ANALYZING THE LINK BETWEEN FOMO, FINANCIAL LITERACY, AND FINANCIAL BEHAVIOR IN SHAPING ENTREPRENEURIAL INTENTION AMONG GENERATION Z

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Abstract

This study explores how FOMO, financial knowledge, and personal financial management habits shape entrepreneurial intention among Generation Z. Using a quantitative approach with Structural Equation Modeling-Partial Least Squares (SEM-PLS), this study analyzes data from 213 Generation Z respondents in Indonesia, predominantly university students, collected through an online survey to examine the relationships among the key variables. The findings indicate that fear of missing out, financial literacy, and financial behavior each contribute to increasing young individuals' inclination to engage in entrepreneurial activities. Financial literacy is shown to promote healthier financial behavior, which subsequently serves as an indirect pathway that enhances entrepreneurial intention. The findings further indicate that fear of missing out positively influences entrepreneurial intention, financial literacy significantly affects financial behavior, financial behavior enhances entrepreneurial intention, financial literacy moderates the relationship between FOMO and entrepreneurial intention, and financial behavior mediates the influence of financial literacy on entrepreneurial intention. Overall, the results illustrate that psychological factors and financial capabilities complement each other in fostering entrepreneurial interest. However, the study is limited by the dominance of student respondents, suggesting that future research should involve more diverse participant groups.

Keywords: FOMO, Financial Literacy, Financial Behavior, Entrepreneurial Intention, Generation Z

JEL Classification: G41, D14, L26
Article History: Submitted: 2025-11-29; Revision 2026-01-12; Accepted: 2026-01-15; Published: 2026-01-15

How to Cite: Najmani, A. M., Wiryakusuma, I. G. B. Y., & Siahainenia, J. P. (2026). Analyzing the Link between FOMO,Financial Literacy, and Financial Behavior in Shaping Entrepreneurial Intention Among Generation Z. *Media Ekonomi dan Manajemen, 41*(1), 225-243.

INTRODUCTION

The business landscape in Indonesia continues to grow dynamically, driven by various factors such as technological advancements, shifts in consumer behavior, and relatively stable economic growth. Micro, Small, and Medium Enterprises (MSMEs) remain the backbone of the national economy, contributing more than 60% to Indonesia's Gross Domestic Product (GDP), which highlights the strategic importance of strengthening entrepreneurial intention supported by adequate financial literacy and healthy financial behavior among business actors, particularly Generation Z. Reports from Statistics Indonesia (BPS) show that the MSME sector contributed significantly to Indonesia's economic growth, which reached 5.17% in the second quarter of 2023.

Indonesia has also become one of the hubs of innovation and creativity for startup businesses. Since the emergence of startups in 1998, the sector has experienced rapid development due to technological progress and increasingly accessible internet connectivity. E-commerce platforms such as Tokopedia, Shopee, and Bukalapak provide MSMEs with greater opportunities to reach wider markets without the need for physical stores. Indonesia is even projected to become the world's fourth-largest economy by 2050, with a purchasing power parity (PPP) value of 10.52 trillion USD. The ease of doing business is also reflected in Indonesia's rank of 73 in the World Bank's 2021 Doing Business Index, indicating continuous improvement in the country's business ecosystem.

Growth in the retail sector and urban development further support economic expansion. BPS data in Table 1 shows that Indonesia's economy grew by 5.17% year-on-year in the second quarter of 2023, with MSMEs playing a central role. Additionally, digital-based sectors, including educational technology (edutech), demonstrate significant potential. For example, the edutech platform Kuncie recorded a 3.5-fold increase in transaction value in 2023. However, despite these opportunities, business competition is becoming increasingly intense, particularly for Generation Z entrepreneurs, who often face challenges related to limited financial literacy and heightened psychological pressures such as fear of missing out (FOMO), thereby requiring well-prepared strategies to ensure business sustainability.

Table 1. Indonesia's Economic Growth in the Second Quarter of 2023

Category	Indicator / Expenditure Component	Value (%)
Economic Growth Indicators	Quarter-to-Quarter (Q-to-Q)	3.86
	Year-on-Year (Y-to-Y)	5.17
	Cumulative-to-Cumulative (C-to-C)	5.11
	GDP at Current Prices (Rp Trillion)	Rp 5,226.7 Trillion
GDP Growth by Expenditure Component	Households Consumption Expenditure	5.23
	NPISH Consumption	8.62
	Government Consumption	10.62
	Gross Fixed Capital Formation (Investment)	4.63
	Export of Goods and Services	-2.75
	Import of Goods and Services	-3.08

