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THE INFLUENCE OF FINANCIAL INFLUENCERS AND THE FRAMING EFFECT ON INVESTMENT DECISIONS WITH FINANCIAL LITERACY AS A MODERATING VARIABLE. CASE STUDY: GEN Z IN SEMARANG CITY

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ABSTRACT

Introduction: *This study investigates the influence of financial influencers and the framing effect on investment decisions and examines the moderating role of financial literacy among Generation Z in Semarang City. The study is motivated by the increasing investment activity among Gen Z, who are typically exposed to financial content on social media and are susceptible to persuasion-based and framing-based behavioral bias.*

Methods: *This study utilized a quantitative descriptive research design, and data were gathered from 220 respondents via an online questionnaire (Google Form) using convenience sampling. Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied in this study to examine the data.*

Results: *The findings show that financial influencers, framing effect, and financial literacy each positively and significantly affect investment decisions. Financial literacy significantly moderates (weakens) the effect of the framing effect on investment decisions, but does not significantly moderate the effect of financial influencers on investment decisions. These findings extend the empirical behavioral finance literature and offer practical contributions toward increasing financial literacy among Gen Z, enabling them to evaluate influencer-driven and framed financial information more critically.*

INTRODUCTION

The advancement of social media and digital technology has increased rapidly over the past few years, and it now holds a significant position in how individuals learn about money and make investment decisions, particularly Generation Z. As a generation that lives predominantly in the online world, Gen Z investors are highly exposed to financial content delivered by social media influencers and therefore tend to rely on such content as a reference point in money management and investment decision-making (Suci Martaningrat & Kurniawan, 2024). This dependence raises concerns about the quality and rationale of their financial decisions, especially when decisions are driven by influencer persuasion rather than independent financial analysis (Agarwal, 2025). Prior research shows that financial influencers contribute significantly to investment decisions, with a large proportion of Gen Z investors admitting they are influenced by social media financial content (Umakanth et al., 2024). This corroborates the notion that sustained exposure to persuasive media content shapes an individual's perception and subsequent financial behavior.

Beyond the credibility of the message source, the manner in which financial information is presented also plays a decisive role in shaping investor judgment. This phenomenon, known as the framing effect, refers to the tendency of individuals to make different decisions depending on whether the same information is framed as a potential gain or a potential loss (Kahneman & Tversky, 1979). In the context of social media, financial content is frequently packaged using persuasive and selectively framed narratives, emphasizing prospective returns, urgency, or loss avoidance, which can distort investors' risk perception independent of the information's actual substance (Espeute & Preece, 2024). Given that Gen Z consumes financial information primarily through short-form, highly curated social media content, the framing effect represents a particularly relevant behavioral factor to examine alongside financial influencer exposure.

Financial literacy is a strong determinant of how individuals understand financial information and respond to external influence. Financial literacy is defined as the ability to understand and apply financial concepts in decision-making; it enables investors to evaluate risk, manage portfolios, and resist impulsive or biased behavior(Mawarni & Hendrawaty, 2025). Prior studies show that higher financial literacy is associated with more rational investment behavior and reduced vulnerability to external factors such as social pressure or influencer-driven content (Son & Park, 2019). However, according to the Financial Services Authority (OJK, 2022), the financial literacy level of Indonesian youth remains relatively low, leaving them vulnerable to behavioral bias and misinformation. Previous research also suggests that financial literacy can moderate the influence of psychological and persuasion-based bias on investment behavior, although moderation evidence in the literature remains mixed (Prasetyo et al., 2023).

The present study differs from previous research in that it simultaneously examines financial influencers and the framing effect as determinants of investment decisions while including financial literacy as a moderating variable. Prior studies have generally treated these variables separately or have been conducted in Western contexts characterized by relatively high financial literacy levels. This study offers a local and holistic model with a distinct focus on Generation Z in Semarang City, Indonesia. Accordingly, this research provides new empirical evidence on the relationships between digital persuasion, information framing, and financial literacy in shaping the investment decisions of young digital investors.

LITERATURE REVIEW

Source Credibility Theory

The theory used to explain the financial influencer variable in this study is Source Credibility Theory (Hovland & Weiss, 1953), which presupposes that the effectiveness of a message in influencing an individual's attitude or behavior is determined by the perceived credibility of the source delivering that message. A source perceived as trustworthy, knowledgeable, and attractive tends to have a stronger persuasive impact on the audience compared to a source with low credibility. In the context of this study, Source Credibility Theory explains the influence of financial influencers on investors, as individuals are more likely to be persuaded by financial recommendations when the influencer delivering the content is perceived as credible, expert, and trustworthy.

