Journal of International Conference Proceedings (JICP)
Vol. 9 No. 5, pp 734-743, November, 2026
E-ISSN: 2621-993X P-ISSN: 2622-0989
https://ejournal.aibpmjournals.com/index.php/JICP/index

Young Generation's Gold Investment Decisions: The Role of Financial Literacy, Behavioral Bias, and Mental Accounting in the City of Parepare

Hamida Hasan[1*], Riza Amalia Rifani[1], Siti Diva Syarifah Lukman[1], Erwin Hadisantoso[2]
[1]Faculty of Business, Andi Sapada Institute of Social and Business Sciences, Parepare, Indonesia
[2]Faculty of Economics and Business, Halu Oleo University, Kendari, Indonesia
*Corresponding Email: 0911029001hamida@gmail.com

ARTICLE INFORMATION

Publication information

Research article

HOW TO CITE
Hasan, H., Rifani, R. A., Lukman, S. D. S., & Hadisantoso, E. (2026). Young generation's gold investment decisions: The role of financial literacy, behavioral bias, and mental accounting in the city of Parepare. *Journal of International Conference Proceedings, 9*(5), 734-743.

DOI:
https://doi.org/10.32535/jicp.v9i5.5229

Copyright @ 2026 owned by Author(s).
Published by JICP

This is an open-access article.
License:
Attribution-Noncommercial-Share Alike (CC BY-NC-SA)

Received: 20 September 2026
Accepted: 22 October 2026
Published: 26 November 2026

ABSTRACT

This study examines the effects of financial literacy, overconfidence, herding behavior, and mental accounting on gold investment decisions among Millennials and Generation Z in Parepare, Indonesia, including the moderating role of mental accounting. A quantitative explanatory approach was employed, involving 392 respondents, with data analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The measurement model demonstrated satisfactory reliability and validity, with Cronbach's alpha ranging from 0.948 to 0.976, composite reliability from 0.958 to 0.979, Average Variance Extracted from 0.753 to 0.820, and HTMT values below 0.85. The structural model explained 52.99% of the variance in gold investment decisions. Financial literacy, overconfidence, herding behavior, and mental accounting had positive and significant effects on gold investment decisions. However, mental accounting did not significantly moderate any of the three relationships, indicating its role as a direct predictor rather than a moderator. These findings emphasize the importance of integrating product knowledge, awareness of behavioral biases, and social influence into financial education on gold investment.

Keywords: Behavioral Finance; Financial Literacy; Gold Investment Decision; Herding Behavior; Mental Accounting; Overconfidence.

INTRODUCTION

Gold remains a relevant option within household financial management, since it is fairly easy to grasp, can be purchased in small amounts, and is widely used to store value and diversify assets. Wider access to financial products, however, does not automatically mean that people understand the features, advantages, costs, and risks of what they use. According to the 2025 National Survey on Financial Literacy and Inclusion, the national financial literacy index stands at 66.46%, compared with a financial inclusion index of 80.51%. This difference suggests that product usage may expand faster than people's capability to make well-informed financial choices (Otoritas Jasa Keuangan & Badan Pusat Statistik, 2025).

This condition is important in the context of gold investment. The decision to buy, store, add, or sell gold should not be based solely on price trends or the perception that gold is a safe asset. Investors need to consider financial objectives, investment timeframes, liquidity needs, price volatility, transaction costs, and the suitability of gold investment with financial capacity. Therefore, the ease of access to gold investment needs to be balanced with the ability to make planned, informed, and appropriate decisions in accordance with personal financial conditions.

Millennials and Generation Z are relevant groups to study because they are in the productive phase and the beginning of asset formation. The 2025 survey recorded a financial literacy index of 73.22% in the age group of 18–25 years and 74.04% in the age group of 26–35 years. The financial inclusion index in both groups reached 89.96% and 86.10% (Otoritas Jasa Keuangan & Badan Pusat Statistik, 2025). However, high literacy and inclusion in aggregate does not necessarily guarantee that investment decisions are made objectively and in line with long-term financial goals.