Source: Statistics Indonesia (BPS), 2023

p-ISSN: 0854-1442 (Print) e-ISSN: 2503-4464 (Online)

One of the main challenges faced by business actors, particularly Generation Z, is the lack of financial understanding, which has been widely documented in prior studies showing that limited financial literacy negatively affects financial decision-making and entrepreneurial intention among young individuals (Alshebami & Al Marri, 2022; Candy & Vira, 2024; Khan et al., 2024). This limited knowledge makes it difficult for them to make appropriate business decisions. According to a 2024 report by the Financial Services Authority (OJK), the level of financial literacy in Indonesia remains low at only 49.68 percent. This means that more than half of the Indonesian population still lacks sufficient understanding of financial concepts. Such conditions lead to unhealthy money management patterns, such as impulsive spending or investing without careful consideration, which may hinder business growth. In addition, psychological factors such as the fear of missing out (FOMO) have been extensively examined in prior studies, particularly in the contexts of social media usage, investment behavior, and individual decision-making processes (Gerrans et al., 2023; Kaddouhah, 2024; Przybylski et al., 2013). However, existing studies predominantly focus on the direct effects of FOMO, with limited empirical attention given to how FOMO interacts with financial literacy and financial behavior in shaping entrepreneurial intention, especially among Generation Z in developing countries. Generation Z, having grown up in the digital era, is highly exposed to social media, making them easily tempted to join business or investment trends without thoughtful analysis. Popular trends such as dropshipping or digital asset investments attract considerable attention, yet often lack strong and sustainable business foundations. In this situation, although previous studies have examined FOMO, financial literacy, and financial behavior separately, empirical evidence that integrates these variables within a single model to explain entrepreneurial intention remains limited. In particular, prior research has rarely explored the simultaneous role of financial literacy as a moderating factor and financial behavior as a mediating mechanism in the context of Generation Z, especially in developing countries such as Indonesia.

Generation Z, born between 1997 and 2012, grew up alongside rapid digital advancements and tends to prefer flexible, creative, and financially independent work. A Kompas survey revealed that around 72 percent of Generation Z and millennials want to start their own businesses, reflecting their strong interest in entrepreneurship. Digital technology and social media provide significant opportunities for Generation Z to operate businesses with lower capital compared to traditional methods. However, despite their strong potential, Generation Z also faces challenges in entrepreneurship, especially in financial management. Low levels of financial literacy cause many young entrepreneurs to struggle in managing business capital and finances. Constant exposure to viral trends on social media also leads them to make impulsive business decisions, increasing the risk of business failure. Therefore, appropriate strategies are needed to ensure that Generation Z develops adequate financial literacy and the ability to manage sustainable businesses.

Entrepreneurial intention, which refers to the desire to become an entrepreneur, is an important factor that influences economic growth and innovation in Indonesia. This intention is shaped by various factors such as intrinsic motivation, personal experience, familiarity with the business environment and support from the government and financial institutions. However, Indonesia’s entrepreneurial intention rate remains low at only 3.47 percent, far below countries such as Singapore and Malaysia. Encouraging entrepreneurial intention among young people is essential for accelerating economic growth and strengthening national competitiveness. Beyond internal factors such as motivation and experience, financial literacy also plays a crucial role in shaping entrepreneurial intention. Individuals with strong financial knowledge tend to be more confident in facing challenges and are better equipped to develop sound financial strategies. In contrast, those lacking financial literacy may struggle with financial decision-making, such as selecting appropriate sources of capital, managing funds poorly, or falling into unprofitable investments.

How individuals manage their finances also determines their business success. Those who develop habits such as saving, making wise investments, and managing expenditures effectively are better prepared to handle risks. Conversely, individuals with wasteful lifestyles and poor financial discipline often face difficulties in sustaining their businesses. In today's digital era, the impact of FOMO (Fear of Missing Out) has become increasingly significant in the business world. Many young people get drawn into trends without careful consideration, leading to impulsive financial decisions that may result in business failure. Increasing entrepreneurial intention therefore requires comprehensive efforts to strengthen financial literacy and build healthy financial behavior among young people. This highlights the novelty of the present study, which examines the simultaneous roles of financial behavior as a mediating mechanism and financial literacy as a moderating factor in explaining how FOMO influences entrepreneurial intention, an approach that has received limited empirical attention in prior research, particularly among Generation Z. This research aims to examine the direct effect of fear of missing out (FOMO) on entrepreneurial intention, the mediating role of financial behavior in this relationship, and the moderating role of financial literacy, thereby providing an integrated explanation of how psychological and financial factors jointly shape entrepreneurial intention among Generation Z. The findings are expected to offer practical insights for government agencies, educational institutions, and industry stakeholders in designing more effective financial education and entrepreneurship programs, which may contribute to a more stable, innovative, and competitive business ecosystem in the future.