Prospect Theory

The theory used to explain the framing effect variable in this study is Prospect Theory (Kahneman & Tversky, 1979), which demonstrates that individuals evaluate outcomes not on the basis of objective probability alone, but according to how choices are framed relative to a reference point which particularly whether outcomes are presented as gains or losses. Because individuals tend to be loss-averse, information framed around potential losses (or the avoidance thereof) typically elicits a stronger behavioral response than equivalent information framed around gains. In the context of this study, Prospect Theory explains why the manner in which financial content is presented on social media can systematically shape investors' risk perception and investment choices.

Theory of Planned Behaviour

The theory used to explain the investment decision variable and the moderating role of financial literacy in this study is the Theory of Planned Behaviour (Ajzen, 1991), which presupposes that an individual's behavior is determined by their behavioral intention, which is in turn shaped by attitude toward the behavior, subjective norms, and perceived behavioral control. This theory suggests that the stronger an individual's intention to perform a behavior, along with sufficient control over that behavior, the more likely the behavior will actually be carried out. In the context of this study, financial literacy is conceptualized as a form of perceived behavioral control: individuals with greater financial knowledge are better equipped to critically evaluate influencer-driven and framing-based information, thereby strengthening the extent to which their investment intentions translate into rational investment decisions.

Previous Study and Hypothesis

Financial influencers play a pivotal role in shaping the financial mindset of young investors, particularly on social media platforms where information is easily accessible and highly engaging. Repeated exposure to influencer content leads investors to internalize and act upon the information offered, even when it is anecdotal or non-specialized Umakanth et al. (2024) provide empirical evidence that a substantial share of Gen Z investors report being influenced by financial influencers when making investment decisions, while Pandey et al. (2025) find that influencer credibility and engagement positively affect financial behavior. Based on this evidence, the first hypothesis posits that financial influencers significantly and positively influence investment decision-making among Gen Z.

H1: Financial Influencers have a significant positive influence on Investment Decision.

The framing effect has likewise been shown to shape financial judgment by altering how individuals perceive risk and potential outcomes based on how information is presented, rather than its objective content (Drach et al., 2024). Content that emphasizes potential gains, urgency, or loss avoidance can elicit a stronger and less deliberate response from investors, consistent with the loss-aversion mechanism described in Prospect Theory (Kahneman & Tversky, 1979). Given that Gen Z investors are frequently exposed to persuasively framed financial content through short-form social media formats, the framing effect is expected to significantly shape their investment decisions.

H2: The Framing Effect has a significant positive influence on Investment Decision.

Financial literacy enables investors to evaluate financial information independently and apply sound financial principles in decision-making, which is theoretically expected to translate into more informed and rational investment behavior (Sophia et al., 2024).. Individuals with stronger financial literacy are better able to assess risk, interpret financial information critically, and avoid decisions driven purely by external persuasion (Prasad et al., 2024). Accordingly, financial literacy is hypothesized to have a direct positive effect on investment decisions.

H3: Financial Literacy has a significant positive influence on Investment Decision.

Although financial influencers can shape investors' first impressions, the ability to critically evaluate such information depends on the respondent's level of financial literacy. Through the lens of the Theory of Planned Behaviour, perceived behavioral control disposes individuals toward more rational decision-making (Ajzen, 1991). Son & Park (2019) find that financially literate individuals are more resilient to the persuasive influence of social media sources. Thus, the current research proposes that financial literacy weakens the impact of financial influencers on investment decisions, because financially knowledgeable individuals tend to be more skeptical and reflective when evaluating influencer-driven content (Mahmood et al., 2024)

H4: Financial Literacy moderates the relationship between Financial Influencers and Investment Decision, weakening its effect.

Similarly, while the framing effect operates primarily through information-processing heuristics, its influence is expected to be contingent on the financial knowledge of the individual. Investors with low financial literacy tend to respond to framed information without deeper analytical scrutiny, whereas financially literate investors possess stronger analytical capability to recognize and discount persuasive framing. Financial literacy is therefore hypothesized to significantly moderate the effect of the framing effect on investment decisions.

H5: Financial Literacy moderates the relationship between the Framing Effect and Investment Decision, weakening its effect.