The behavioral finance perspective is useful to explain these issues. In contrast to the traditional view of finance, which assumes that investors always act rationally, behavioral finance recognizes that financial decisions can be influenced by cognitive limitations, emotions, perceptions, experiences, habits, and social pressures. In gold investing, decisions can be made based on an adequate assessment of the benefits and risks, but they can also be influenced by overconfidence in personal predictions, other parties' recommendations, social media trends, or the labeling of funds as investment funds.

Financial literacy is a key cognitive determinant of investment decisions. It captures a person's capacity to grasp financial concepts such as risk, returns, inflation, and diversification, and to judge whether an investment instrument fits their financial goals. Indonesian studies report that financial literacy is associated with investment decisions (Panjaitan & Listiadi, 2021; Sun & Lestari, 2022). Neither study, however, concentrated on gold, and neither combined individual and social behavioral biases within a single model.

Overconfidence is another relevant behavioral factor. This concept refers to the tendency of individuals to overestimate their knowledge, ability, or accuracy of predictions in making investment decisions. Aristiwati and Hidayatullah (2021) found that overconfidence was positively and significantly related to investment decisions in Pegadaian gold savings customers in Ungaran. Herding behavior is also relevant because investors can use other parties' actions, opinions, or recommendations as shortcuts when making decisions. In the same study, herding had a positive but not significant relationship with gold investment decisions, which suggests that its role can differ according to the context and characteristics of respondents.

Previous research still shows inconsistent results. Mahadevi and Asandimitra (2021) tested herding behavior, mental accounting, and other behavioral biases in Millennial investors in Surabaya. Tang and Haryono (2023) examined mental accounting, herding bias, loss aversion, risk perception, and financial literacy in Generation Z investors. Pradnyasari et al. (2025) found a positive influence of mental accounting on stock investment decisions in Bali. These studies differed in investment instruments, respondent characteristics, locations, and variable positions, so they did not fully explain gold investment decisions in Millennials and Generation Z in non-metropolitan cities such as Parepare.

Mental accounting describes the cognitive process when individuals classify, label, and evaluate money or assets into separate accounts, such as daily necessities, emergency funds, savings, and investment funds (Thaler, 1999). This study analyzes the relationship between financial literacy, overconfidence, herding behavior, and mental accounting with gold investment decisions and examines whether mental accounting moderates the relationship between financial literacy, overconfidence, and herding behavior with gold investment decisions.

LITERATURE REVIEW

Behavioral Finance and Gold Investment Decisions

Behavioral finance integrates psychological insights into financial decision-making and challenges the assumption that investors are always processing information objectively as well as maximizing utility. In real investment situations, individuals face uncertainty, limited information, time constraints, and cognitive limitations. These conditions can form systematic biases in risk assessment, instrument selection, transaction timing, and fund allocation. In this study, gold investment decisions refer to respondents' decisions to buy, store, add, or sell gold as part of asset management and personal financial planning.

Financial Literacy and Gold Investment Decisions

Financial literacy covers the awareness, knowledge, skills, attitudes, and behaviors required to make sound financial decisions and attain financial well-being (Organisation for Economic Co-operation and Development (OECD), 2022). Financially literate investors are more likely to distinguish consumption from investment, weigh risks against returns, account for inflation and diversification, and match their investment choices to their financial goals.

H1: Financial literacy has a positive relationship with gold investment decisions among Millennials and Generation Z in Parepare City.

Overconfidence and Gold Investment Decisions

Overconfidence is a behavioral bias when an individual overestimates the knowledge, skills, quality of information, or the accuracy of his or her predictions. Investors with higher confidence may be more willing to initiate or increase investments. However, such positive relationships do not mean that overconfidence improves the quality or return of investments because overconfidence can result in underestimating risk and disproportionate allocation of funds.

H2: Overconfidence has a positive relationship with gold investment decisions among Millennials and Generation Z in Parepare City.