LITERATURE REVIEW

Fear of Missing Out (FOMO)

Fear of Missing Out (FOMO) is a psychological phenomenon characterized by anxiety over the possibility of missing out on valuable opportunities or experiences, particularly in business and investment contexts. FOMO is often linked to excessive use of social media, which encourages individuals to make impulsive decisions, including entrepreneurial ones. FOMO stems from the fear of missing meaningful experiences, and it frequently drives individuals to engage more intensely with social media (Alshakhsi et al., 2023).

FOMO is also described as an economic phenomenon that affects individual decision-making processes. In investment contexts, FOMO pushes individuals to follow market trends without considering fundamental analysis, which may result in suboptimal financial decisions (Kaddouhah, 2024). In entrepreneurship, FOMO can act as both a driver and a barrier. On one hand, FOMO motivates individuals to quickly seize business opportunities due to social pressure and digital trends. On the other hand, it may lead to rushed business decisions lacking long-term planning (Hasan & Revinzky, 2025). Therefore, individuals who experience FOMO must possess strong financial literacy to make rational use of FOMO in business decision-making.

Studies show that FOMO has a significant relationship with entrepreneurial intention, particularly among younger generations influenced by social media and digital trends. Other research also finds

 p-ISSN: 0854-1442 (Print) e-ISSN: 2503-4464 (Online)

that FOMO affects investment decision-making, where individuals tend to invest based on emerging trends without properly considering risks. In this context, financial literacy can serve as a protective factor against the negative impacts of FOMO by helping individuals make more data-driven and responsible financial decisions. Overall, FOMO is a growing phenomenon in the digital era, especially with the increasing prevalence of social media. FOMO can encourage individuals to be more active in investment and entrepreneurship, but it can also trigger impulsive decisions. In investment contexts, financial literacy helps mitigate the negative effects of FOMO, while in entrepreneurship, motivation and risk awareness can help individuals leverage FOMO positively.

Financial Literacy

Financial literacy in the context of entrepreneurship refers to basic understanding of economic concepts, the ability to make appropriate financial decisions for business, and understanding of financial regulations (Meressa, 2023). Financial literacy is defined as a set of knowledge, skills, and attitudes needed by individuals to make proper financial decisions in order to achieve financial well-being (Khan et al., 2024). Financial literacy reflects an individual's ability to understand and manage finances effectively in order to make wise financial judgments (Arianti, 2018). It also represents one's level of understanding of essential financial concepts and their ability to make sound financial decisions for both business and personal life (Usama & Yusoff, 2018). In entrepreneurship, financial literacy is crucial because it enables individuals to manage capital, control cash flow, and understand financial risks associated with their business. Generally, financial literacy is the ability to understand, manage, and make decisions related to finances wisely. Strong financial literacy not only helps individuals avoid financial problems but also contributes to smarter investment decisions and improves business performance, particularly among entrepreneurs. Therefore, enhancing financial literacy is essential to achieving long-term financial stability and economic growth. Previous studies show that financial literacy has a positive and significant relationship with entrepreneurial intention. Individuals with better financial knowledge tend to be more confident in making business decisions and have higher business sustainability. A strong understanding of financial principles also helps reduce the likelihood of business failure due to poor financial decisions.

Financial Behavior

Financial behavior is a crucial aspect of personal financial management that significantly affects financial decision-making, including investment decisions. Individuals with good financial behavior tend to manage their income more wisely, increasing the likelihood of making rational and planned financial choices (Arianti, 2018). Financial behavior develops over time and is influenced by factors such as digital literacy, financial literacy, attitudes toward money, and risk tolerance. There are also notable differences between Generation Z and Millennials in how they manage finances, particularly regarding investment decisions and financial risk management. These differences show that age, experience, and technological advancements contribute to shaping financial behavior patterns (Pokharel & Maharjan, 2024). One major factor influencing financial behavior is financial literacy. Better understanding of financial concepts helps individuals avoid excessive consumption, debt dependency and materialistic lifestyles. Individuals with higher financial literacy tend to be more mindful of controlling their finances and are capable of making wiser decisions related to spending and saving (Khan et al., 2024). Financially knowledgeable individuals typically demonstrate healthier financial behavior, such as maintaining saving habits and making sound investments.

