

**Impact of Overconfidence, Loss Aversion, and Social Media on Investment
Decision-Making in the Stock Market: The Mediating Role of Financial Risk**

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.



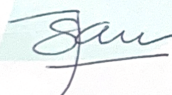
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ABSTRACT

Impact of Overconfidence, Loss Aversion, and Social Media on Investment Decision-Making in the Stock Market: The Mediating Role of Financial Risk

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 This study investigates the impact of Overconfidence, Loss Aversion, and Social Media on Investment Decision-Making among Indonesian individual investors, with financial risk perception serving as a mediating variable. While prior research has typically explored these psychological biases and external influences in isolation, this study integrates them to analyze their combined effect on investor behavior. The research employs a quantitative correlational design using survey data from 325 individual investors actively participating in the stock market and engaging with Social Media platforms such as Instagram, Telegram, and Zoom. Findings from structural equation modeling reveal that Overconfidence and Social Media significantly influence Investment Decisions, both directly and indirectly through financial risk perception. Loss Aversion, however, shows a weaker direct impact but a notable indirect influence via risk perception. Additionally, herding behavior, driven by Social Media, was found to amplify market sentiment and risk misperception. The study contributes to behavioral finance literature by emphasizing the interaction between psychological biases and digital influence in shaping modern investment behavior. It also offers practical implications for investor education and policy interventions, highlighting the

need to enhance financial literacy and develop strategies to mitigate the adverse effects of behavioral and social biases in Investment Decision-Making.

Keywords: Overconfidence, Loss Aversion, Social Media impact, herding behavior, risk perceptions, Investment Decision Making.



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DEDICATION

I dedicate this work for the individual investors

I dedicated this work for the better knowledge

I dedicated this work for future researchers



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First, I could not have completed this study without God's help. I am thankful for the strength, ambition, and willingness to try that I had during the research process.

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