Herding Behavior and Gold Investment Decisions

Herding behavior is the tendency to follow other investors' actions, recommendations, decisions, or trends rather than relying solely on self-evaluation. This behavior can arise

when individuals have limited information, face uncertainty, or view group actions as a credible source of information. In gold investing, herding can occur when someone buys gold because many people are buying, the price of gold is hotly discussed, or family, friends, and social media provide recommendations.

H3: Herding behavior has a positive relationship with gold investment decisions among Millennials and Generation Z in Parepare City.

Mental Accounting and Gold Investment Decisions

Mental accounting is a process when individuals code, categorize, evaluate, and monitor financial activities through separate mental accounts (Thaler, 1999). Individuals who allocate a dedicated account for gold investment may be more likely to make and maintain investment decisions. Pradnyasari et al. (2025) found that mental accounting has a positive effect on investment decisions in stock investors.

H4: Mental accounting has a positive relationship with gold investment decisions among Millennials and Generation Z in Parepare City.

The Role of Mental Accounting Moderation

Mental accounting can influence the way individuals translate financial literacy and behavioral tendencies into investment actions. Individuals with good financial literacy and more structured mental accounts may be better able to convert financial knowledge into planned gold investment allocations. Additionally, individuals who have labeled certain funds as investment funds may be more motivated to act on beliefs or responses to investment trends. Therefore, this study proposes the following moderation hypothesis.

H5: Mental accounting positively moderates the relationship between financial literacy and gold investment decisions.

H6: Mental accounting positively moderates the relationship between overconfidence and gold investment decisions.

H7: Mental accounting positively moderates the relationship between herding behavior and gold investment decisions.

RESEARCH METHOD

This study uses a quantitative method. The study analyzes the relationship between financial literacy, overconfidence, herding behavior, and mental accounting with gold investment decisions and examines the role of mental accounting moderation. The analysis unit is individuals from the Millennial and Generation Z groups who live in Parepare City, South Sulawesi.

The research population is individuals of the Millennial generation and Generation Z in Parepare City who have experience, involvement, or interest in gold investment. The sampling technique used is purposive sampling. The respondent criteria include: (1) domiciled in Parepare City; (2) including the Millennial generation or Generation Z; (3) at least 17 years old; (4) have bought, owned, sold, saved gold, or have an interest in gold investment; and (5) are willing to fill out a questionnaire voluntarily. A total of 392 questionnaires that met the criteria were analyzed.

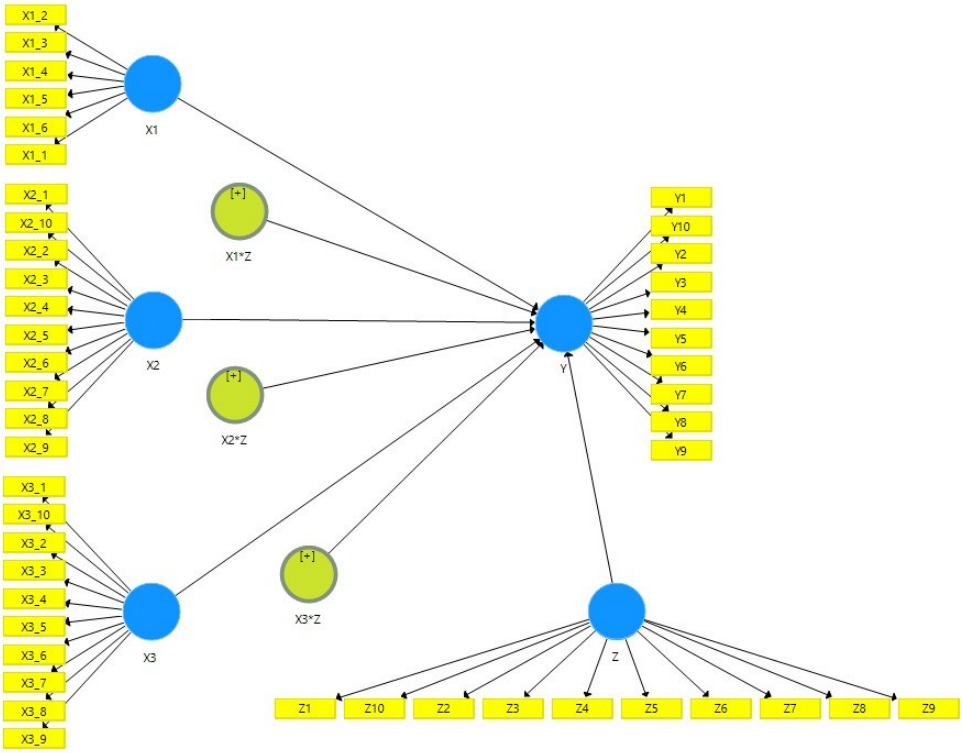
Data was collected through a structured questionnaire that was distributed online, offline, or a combination of both. The first part of the questionnaire contained the characteristics