Financial behavior also plays an important role in shaping entrepreneurial intention, especially among Generation Z. Factors such as self-control, parental influence, and peer interactions contribute to saving behavior, which in turn prepares individuals for starting and managing their own businesses (Candy & Vira, 2024). Financial behavior refers to how individuals manage and make decisions regarding their finances, which includes saving habits, spending patterns, investment activities, and debt management. Studies show that good financial behavior contributes to financial stability, which ultimately strengthens entrepreneurial intention. For Generation Z, self-control, parental guidance, and peer socialization play important roles in shaping financial habits. Individuals with strong saving habits are more likely to develop entrepreneurial intentions than those who display consumptive behavior. Increasing financial literacy helps individuals make more informed financial decisions and avoid excessive consumption.

Entrepreneurship Intention

Entrepreneurial intention is a key factor in developing a sustainable entrepreneurial ecosystem, especially among young generations. The desire to engage in entrepreneurship does not arise spontaneously but is influenced by various internal and external factors that interact with one another. One of the major factors shaping entrepreneurial intention is financial literacy. Individuals who possess good financial understanding tend to be more confident in making business decisions, better able to manage risk, and more prepared to face the challenges of the business world. With strong knowledge of capital management and access to credit, they are more likely to sustain and grow their businesses in the long term (Candy & Vira, 2024). Studies show that entrepreneurs with higher levels of financial understanding are able to manage their business finances more effectively, thus increasing profitability and business resilience. A solid understanding of financial strategies, such as cash-flow management and investment planning, enables entrepreneurs to avoid excessive financial risks and maintain business stability over the long term (Meressa, 2023). In addition, the success of entrepreneurs in developing their businesses does not rely solely on individual factors but also on social environmental support. Studies show that the family environment, especially parental influence, plays an important role in shaping one's entrepreneurial mindset from an early age. Furthermore, support from communities and professional networks can provide access to resources, mentors, and wider business opportunities. In this context, the combination of strong financial literacy, strategic use of social media, and positive environmental support becomes a key factor in shaping strong entrepreneurial intention (Usama & Yusoff, 2018). According to previous research, entrepreneurial intention is an important initial step in developing a sustainable entrepreneurial ecosystem. Research indicates that individuals with higher financial literacy tend to have stronger entrepreneurial intentions because they have a better understanding of capital management and business risks. In addition, saving habits and healthy financial behaviors also contribute to strengthening entrepreneurial intention, as individuals feel more financially prepared to start their businesses.

The Influence of FOMO on Entrepreneurial Intention

Fear of Missing Out (FOMO) is a psychological condition in which individuals feel afraid of missing out on various opportunities or activities that others engage in, particularly those seen through social media. In the context of entrepreneurship, FOMO can serve as a strong trigger for individuals to develop entrepreneurial intention, as they are driven by the desire to participate in emerging economic opportunities. Individuals experiencing FOMO tend to have a heightened sense of urgency to take action, including starting a business as a response to social pressure.

Przybylski et al., (2013) explain that FOMO can influence individual's motivation and behavior in making decisions related to personal achievement. Another study by Gerrans et al., (2023) FOMO shows that contributes significantly to investment decisions, which in many cases are closely related to entrepreneurial intention.

H1: There is a positive and significant influence of FOMO on entrepreneurial intention.

The Influence of Financial Literacy on Financial Behavior

Financial literacy refers to an individual's ability to understand and manage financial information such as budgeting, saving, investing, and risk management. Good financial literacy is believed to shape healthier and more controlled financial behavior. Individuals who understand financial concepts tend to develop better habits in managing their personal finances. A positive relationship has been found between the level of financial literacy and the financial behavior of Generation Z in Indonesia (Hemayanti & Nurabiah, 2025). Financial knowledge serves as a foundation for individuals in making responsible financial decisions.

H2: There is a positive and significant influence of financial literacy on financial behavior.

The Influence of Financial Behavior on Entrepreneurial Intention

Financial behavior reflects how individuals manage their finances, including saving habits, investment activities, and expenditure management. Good financial behavior enhances an individual's financial readiness to start a business, as it provides better control over available funds and the ability to assess business risks. Research conducted in Saudi Arabia shows that financial behavior, particularly saving habits, plays a role in shaping entrepreneurial intention. Individuals with good financial behavior are better prepared in terms of capital and financial planning to establish a business (Kang et al., 2024).

H3: There is a positive and significant influence of financial behavior on entrepreneurial intention.

