Perception of Ease and Herding Behavior: The Role of Knowledge in Investment Decisions on Gold Among the Youth in Serang City

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ABSTRACT

The surge in gold prices has given rise to the phenomenon of the gold rush among the younger generation. Technological advancements have increased the ease with which the younger generation can invest in gold, while the fear of missing out (FOMO) can foster herding behavior in gold investment decisions. This study aims to analyze the influence of perceived ease, herding behavior, and the level of investment knowledge on gold investment decisions. It also aims to examine investment knowledge as a moderating variable. The quantitative approach employed in this research uses Partial Least Squares Structural Equation Modeling (PLS-SEM) with random sampling techniques. The findings indicate that investment knowledge has a positive and significant impact on investment decision-making. In addition, the perception of ease has been proven not only to enhance investment knowledge but also to directly drive investment decisions. Meanwhile, herding behavior does not show a significant influence on either investment knowledge or investment decisions. The study also reveals that investment knowledge does not function as a moderating variable in the relationship between herding behavior, perceived ease, and investment decisions.

| KEYWORDS | Perception of Ease, Herding Behavior, Knowledge, Investment Decisions |

INTRODUCTION

Increased global economic volatility, persistent inflationary pressures, and geopolitical uncertainty have fundamentally altered how individuals approach financial planning and wealth preservation (Carter, 2025; Hodula et al., 2024; Khan, 2024; Mulenga, 2024). In such an environment, developing financial literacy and engaging in strategic investment activities has become increasingly important compared to merely saving money in conventional financial institutions (Bagama, 2024; Hasan, 2024; Koskelainen et al., 2023; Luo & Cheng, 2023; Zaimovic et al., 2023). The public needs to identify and select investment instruments that are considered safe and capable of preserving value during periods of economic turbulence (Iannone et al., 2025; Mykhailov, 2025; Sánchez, 2024). Gold has emerged as one of the preferred investment instruments due to its distinctive characteristics as a safe-haven asset, an effective hedge against inflation, and a store of value during times of uncertainty (Baur & McDermott, 2010). These properties make gold particularly attractive to investors seeking stability in an otherwise volatile financial landscape.

The world of investment has both a rational side—based on financial knowledge, analysis, and literacy in decision-making—and a social or emotional side, driven by the impulse to follow trends or herd behavior. Many studies have shown that herding behavior becomes stronger when asset prices rise rapidly or market conditions change drastically, as investors tend to view others' buying activity as a signal to follow rather than relying on fundamental analysis (Hossein et al., 2022). In addition, financial literacy or investment knowledge has also been shown to influence the quality of investment decisions. Investors

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with greater knowledge tend to make more informed and rational decisions (Maulidina et al., 2024).

In particular, the soaring increase in gold prices presents an external situation that amplifies social and emotional pressures. Retail investors observe continuous news of rising gold prices, see others buying, and find that gold investment platforms are increasingly accessible. The fear of missing out makes gold ever more sought after. This situation raises an important question: will investors from Generation Z and millennials act based on analysis and knowledge (rationality), or will they be carried away by trends? On the other hand, there is a perception of ease in gold investment—both physical and digital—given the convenience of entry, purchasing, and transactions. In theory, ease should increase participation and improve gold investment decisions, yet it also carries the potential to trigger quick, impulsive reactions without adequate analysis.

This research was conducted in Serang City for both empirical and operational reasons. Empirically, the population of Serang City reaches approximately 743,750 people, with around 493,704 (or 66%) belonging to the productive age group or younger generation (Darmawan, 2024). This large proportion of young residents makes Serang City a strategic area to study the financial behavior patterns of the younger generation, as demographic characteristics influence consumption patterns, access to information technology, and tendencies to adopt new investment products. Moreover, Serang City, as an administrative and economic center, possesses financial and market infrastructures that facilitate investment access.

The level of public literacy, including among Generation Z and millennials, is an important factor influencing the quality of economic decision-making, particularly in investment. According to data from the 2024 Community Literacy Development Index (IPLM) released by the National Library, the national literacy rate stands at 73.52, whereas Serang City's score is 46.76—lower than both the national average and other cities and regencies in Banten Province (Statistics, 2024). This condition indicates that, in general, the people of Serang City still face limitations in accessing information and literacy skills that support smart financial decision-making. This low level of literacy can affect behavioral patterns in investing, where decisions are often influenced by social factors such as herding behavior rather than rational considerations. Furthermore, the perceived ease of investing in gold can drive investment decisions that are not balanced by an adequate understanding of risk.