of the respondents, including age, gender, education, occupation, income, generation group, investment experience, and form of gold investment. The second part contained statements to measure financial literacy, overconfidence, herding behavior, mental accounting, and gold investment decisions. All statements were measured on a five-point Likert scale, from 1 = strongly disagree to 5 = strongly agree.

The analysis was carried out using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of SmartPLS. The evaluation of the measurement model included outer loading, Cronbach's alpha, composite reliability, Average Variance Extracted (AVE), and heterotrait-monotrait ratio (HTMT). The evaluation of the structural model included path coefficients, t-statistics and p-values as a result of bootstrapping, R^2, adjusted R^2, and f^2. The evaluation procedure refers to the PLS-SEM guidelines from Hair et al. (2022), while the rationale for sample adequacy refers to Kock and Hadaya (2018).

The specification of the research model, including the indicators of each construct, the direct paths, and the three interaction terms used to test the moderating role of mental accounting, is presented in Figure 1.

Figure 1. PLS-SEM Research Model



Note. X1 = financial literacy; X2 = overconfidence; X3 = herding behavior; Z = mental accounting (moderator); Y = gold investment decisions; X1*Z, X2*Z, and X3*Z = interaction terms. Yellow boxes represent questionnaire indicators.

RESULTS

Respondent Characteristics

Of the 392 respondents analyzed, the age distribution is presented in Table 1. Most respondents were in the 26–35 age group, with 227 respondents (57.91%), followed by the 36–45 age group (33.16%) and the 17–25 age group (8.93%). This composition

indicates that interest in gold investment in Parepare City is concentrated in the 26–35 age group, a young age group in the early stage of asset formation.

Table 1. Characteristics of Respondents by Age

Age group	Generation	Frequency (n)	Percentage (%)
17–25 years	Generation Z	35	8.93
26–35 years	Millennial / Gen Z	227	57.91
36–45 years	Millennial	130	33.16
Total		392	100.00

Source: Primary data processed, 2026

Evaluation of Measurement Models

The measurement model shows adequate convergent reliability and validity. All indicator loadings exceeded 0.70, indicating satisfactory indicator reliability. Cronbach's alpha value ranges from 0.948–0.976, exceeding the threshold of 0.70. Composite reliability ranges from 0.958–0.979, while AVE ranges from 0.753–0.820. Thus, each construct is able to explain more than half of the variance of its indicators.

Table 2. Internal Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
Financial literacy	0,948	0,958	0,792
Overconfidence	0,976	0,979	0,820
Herding behavior	0,963	0,968	0,753
Mental accounting	0,970	0,974	0,787
Gold investment decisions	0,971	0,975	0,795

The discriminant validity was tested using the HTMT criteria. All HTMT values were in the range of 0.429–0.619 and were below the conservative threshold of 0.85. Thus, the research constructs had adequate discriminant validity.