Financial Literacy as a Moderator between FOMO and Entrepreneurial Intention

Although FOMO can be a strong driver of entrepreneurial intention, its influence is not always positive if it is not accompanied by the knowledge and ability to manage financial risks. Financial literacy acts as a moderating factor that determines whether FOMO will lead to productive or impulsive actions. Individuals with higher levels of financial literacy are better able to manage FOMO-driven impulses in a rational manner.

Gerrans et al., (2023) shows that the level of financial literacy moderates the effect of FOMO on investment decisions. A study by Martaningrat & Kurniawan, (2024) also states that financial literacy weakens the negative effects of economic FOMO on financial decision-making behavior among Indonesian Generation Z.

H4: Financial literacy moderates the relationship between FOMO and entrepreneurial intention**.**

Financial Behavior as a Mediator between Financial Literacy and Entrepreneurial Intention

Financial literacy has an indirect effect on entrepreneurial intention through the development of healthy financial behavior. Financial knowledge encourages behaviors such as saving and managing expenses, which in turn enhance an individual's readiness to start a business. Financial behavior serves as an intermediary between financial literacy and more complex financial decision-making, including investment and entrepreneurial decisions. A study from Saudi Arabia also supports that saving behavior significantly mediates this relationship (Hemayanti & Nurabiah, 2025).

H5: Financial behavior mediates the influence of financial literacy on entrepreneurial intention.

Based on the description, the conceptual model developed is describe in Figure 1.

RESEARCH METHODS

This study adopts a quantitative explanatory research design with a cross-sectional survey approach, employing the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method to examine the causal relationships among fear of missing out (FOMO), financial literacy, and financial behavior in shaping entrepreneurial intention among individual Generation Z respondents.

The measurement indicators used in this study were developed by adopting and modifying items from previous research related to FOMO, financial literacy, financial behavior, and entrepreneurial intention. The initial pool of indicators was compiled from more than ten relevant scientific publications reviewed during the literature study. A pilot test involving 30 respondents was conducted to evaluate clarity, reliability, and contextual suitability for Indonesian respondents. Items that did not meet the validity and reliability thresholds were removed, resulting in the finalized set of indicators used in the main survey. The FOMO indicators in Table 2 were adapted from studies examining behavioral, psychological, and financial manifestations of fear of missing out within social media and investment settings (Alshakhsi et al., 2023; Gerrans et al., 2023; Hasan & Revinzky, 2025; Kaddouhah, 2024; Przybylski et al., 2013). Financial literacy indicators in Table 3 were developed based on research addressing financial knowledge, budgeting ability, and financial capability (Alshebami & Al Marri, 2022; Khan et al., 2024; Meressa, 2023). Indicators for financial behavior in Table 4 were derived from studies discussing saving patterns, budgeting practices, and responsible financial decision-making (Arianti, 2018; Hemayanti & Nurabiah, 2025; Pokharel & Maharjan, 2024). Entrepreneurial intention indicators in Table 5 were adapted from validated instruments used in entrepreneurship and behavioral intention research (Alshebami & Al Marri, 2022; Hasan & Revinzky, 2025; Kang et al., 2024). All indicators were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), which is widely used in behavioral, psychological, and entrepreneurship research.

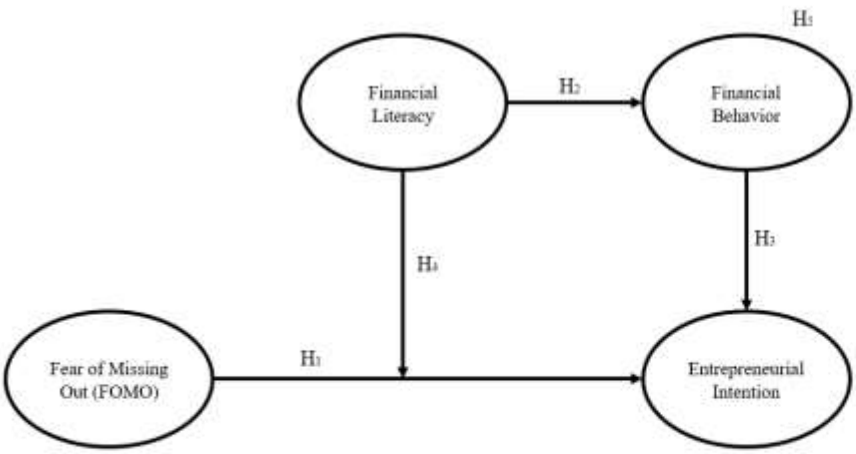

Figure 1. Conceptual Framework

p-ISSN: 0854-1442 (Print) e-ISSN: 2503-4464 (Online)