The research gap addressed by this study concerns the limited understanding of how perceived ease and herding behavior simultaneously influence gold investment decisions, and whether investment knowledge moderates these relationships in the context of Indonesian youth. While previous studies have examined these variables in isolation or limited combinations, the integrated examination of both direct and moderating effects within a single analytical framework remains underdeveloped. Focusing on gold investment among Generation Z and millennial investors in Serang City—a location with distinctive demographic and literacy characteristics—offers the opportunity to explore these relationships in a context distinct from major metropolitan areas where most prior research on Indonesian investment behavior has been conducted.

The urgency of this study stems from several converging factors. First, the rapid growth of digital investment platforms has dramatically increased accessibility for younger generations, making an understanding of their decision-making processes critically important for investor protection. Second, significant price volatility in gold markets creates conditions where behavioral factors may exert amplified influence on investment decisions. Third, the relatively low literacy levels in Serang City compared to national averages suggest that investors in this region may be particularly vulnerable to decisions based on incomplete information or social influence. Fourth, the demographic concentration of young people in Serang City means that understanding their investment behavior has crucial implications for regional economic development and financial stability.

Investment knowledge in this study plays an important role in moderating the influence of behavioral factors on investment decisions. Individuals with a high level of knowledge tend to assess information more objectively, reduce reliance on group behavior, and use technology more intelligently. Therefore, understanding the level of community literacy—especially in areas with lower achievement such as Serang City—is essential to explain variations in gold investment decision-making within the community. Thus, this study positions the perceived ease of gold investment and herding behavior as two factors influencing gold investment decisions, with investment knowledge serving as a moderating variable in these relationships. This research is important not only for enriching the literature on gold investment behavior but also for its practical implications for financial education, retail investment regulation, and the design of gold investment platforms to ensure that investors do not merely follow the trend, but instead make more rational and knowledge-based decisions.

METHOD

This study uses a quantitative approach aimed at examining the influence of herding behavior and the perception of ease on gold investment decisions, with investment knowledge as the moderating variable. One form of quantitative research is the deductive approach, which is specifically designed to test hypotheses in a study (San Putra et al., 2020). Data were collected by distributing an online questionnaire, and the data were processed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). SEM-PLS is a multivariate statistical technique that enables simultaneous comparisons between multiple independent and dependent variables. The use of SEM-PLS was considered appropriate because this method is suitable for predictive and exploratory research purposes. Moreover, SEM-PLS can be applied to relatively small sample sizes and does not require the assumption of normal data distribution (Hair & Ringle, 2022).

The researcher selected samples from the population that represented the study's target group. The sampling technique applied was purposive sampling, with criteria including gold investors aged between 17 and 44 years—an age range that falls within Generation Z and the millennial generation. Respondents were also required to have prior experience in gold investment and reside in Banten Province. To expand the reach of respondents, data collection was further conducted using a random sampling procedure. The sample size in PLS is determined using the rule of ten, which stipulates that the sample should be at least ten times the number of indicators in the latent variable or ten times the number of paths leading

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to a specific latent variable (Kock & Hadaya, 2018). Based on this rule, the minimum required sample in this study is 30, as the variable "investment decisions" has the highest number of paths derived from herding behavior, perception of ease, and investment knowledge.

RESULT AND DISCUSSION

This study involved as many as 53 respondents consisting of generation Z born between 1997-2012 and millennial generation born between 1981-1996 who have or are investing in gold in physical and non-physical form (digital) for at least one year. The respondents of this study came from Serang City with diverse educational, occupational, and income backgrounds. The sample selection was focused on the two generations because the population of generation Z and millennials is quite large and has great potential for economic growth. The number of gold investor populations in these two generations is unknown. Therefore, the determination of the number of samples uses the SEM-PLS approach with the rule of ten, which is 10 times the number of indicators in the latent variable or 10 times the number of paths to the latent variable. Data processing uses the SmartPLS 4 application with two evaluations, namely measurement model evaluation and structural model evaluation to find accurate research results.