Table 3. Discriminant Validity Based on HTMT

Construct	FL	OC	HB	MA	KIE
Financial literacy (FL)	—				
Overconfidence (OC)	0,553	—			
Herding Behavior (HB)	0,437	0,494	—		
Mental Accounting (MA)	0,490	0,429	0,503	—	
Gold Investment Decision (KIE)	0,552	0,562	0,619	0,579	—

Structural Model Evaluation

The structural model explained 52.99% of the variance in gold investment decisions, with an adjusted R^2 value of 0.5213. This indicates that financial literacy, overconfidence, herding behavior, mental accounting, and the interaction terms jointly explained a moderate proportion of variance in gold investment decisions.

Table 4. Coefficient of Determination

Endogenous constructs	R^2	Adjusted R^2
Gold investment decisions	0,5299	0,5213

The direct effects of financial literacy, overconfidence, herding behavior, and mental accounting have small effect sizes. In contrast, all three interaction effects show negligible effect sizes.

.

Table 5. Effect Size

Relationships	f^2	Interpretation
Financial literacy → KIE	0,0428	Small
Overconfidence → KIE	0,0555	Small
Herding behavior → KIE	0,1324	Small
Mental accounting → KIE	0,0852	Small
FL × MA → KIE	0,0005	Negligible
OC × MA → KIE	0,0007	Negligible
HB × MA → KIE	0,0002	Negligible

Hypothesis Testing

Hypothesis testing was carried out by bootstrapping with 500 subsamples. The direct effect was significant if the t-statistical value was greater than 1.96 and the p-value was less than 0.05. To strengthen the interpretation, a 95% bias-corrected confidence interval was also presented.

Table 6. Hypothesis Testing Results

Hypothesis	Relationships	β	SD	t	p	Bias-Corrected 95% CI	Verdict
H1	FL → KIE	0,179	0,043	4,153	< 0.001	(0,082; 0,254)	Supported
H2	OC → KIE	0,204	0,046	4,471	< 0.001	(0,110; 0,300)	Supported
H3	HB → KIE	0,307	0,043	7,085	< 0.001	(0,220; 0,385)	Supported
H4	MA → KIE	0,246	0,047	5,279	< 0.001	(0,161; 0,340)	Supported
H5	FL × MA → KIE	0,020	0,046	0,433	0,665	(−0.060; 0.114)	Not supported
H6	OC × MA → KIE	−0.025	0,053	0,468	0,640	(−0.131; 0.068)	Not supported
H7	HB × MA → KIE	0,011	0,042	0,274	0,784	(−0.066; 0.090)	Not supported

Note. FL = financial literacy; OC = overconfidence; HB = herding behavior; MA = mental accounting; KIE = gold investment decisions; β = path coefficient; SD = bootstrapping standard deviation; CI = confidence interval.

DISCUSSION

The results of the study showed that financial literacy, overconfidence, herding behavior, and mental accounting were positively related to gold investment decisions in the Millennial and Generation Z generations in Parepare City. This pattern is in line with the behavioral finance perspective which views investment decisions shaped by cognitive factors and behavioral tendencies.

The positive relationship between financial literacy and gold investment decisions is in line with the findings of Panjaitan and Listiadi (2021) and Sun and Lestari (2022). In the context of gold investment, financial literacy can help investors understand financial goals, risk-return relationships, inflation, liquidity needs, and the suitability of gold as part of a personal portfolio. However, the positive coefficient cannot be interpreted as saying that every decision of an investor who has high literacy must be objectively better,

because this study measures the perception of decision-making, not the realized investment performance.

Overconfidence is positively associated with gold investment decisions, consistent with Aristiwati and Hidayatullah (2021). Investors who are more confident in their knowledge and predictive abilities may be more willing to buy, save, or increase their gold investments. However, these findings need to be read carefully. Overconfidence is theoretically conceptualized as a behavioral bias; therefore, positive relationships indicate more of a tendency to act or make decisions, rather than evidence that decision quality, risk assessment, or investment returns are improving.