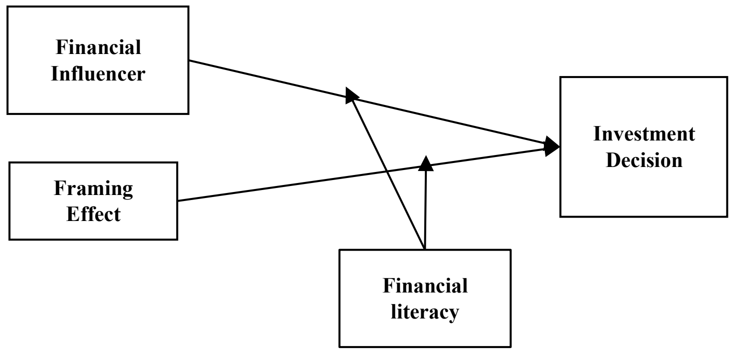

Figure 1. Research Model
Source: author, 2026

RESEARCH METHODS

This study employs a quantitative descriptive research design to examine the effect of financial influencers and the framing effect on investment decisions, moderated by financial literacy, among Gen Z in Semarang City. The population consists of Generation Z individuals (born 1997–2012) residing in Semarang City with exposure to financial content on social media. Using non-probability convenience sampling (Ferdinand, 2014; Hair et al., 2019), a total of 220 respondents were obtained through a structured online questionnaire distributed via Google Forms, with screening questions used to ensure respondent relevance. All variables (financial influencer, framing effect, financial literacy, and investment decision) were operationalized using indicators adapted from prior literature (Pandey et al., 2025; Hidayat & Pertiwi, 2025; Lusardi et al., 2014; Gahlot et al., 2024) and measured on a 5-point Likert scale. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS, a method well-suited for analyzing complex models involving latent constructs and moderating variables with moderate sample sizes (Sarstedt et al., 2021). The analysis was conducted in two stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model).

RESULT AND ANALYSIS

Data were successfully collected from 220 Generation Z respondents in Semarang City. Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis was conducted via SmartPLS. Model evaluation was carried out in two stages: assessment of the measurement model (outer model) and assessment of the structural model (inner model).

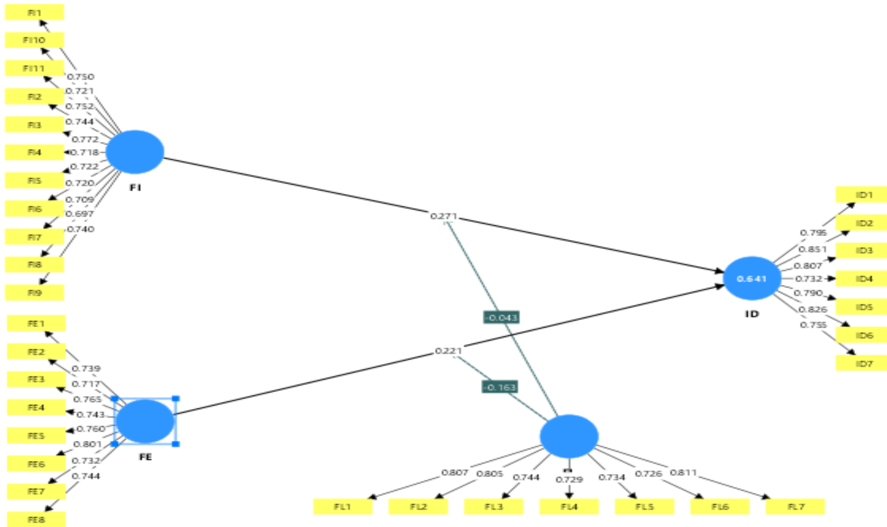

Figure 2. Outer Research Model
Source: Data processing result, 2026

The measurement model shows that all indicators of Financial Influencer (FI), Framing Effect (FE), Financial Literacy (FL), and Investment Decision (ID) achieved outer loadings above the recommended threshold of 0.70 (ranging from 0.697 to 0.851), and all four constructs achieved an Average Variance Extracted (AVE) above the minimum threshold of 0.50 — FI (0.535), FE (0.563), FL (0.587), and ID (0.631). These results confirm that the measurement instrument demonstrates satisfactory convergent validity.

Table 1.
Convergent Validity Test

Variable	Item	Outer Loading	AVE	Conclusion
Financial Influencer	FI1	.750	.535	Valid
	FI2	.744		
	FI3	.772		
	FI4	.718		
	FI5	.722		
	FI6	.720		
	FI7	.709		
	FI9	.697		
	FI10	.721		
	FI11	.752		

Variable	Item	Outer Loading	AVE	Conclusion
Framing Effect	FE1	.739	.563	Valid
	FE2	.717		
	FE3	.765		
	FE4	.743		
	FE5	.760		
	FE6	.801		
	FE7	.732		
	FE8	.744.		
Financial Literacy	FL1	.807	.587	Valid
	FL2	.805		
	FL3	.744		
	FL4	.729		
	FL5	.734		
	FL6	.726		
	FL7	.811		
Investment Decision	ID1	.795	.631	Valid
	ID2	.851		
	ID3	.807		
	ID4	.732		
	ID5	.790		
	ID6	.826		
	ID7	.755		