Evaluation of Measurement Models (Outer Model)

The main purpose of the evaluation of the measurement model is to assess the extent to which the research instrument can be declared valid, that is, when the measuring instrument is able to produce the right data and in accordance with the constructed being measured. At this stage, reliability testing is also carried out to see the internal consistency of the instruments used. Both tests, namely validity and reliability, need to be met before the researcher proceeds to measure the significance of the model.

Validity testing includes convergent validity and discriminant validity. The conditions for the fulfillment of convergent validity are indicated by an outer loading value higher than 0.7 and an Average Variance Extracted (AVE) value that exceeds 0.5.

Table 1. Outer Loading Test Results

	K	P	PI	HP	Information
K1	0.924				Valid
K2	0.924				Valid
K3	0.94				Valid
P1		0.812			Valid
P2		0.828			Valid
P3		0.857			Valid
PI1			0.941		Valid
PI2			0.89		Valid
PK1				0.791	Valid
PK2				0.934	Valid
PK3				0.855	Valid

Source: SmartPLS 4 processed data

Table 1 of the results of the outer loading test shows that all variables in this study are declared valid and reliable because they meet these criteria, namely outer loading above 0.7.

As for discriminant validity, the cross loading value of each indicator against its latent variable must be greater than 0.7 in the same construct (Jr et al., 2019).

Table 2. Cross Loading Test Results

	K	P	PI	HP	Information
K1	**0.924**	0.491	0.379	0.524	Reliabel
K2	**0.924**	0.586	0.421	0.605	Reliabel
K3	**0.94**	0.486	0.405	0.564	Reliabel
P1	0.397	**0.812**	0.276	0.348	Reliabel
P2	0.504	**0.828**	0.236	0.43	Reliabel
P3	0.497	**0.857**	0.368	0.441	Reliabel
PI1	0.427	0.391	**0.941**	0.524	Reliabel
PI2	0.361	0.238	**0.89**	0.373	Reliabel
PK1	0.568	0.317	0.231	**0.791**	Reliabel
PK2	0.537	0.516	0.515	**0.934**	Reliabel
PK3	0.473	0.428	0.537	**0.855**	Reliabel

Source: SmartPLS 4 processed data

Table 2 of the results of the cross loading test shows that all variables in this study are declared reliable because they are qualified with a cross loading value of each indicator for the latent variable greater than 0.7. So the variables in this study can be continued in the evaluation of structural models.

Evaluation of Structural Models (Inner Model)

The inner model in SEM-PLS is used to describe the relationship between latent variables while assessing the strength and significance of these relationships. The evaluation of the inner model was carried out through R Square testing and testing the significance of the relationship between variables. To understand the extent to which latent dependent variables can be explained, the researcher referred to the R-Square value. The R^2 value gives an idea of the overall predictive power of the model. The following is shown the R-Square value in this analysis.

Table 3. R-Square Test Results

	R-square	R-square adjusted
K	0.475	0.443
P	0.258	0.228

Source: SmartPLS 4 processed data

Based on the results of the analysis obtained, the R-Square value (R^2) in the investment decision variable is 0.475. This figure shows that 47% of variations in investment decisions can be explained by independent variables included in the model, while the remaining 53% are influenced by factors outside of the research model. The findings indicate that the strength of the relationship between independent variables and investment decisions

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is at a moderate level. Furthermore, the R-Square (R^2) value for the knowledge variable was recorded as 0.258, which means that 26% of the knowledge variation was explained by the independent variable used, while the other 74% came from external influences not covered by the model. A number of researchers consider that R-Square values in the range of 0.10–0.50 are still acceptable in social research, especially if most of the predictors show significance, considering that social phenomena are influenced by various factors outside the model (Ozili, 2023).

In this study, the significance level applied was 0.05. A path coefficient with a p-value of < 0.05 is considered to have statistical support, so that the relationship between independent variables and latent dependent variables can be stated to be significant. Thus, it can be concluded that the relationship between the two variables has a strong empirical basis and deserves to be used as a basis in the preparation of research conclusions.

