that availability bias may lead investors to make less accurate investment decisions, ultimately affecting investment intentions.

The Effect of Herding Bias on Investment Intention

The results indicate that herding bias significantly influences investment intention among Gen Z investors. Herding bias refers to the tendency for investors to follow others' investment decisions rather than relying on independent analysis. Investors tend to follow trending stock-related news and are more interested in sectors currently being discussed within the investment community. Moreover, other investors' trading decisions often influence their own investment choices. Caparrelli et al. (2004) found that investors tend to exhibit herding behavior, preferring assets popular among other investors. Economou et al. (2011) further demonstrated that the influence of herding bias becomes stronger during periods of stock market growth. Choi & Skiba (2015) also identified indications of herding bias across different market conditions that affect investment intention. In addition, Sashikala & Chitramani (2018) found that investors affected by herding bias are more likely to make investment decisions based on group behavior rather than fundamental analysis. However, Guney et al. (2017) reported contrasting findings, suggesting that herding bias occurs only under specific conditions and is not consistently observed across all market situations.

The Effect of Sunk Cost on Investment Intention

This study demonstrates that sunk costs significantly affect investment intention among Gen Z investors. Sunk cost arises when previously invested funds cannot be recovered or reused, resulting in financial losses that influence future investment decisions. The findings indicate that prior investment losses affect the investment intention of Gen Z investors, particularly among those with previous investment experience. Mamidala et al. (2023) and Li & Wang (2018) found that sunk cost bias significantly influences the investment intention of investors with stock market experience. Furthermore, Jessup et al. (2018) reported that sunk cost bias affects investment intention because investors tend to focus excessively on their initial investment decisions.

The Effect of Inertia on Investment Intention

The results show that inertia significantly affects investment intention among Gen Z. Higher inertia is associated with lower investment intention. Inertia occurs because investors tend to avoid changing their investment portfolios, particularly when they lack sufficient information about alternative investment opportunities. Investors affected by inertia generally prefer low-risk investments and are reluctant to modify their investment portfolio. Sutanto & Anastasia (2024) support these findings by showing that investors tend to adopt a conservative investment approach and prioritize minimizing potential losses. Mamidala et al. (2023) further found that investor often maintain their current investment because they feel comfortable with current conditions and are uncertain about the outcome of making changes. Similarly, Seth et al. (2020) explain that inertia significantly affects investment intentions because it creates both convenience and uncertainty about changes in investment. De Goeij & De Leeuw (2000) also found that inertia helps investors avoid the perceived risk of making incorrect investment decisions. However, Gennaioli & Shleifer (2002) argue that inertia may cause investors to hold underperforming investments for an extended period, potentially resulting in financial losses.

The Effect of Switching Cost on Investment Intention

The findings reveal that switching costs do not significantly affect investment intentions among Gen Z investors. Switching costs are the additional costs incurred when investors transfer or modify their investment decisions. Although these costs are generally unrecoverable, their influence on Gen Z investors' investment intentions appears relatively weak. This suggests that Gen Z investors are more willing to bear the additional costs of transferring investments and less sensitive to switching fees, despite the effort and expense involved in the process. Sandi & Octavia (2022) found that Gen Z investors tend to focus more on potential returns and perceived switching costs as relatively minor sacrifices. However, Kim et al. (2004) reported that switching costs generally play a significant role in influencing customers' intentions to switch services.

CONCLUSIONS

The results of this study demonstrate that behavioral biases, including overconfidence bias, availability bias, herding bias, and status quo bias (sunk cost and inertia), significantly affect investment intention among Gen Z investors. In contrast, switching costs do not significantly influence investment intention. This study is limited by its focus on Gen Z investors who already possess a SID, which may restrict the generalizability of the findings to other generations with different investment characteristics and profiles. Therefore, future studies are encouraged to involve millennial investors and examine additional forms of behavioral bias that may influence investment intention. This study contributes to the behavioral finance literature by providing empirical evidence on the influence of behavioral and status quo biases on investment intention. From a practical perspective, the findings may assist investment managers and financial planners in developing more effective communication and marketing strategies to reduce investor bias and encourage more rational investment decision-making.

AI DISCLOSURE STATEMENT

During the preparation of this work, the authors used ChatGPT in order to improve the language and readability of the manuscript. After using this service, the authors reviewed and edited the content as needed and take(s) full responsibility for the integrity and final conclusions of the published article.

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