Herding behavior had the largest direct coefficient among the three main predictors, although this study did not conduct a formal test to compare the differences in coefficients between variables. These results differ from Aristiwati and Hidayatullah (2021) who found a positive but not significant influence. The differences may be related to the demographic characteristics of the sample, the investment context, the information environment, or the measurement approach. The explanation needs to be viewed as a contextual interpretation, not a mechanism that has been directly proven.

Mental accounting is positively and significantly related directly to gold investment decisions. These results are in line with Pradnyasari et al. (2025) who found the influence of mental accounting on investment decisions in the context of stocks. Individuals who create a dedicated mental account for investment funds may be more motivated to allocate resources to gold and maintain investment decisions. However, mental accounting can also make individuals focus too much on the funds that have been labeled without considering their overall financial condition.

In contrast to H5–H7, mental accounting does not moderate the relationship between financial literacy, overconfidence, or herding behavior with gold investment decisions. All three interaction effects were insignificant, their bias-corrected confidence intervals included zero, and their f^2 values were negligible. Thus, the data do not provide evidence that mental accounting changes the strength of the relationship between the three predictors and gold investment decisions. In this model, mental accounting is more accurately understood as a direct predictor than a moderator.

These findings have practical implications. Gold investment education for the younger generation should focus not only on product characteristics, risks, returns, and planning, but also on behavioral biases and social influences. Because herding behavior is positively associated with gold investment decisions, education programs need to encourage young investors to critically evaluate recommendations, trends, and social media content before allocating funds. The direct influence of mental accounting also suggests that segregating funds for investments can support investment discipline, as long as the allocation remains adjusted to emergency funds, income stability, risk tolerance, and overall financial goals.

CONCLUSION

This study analyzes the relationship between financial literacy, overconfidence, herding behavior, and mental accounting with gold investment decisions in the Millennial and Generation Z generations in Parepare City. The results show that financial literacy, overconfidence, herding behavior, and mental accounting are positively and significantly related to gold investment decisions. The structural model explains 52.99% of the variance in gold investment decisions.

Mental accounting has not been proven to moderate the relationship between financial literacy, overconfidence, or herding behavior with gold investment decisions. Therefore, in this model, mental accounting is more accurately understood as a direct predictor than a moderator variable. This study expands the evidence of behavioral finance by integrating cognitive factors, individual bias, social influence, and fund framing in the context of gold investment in young investors outside metropolitan cities.

The research has a number of limitations. First, the study uses cross-sectional survey data and respondents' perceptions, so that the results show statistical relationships and do not prove causality. Second, purposive sampling and focus on Parepare City limit the generalization of results. Third, all variables are measured from the same source so that common method bias remains a potential limitation. Fourth, the bootstrapping procedure uses 500 subsamples; subsequent research is recommended to use a larger number of subsamples in the final reporting. Follow-up studies can compare Millennials and Generation Z through multigroup analysis, test mental accounting as mediators or direct predictors, and include more objective measures of investment behavior and performance.

ACKNOWLEDGMENT
The authors would like to thank all respondents who voluntarily participated in this study and shared their views on gold investment decisions. The authors also gratefully acknowledge the institutions and colleagues that provided administrative support and constructive input during data collection and manuscript preparation.

DECLARATION OF CONFLICTING INTERESTS
The authors have declared no potential conflicts of interest concerning the study, authorship, and/or publication of this article.

REFERENCES

Aristiwati, I. N., & Hidayatullah, S. K. (2021). Pengaruh herding dan overconfidence terhadap keputusan investasi: Studi pada nasabah emas Kantor Pegadaian Ungaran. *Among Makarti, 14*(1). https://doi.org/10.52353/ama.v14i1.202

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). SAGE Publications.