Table 2. Variable Measurement for FOMO

Code	Indicator Statement
FO01	I am afraid of missing out on trending business opportunities
FO02	I frequently monitor social media to follow the lates business trends
FO03	I am afraid of missing out on trending investmen opportunities
FO04	I often compare my business inventments with those of friends or others
FO05	I feel encouraged to invest because many people around me are doing the same
FO06	I always want to follow what others do on social media
FO07	I feel more motivated to start a business when certain trends are popular
FO08	I feel anxious when i miss trending investmen opportunities
FO09	I am easily influenced by viral investment trends and online news
FO010	I believe others may gain more profit from investments than I do

Source: Adapted from (Alshakhsi et al., 2023; Gerrans et al., 2023; Hasan & Revinzky, 2025; Kaddouhah, 2024; Przybylski et al., 2013)

Table 3. Variable Measurement for Financial Literacy

Code	Indicator Statement
FL1	I can manage financial records related to my income and expenses
FL2	I do not experience difficulties managing my personal finances
FL3	I have a clear understanding of how to manage my personal finances
FL4	I can prepare a financial budget for income and expenses
FL5	I do not experience difficulties in managing my finances
FL6	Saving regularly is important for my family’s financial stability
FL7	I know how to prepare a financial budget for my business
FL8	I can manage my business cash flow effectively
FL9	I prosses knowledge about personal financial management
FL10	I know how to follow my financial budgeting plan
FL11	I can manage my finances for long-term goals such as retirement or major investment
FL12	I understand basic financial concepts
FL13	I feel confident when making financial decisions
FL14	I understand the role of financial institute in the economy

Source: Adapted from (Alshebami & Al Marri, 2022; Khan et al., 2024; Meressa, 2023)

Table 4. Variable Measurement for Financial Behavior

Code	Indicator Statement
FB01	I create a daily spending budget
FB02	I have a habit of saving regularly for future needs.
FB03	I compare financial options before making major purchases
FB04	I have sufficient emergency funds to handle unexpected events
FL05	I only buy things that I truly need
FL06	I pay my bills on time
FL07	I truly need my expenses to maintain financial stability
FL08	I save regularly for specific goals
FL09	I avoid impulsive purchases and prefer planned spending
FL10	I feel confident when making financial decisions
FL11	I have long-term financial planning for my future

Source: Adapted from (Arianti, 2018; Hemayanti & Nurabiah, 2025; Pokharel & Maharjan, 2024)

Table 5. Variable Measurement for Entrepreneurial Intention

Code	Indicator Statement
EI01	I am ready to do anything to become an entrepreneur
EI02	I aim to become entrepreneur
EI03	I will make every effort to run my own business
EI04	I am determined to start a business in the future
EI05	I intend to start a business someday
EI06	I have plans to become an entrepreneur
EI07	I have the skills needed to run my own business
EI08	I am willing to take risks to run my own business
EI09	I have confidence in my personal ability to be an entrepreneur
EI10	I am committed to taking risks in entrepreneurship
EI11	I have the desire to start my own business

Source: Adapted from (Alshebami & Marri, 2022; Hasan & Revinzky, 2025; Kang et al., 2024)

In addition, SEM-PLS is more flexible in handling non-normal data distributions and can be applied in both exploratory and confirmatory research (Hair et al., 2017). As a general guideline for multivariate analysis, a minimum sample size of 100 observations is required, with a preferable sample size of 200 or more to ensure robust statistical estimation (Hair et al., 2010). In this study, a total of 213 valid responses were analyzed, which exceeds the recommended threshold and is therefore considered adequate for SEM-PLS analysis. The target respondents are individuals who have access to financial information and who have engaged or are currently engaged in entrepreneurial activities, either as beginners or as aspiring entrepreneurs. The sampling technique used is purposive sampling, with the following criteria: aged between 18 – 27 years, having an interest in entrepreneurship, and having experience or involvement in financial or business activities.

The instrument used in this study is a questionnaire based on a five-point likert scale, which measures the main variables of the research (Sugiyono, 2019). The questionnaire was distributed online through broadcast messages, social media groups, academic forums, and personal networks, and was shared with students and young individuals from various universities, academic backgrounds, and fields of study to ensure diverse respondent characteristics.