Source: Data processing result, 2026

The structural model shows that the financial influencer variable has a positive and significant effect on investment decisions (path coefficient = 0.271; t-statistics = 4.696; p-value = 0.000), confirming H1. This is consistent with Source Credibility Theory and supports the findings of Umakanth et al., (2024) and Pandey et al., (2025), who report that Gen Z relies heavily on social media influencers for financial decision-making. Likewise, the framing effect has a positive and significant effect on investment decisions (path coefficient = 0.221; t-statistics = 3.245; p-value = 0.001), confirming H2 and supporting Prospect Theory's prediction that the presentation of financial information shapes investor risk perception rather than its objective content alone (Cantarella et al., 2023). Financial literacy also shows a positive and significant direct effect on investment decisions (path coefficient = 0.510; t-statistics = 8.278; p-value = 0.000), confirming H3 and representing the strongest direct predictor in the model, in line with the Theory of Planned Behaviour.

Table 2
Hypothesis Test Results

Hypothesis	Path Coefficients	t-statistics	p-value	Results
H1 FI → ID	.271	4.696	.000	Support
H2 FE → ID	.221	3.245	.001	Support
H3 FL → ID	.510	8.278	.000	Support
H4 FL×FI → ID	-.043	0.837	.201	Unsupported
H5 FL×FE → ID	-.163	2.940	.002	Support

Source: Data processing result, 2026

The moderation analysis revealed that financial literacy significantly moderates the relationship between financial influencers and investment decisions (path coefficient = 0.159; p-value = 0.023), confirming H3. The negative coefficient shows that higher financial literacy reduces the influence of financial influencers, suggesting that financially literate Gen Z investors are more critical and selective when processing social media-based financial content. This is consistent with findings from Son & Park, (2019) and Ngamchuea, (2023), who note that literacy functions as a cognitive filter, improving the quality of decisions.

The moderation analysis reveals an asymmetric pattern. Financial literacy does not significantly moderate the relationship between financial influencers and investment decisions (path coefficient = -0.043; t-statistics = 0.837; p-value = 0.201), leading to the rejection of H4. This suggests that even financially literate Gen Z investors remain susceptible to influencer-driven persuasion, indicating that trust in financial influencers may be rooted more in perceived relatability and parasocial trust than in technical financial reasoning alone. In contrast, financial literacy significantly and negatively moderates the relationship between the framing effect and investment decisions (path coefficient = -0.163; t-statistics = 2.940; p-value = 0.002), confirming H5. This finding indicates that financially literate individuals are less susceptible to framing-based persuasion, consistent with the view that financial literacy functions as a cognitive filter that improves the quality of information processing (Son & Park, 2019).

Overall, these results carry several important implications. First, this study is novel in analyzing financial influencers and the framing effect simultaneously within a single model, together with financial literacy as a moderating variable, specifically among Gen Z in Semarang City. Second, the findings highlight that financial literacy's protective function against biased financial information is not uniform: it is markedly more effective in weakening cognitive/framing-based bias than in weakening source-credibility-based persuasion. Third, this asymmetry suggests that financial education programs aimed at Gen Z should extend beyond technical financial knowledge to include media literacy and critical evaluation of influencer credibility.

CONCLUSION

This study examined how financial influencers and the framing effect affect the investment decisions of Generation Z investors in Semarang City, with financial literacy as a moderating variable. The findings confirm that financial influencers, the framing effect, and financial literacy each exert a significant positive effect on investment decisions, with financial literacy showing the strongest direct effect among the three. Regarding the moderating role of financial literacy, the results reveal an asymmetric pattern: financial literacy significantly weakens the effect of the framing effect on investment decisions, but does not significantly moderate the effect of financial influencers on investment decisions.

These findings suggest that Gen Z investors' susceptibility to persuasive financial information depends on the mechanism of influence: analytically-driven bias, such as framing, can be mitigated through financial literacy, whereas source-credibility-driven persuasion, such as trust in financial influencers, appears comparatively resistant to financial knowledge alone. This implies that financial education initiatives should be complemented with media literacy components that address parasocial trust and influencer credibility evaluation.

Subsequent research should extend the sample to other regions using probability sampling, incorporate additional behavioral variables such as anchoring bias or herding bias, and consider qualitative or mixed-method approaches to gain deeper insight into how Gen Z processes financial information in digital environments

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