Kock, N., & Hadaya, P. (2018). Minimum sample size estimation in PLS-SEM: The inverse square root and gamma-exponential methods. *Information Systems Journal, 28*(1), 227–261. https://doi.org/10.1111/isj.12131

Mahadevi, S. A., & Asandimitra, N. (2021). Pengaruh status quo, herding behaviour, representativeness bias, mental accounting, serta regret aversion bias terhadap keputusan investasi investor milenial di Kota Surabaya. *Jurnal Ilmu Manajemen, 9*(2), 779–793. https://doi.org/10.26740/jim.v9n2.p779-793

Organisation for Economic Co-operation and Development. (2022). *OECD/INFE toolkit for measuring financial literacy and financial inclusion 2022*. OECD Publishing. https://doi.org/10.1787/cbc4114f-en

Otoritas Jasa Keuangan, & Badan Pusat Statistik. (2025). *Siaran pers bersama: Indeks literasi dan inklusi keuangan masyarakat meningkat, OJK dan BPS umumkan hasil Survei Nasional Literasi dan Inklusi Keuangan tahun 2025* [Press release]. https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/OJK-dan-BPS-Umumkan-Hasil-Survei-Nasional-Literasi-Dan-Inklusi-Keuangan-SNLIK-Tahun-2025.aspx

Panjaitan, N. F. H., & Listiadi, A. (2021). Literasi keuangan dan pendapatan pada keputusan investasi dengan perilaku keuangan sebagai variabel moderasi.

Jurnal Ilmiah Akuntansi dan Humanika, 11(1). https://ejournal.undiksha.ac.id/index.php/jja/article/view/32793

Pradnyasari, P. D. P., Sinarwati, N. K., & Purnamawati, I. G. A. (2025). The influence of inflation, mental accounting, and risk aversion on investment decisions with financial literacy as a moderating variable. *Amkop Management Accounting Review, 5*(2), 320–343. https://doi.org/10.37531/amar.v5i2.2726

Sun, S., & Lestari, E. (2022). Analisis pengaruh literasi keuangan (financial literacy), pengetahuan investasi (investment knowledge), motivasi investasi (investment motivation), dan pendapatan (income) terhadap keputusan investasi pada masyarakat di Batam. *Jurnal Akuntansi AKUNESA, 10*(3), 101–114. https://doi.org/10.26740/akunesa.v10n3.p101-114

Tang, I. M. H., & Haryono, N. A. (2023). Pengaruh mental accounting, regret aversion bias, herding bias, loss aversion, risk perception, dan financial literacy terhadap keputusan investasi investor generasi Z. *Jurnal Ilmu Manajemen, 11*(2), 457–472. https://journal.unesa.ac.id/index.php/jim/article/view/22347

Thaler, R. H. (1999). Mental accounting matters. *Journal of Behavioral Decision Making, 12*(3), 183–206. https://doi.org/10.1002/%28SICI%291099-0771%28199909%2912:3%3C183::AID-BDM318%3E3.0.CO;2-F

ABOUT THE AUTHOR(S)

1st Author
Hamida Hasan is affiliated with the Faculty of Business, Andi Sapada Institute of Social and Business Sciences, Parepare, Indonesia. Her research interests include financial management, behavioral finance, financial literacy, mental accounting, and investment decision-making. Her corresponding email address is 0911029001hamida@gmail.com. Her ORCID ID is https://orcid.org/0009-0001-2327-7999.

2nd Author
Riza Amalia Rifani is affiliated with the Faculty of Business, Andi Sapada Institute of Social and Business Sciences, Parepare, Indonesia. Her research interests include financial literacy, behavioral finance, investment behavior, and financial decision-making among younger generations.

3rd Author
Siti Diva Syarifah Lukman is affiliated with the Faculty of Business, Andi Sapada Institute of Social and Business Sciences, Parepare, Indonesia. Her research interests include behavioral finance, financial management, herding behavior, overconfidence, and gold investment decisions.

4th Author
Erwin Hadisantoso is affiliated with the Faculty of Economics and Business, Halu Oleo University, Kendari, Indonesia. His research interests include financial management, behavioral finance, mental accounting, financial literacy, and investment decision-making.