RESULT

To obtain a comprehensive overview of the respondents' background in this study, the data were grouped based on two main characteristics, namely age and occupation. These aspects were selected because they are believed to be related to individuals' abilities and tendencies in making financial decisions and developing entrepreneurial intentions. In terms of age, the respondents consist of various age groups that represent a spectrum of economic productivity, ranging from late adolescence to early and middle adulthood. These age groups are important because this is typically the stage in life when key decisions related to career, finances, and business opportunities are made. Furthermore, regarding occupation, the respondents come from diverse professional backgrounds, such as students, private employees, entrepreneurs, and freelancers. This diversity enables a broader analysis of how different types of occupations influence financial behavior and entrepreneurial intention.

Age

Based on the data obtained in Table 6, most respondents were in the age range of 20-22 years, totaling 105 individuals (49.3 percent). This group dominates the sample because they are in early adulthood, a stage in which individuals typically begin actively exploring career and entrepreneurial opportunities. Furthermore, the 17-20 age group also accounts for a large proportion, with 101 respondents (47.4 percent), indicating that the sample is largely composed of young individuals who are either pursuing higher education or just beginning to enter the workforce. Together, these two groups represent 96.7 percent of the total respondents, which generally falls within the Generation Z category. This generation is known as digital natives who are highly exposed to social media, quick to adopt new trends, and possess significant potential in technology and creativity-based entrepreneurship.

Occupation

In terms of occupation in Table 7, the majority of respondents are students, totaling 203 individuals (95.3 percent), indicating that students represent the largest proportion of respondents in this study. In comparison, other occupations are represented by only a very small number of respondents, such as freelancers, entrepreneurs, private employees, job seekers, homemakers, and several unique professions such as nurses and workers in the creative sector. This further reinforces that the study population is closely associated with individuals in higher education or those who are still in the early stages of building their careers.

Outer Model - AVE - Cronbach Alpha - Composite Reliability

The results of the outer model testing show that all constructs in this study have met the criteria for validity and reliability. The Cronbach's Alpha and Composite Reliability (CR) values for the variables FOMO, Financial Literacy, Financial Behavior, and Entrepreneurial Intention are all above the threshold of 0.70. This indicates that each construct has good and reliable internal consistency. In addition, the Average Variance Extracted (AVE) values for all constructs in Table 8 exceed 0.50, meaning that more than half of the variance of the indicators can be explained by their respective latent constructs. These findings demonstrate that the research instrument possesses an adequate level of convergent validity, allowing the measurement model to be considered valid and reliable for use in the structural testing stage.

Outer Loading

The results of the outer loading assessment in Table 9 indicate that all indicators in each construct have loading values above 0.70, demonstrating that each item is able to represent its respective latent construct effectively. The indicators for the Financial Literacy and Financial Behavior variables show strong contributions in explaining respondents' financial understanding and financial behavior, while the indicators for the FOMO and Entrepreneurial Intention variables also exhibit strong convergent validity. Therefore, all indicators in this study are considered valid and can be retained in the measurement model, as they have met the reliability and validity criteria based on the SEM-PLS approach.

Table 6. Frequency Distribution of Respondents' Age

Age	Frequency
20-22 years	105 (49.3%)
17-20 years	101 (47.4%)
23-25 years	5 (2.3%)
>28 years	2 (0.9%)

Source: processed data, 2025

Table 7. Frequency Distribution of Respondents' Occupations

Occupation	Frequency
Student	203 (95.3%)
Freelancer	3 (1.4%)
Entrepreneur	3 (1.4%)
Private Employee	2 (0.9%)
Job Seeker	1 (0.5%)
Housewife / Domestic Worker	1 (0.5%)

Source: processed data, 2025

Table 8. Outer Model - AVE - Cronbach Alpha - Composite Reliability

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
EI	0.941	0.949	0.630
FB	0.842	0.883	0.559
FL	0.929	0.940	0.587
FO	0.702	0.830	0.620
FO*FL	1.000	1.000	1.000

Source: processed data, 2025

Table 9. Outer Loading

	EI	FB	FL	FO	FOMO*FL
EI01	0.776				
EI02	0.796				
EI03	0.774				
EI04	0.785				
EI05	0.731				
EI06	0.869				
EI07	0.774				
EI08	0.801				
EI09	0.827				
EI10	0.796				
EI11	0.796				
FB02		0.807			
FB04		0.732			
FB08		0.711			
FB09		0.708			
FB10		0.743			
FB11		0.778			

 p-ISSN: 0854-1442 (Print) e-ISSN: 2503-4464 (Online)

Table 9. Continue

	EI	FB	FL	FO	FOMO*FL
FL01			0.708		
FL03			0.756		
FL04			0.771		
FL05			0.769		
FL07			0.723		
FL08			0.767		
FL09			0.802		
FL10			0.786		
FL11			0.756		
FL12			0.757		
FL13			0.827		
FO * FL					1.096
FO01				0.778	
FO02				0.787	
FO03				0.797	