Table 4. Direct Effect Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Knowledge -> Results	0.331	0.335	0.166	1.989	0.047
Herding Behavior -Decision >	0.124	0.136	0.127	0.98	0.327
Herding Behavior -> Knowledge	0.144	0.144	0.13	1.106	0.269
Perception of Ease - > Results	0.384	0.388	0.168	2.292	0.022
Perception of Ease -> Knowledge	0.42	0.425	0.176	2.384	0.017

Source: SmartPLS 4 processed data

Based on the results of the test on direct influence, it is found that investment knowledge has a positive and significant impact on investment decisions, as indicated by a p-value of 0.047. These findings imply that as a person's understanding of investing increases, their tendency to make more rational decisions also strengthens. This result aligns with the research of Ahzar et al. (2023), which confirms that financial literacy, including investment knowledge, influences investment decisions, particularly among younger generations. Therefore, investment knowledge can be said to play an important role in building investor confidence while improving the quality of decision-making.

Furthermore, herding behavior was found to have no significant influence on investment decisions, as reflected by the p-value of 0.327, which is above the significance threshold. This suggests that the tendency to follow the actions of the majority or surrounding environment is not strong enough to drive an individual's investment decisions. Such findings may indicate that today's young investors prioritize rational considerations over social pressure. These results are consistent with the study by Ozili (2023), which states that individuals' financial behavior is increasingly influenced by digital literacy and ease of access to information, thereby reducing dependence on herd-following patterns. In addition, herding behavior does not show a significant relationship with investment knowledge,

indicating that following others' decisions does not automatically enhance one's understanding of investment.

Moreover, the perception of ease has a positive and significant influence on investment decisions, with a p-value of 0.022. These findings confirm that the simpler an investment instrument is to understand and access, the greater an individual's inclination to invest. In line with the Theory of Planned Behavior, perceptions regarding the level of ease or complexity of an action can shape a person's behavioral tendencies (Suci & Fahlevi SI, 2023). In addition, the perception of ease also exerts a positive and significant effect on investment knowledge, as reflected in the p-value of 0.017. This indicates that investors leverage available convenience to broaden their understanding of investing.

The results of the indirect influence test illustrate the extent to which independent variables affect dependent variables through moderating variables. Significance was assessed using t-statistic values and p-values, where inter-latent relationships are considered significant when the t-statistic exceeds 1.96 at α = 0.05 (Hair & Ringle, 2022).

Table 4. Indirect Influence Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Herding Behavior -> Knowledge -> Decision	0.048	0.048	0.054	0.885	0.376
Perception of Ease -> Knowledge -> Results	0.139	0.141	0.102	1.361	0.174

Source: SmartPLS4 processed data

Based on the results of the indirect influence analysis, it is known that knowledge does not have a significant effect as a moderation variable on the relationship of herding behavior to investment decisions. A p-value of 0.376 with a t-statistic of 0.885 indicates that the level of knowledge is not able to strengthen or weaken the influence of herding behavior on decisions. These findings are in line with research by Salsabila et al (2024) which showed that knowledge is not able to reinforce the influence of herding behavior on investment decisions. Herding behavior is irrational, emotional and social behavior that is in fact incapable of being influenced and does not become more rational just because investors have higher knowledge.

Furthermore, knowledge also did not have a significant effect as a moderator on the relationship between the perception of convenience and investment decisions, which was shown by a p-value of 0.174 and a t-statistic of 1.361. These results indicate that although the perception of ease has a significant direct effect on investment decisions, the effect does not become stronger when moderated with high knowledge. Thus, it can be concluded that knowledge is not able to be a moderation variable in both relationships. Knowledge only functions as a direct predictor of investment decisions, but it does not strengthen or weaken the influence of social behavior or the perception of ease on investment decisions.

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CONCLUSION

Investment knowledge has a positive and significant effect on investment decisions. The results show that as investors' knowledge increases, their tendency to make more rational investment decisions also grows. The perception of ease has a positive and significant effect on both investment decisions and investment knowledge. This means that when investors perceive the investment process as easy to use, they are not only more likely to invest but also more motivated to enhance their investment knowledge. Meanwhile, herding behavior does not have a significant effect on either investment knowledge or investment decisions. This finding indicates that the tendency to follow the majority is not a strong determining factor in shaping knowledge or influencing investment decision-making. Regarding knowledge as a moderating variable, the level of investment knowledge neither strengthens nor weakens the influence of herding behavior or the perception of ease on investment decisions, as indicated by a p-value above 0.05.

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