Source: processed data, 2025

Inner VIF Values

The VIF results shown in Table 10 indicate that all predictor variables have values substantially below the cut-off point of 10, which is widely used as a benchmark for detecting multicollinearity. These results demonstrate that the independent variables in this study do not exhibit problematic levels of shared variance. In other words, each construct contributes distinct explanatory power to the model, and no predictor appears to excessively overlap with others in a way that could compromise the stability of the regression estimates. The acceptable VIF values further imply that the relationships among the constructs can be interpreted reliably, as the model is not affected by inflation of standard errors or distortions commonly associated with multicollinearity. Consequently, the structural paths reported in the inner model can be considered robust, and the conclusions drawn regarding the influence of FOMO, financial literacy, and financial behavior on entrepreneurial intention remain valid and theoretically meaningful.

Fornell-Larcker Criterion

The Fornell-Larcker analysis in Table 11 shows that the square root of the AVE for each construct is greater than its correlations with the other constructs, indicating that the model meets the required standard for discriminant validity. This result suggests that each latent variable captures a unique dimension of the conceptual framework and is not simply measuring variations of the same underlying phenomenon. When the diagonal values exceed the corresponding off-diagonal correlations, it demonstrates that the indicators of a construct share more variance with their own latent variable than with any other variable in the model. In this study, the pattern of results confirms that entrepreneurial intention, financial behavior, financial literacy, FOMO, and the interaction term between FOMO and financial literacy are empirically distinct. Establishing this form of discriminant validity is essential because it ensures that the structural relationships tested in the model reflect true theoretical associations rather than measurement overlap. With discriminant validity confirmed, the interpretation of the structural paths becomes more reliable and reflects meaningful conceptual differences between the constructs.

Heterotrait-Monotrait Ratio (HTMT)

The HTMT analysis confirms that all construct pairs in this study meet the required criterion for discriminant validity, which stipulates that HTMT values must be below 0.85. The results in Table 12 show that the highest HTMT value is 0.792, while the remaining values such as 0.582, 0.521, 0.461, 0.409, and several others below 0.15 indicate relatively low cross-construct correlations. These values demonstrate that each construct is sufficiently distinct and does not exhibit excessive conceptual overlap with others. The acceptable HTMT ratios validate that entrepreneurial intention, financial behavior, financial literacy, FOMO, and the interaction between FOMO and financial literacy capture separate conceptual dimensions within the model. With discriminant validity established, the structural relationships among the variables can be interpreted confidently, as the findings are not affected by redundancy or poor differentiation between constructs.

Table 10. Inner VIF Values

	EI	FB	FL	FO	FOMO*FL
EI01					
EI02	2.107				
EI03	2.066	1.000			
EI04	1.125				
EI05	1.011				

Source: processed data, 2025

Table 11. Fornell-Larcker Criterion

	EI	FB	FL	FO	FOMO*FL
EI01	0.794				
EI02	0.528	0.747			
EI03	0.492	0.714	0.766		
EI04	0.395	0.323	0.283	0.787	
EI05	-0.140	-0.054	-0.054	0.006	1.000

Source: processed data, 2025

Table 12. Heterotrait-Monotrait Ratrio (HTMT)

	EI	FB	FL	FO	FOMO*FL
EI01					
EI02	0.582				
EI03	0.521	0.792			
EI04	0.461	0.409	0.352		
EI05	0.141	0.065	0.100	0.096	

Source: processed data, 2025

Table 13. Inner Model – Hypothesis Testing

Hypothesis		p Value	Keterangan
H1:	**FO -> EI**	0.000	Hypothesis accepted
H2:	**FL -> FB**	0.000	Hypothesis accepted
H3:	**FB -> EI**	0.000	Hypothesis accepted
H4:	**FO*FL -> EI**	0.090	Hypothesis accepted
H5:	**FL -> FB -> EI**	0.000	Hypothesis accepted

Source: processed data, 2025

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Inner Model - Hypothesis Testing

The inner model analysis was conducted to examine the relationships among the variables through the path coefficient test and the specific indirect effect test. The results show that all relationships among the variables in the model have positive path coefficients with p-values below 0.05, indicating that they are statistically significant. Specifically, FOMO has a positive effect on entrepreneurial intention, financial literacy has a significant effect on financial behavior, and financial behavior has a positive effect on entrepreneurial intention. In addition, financial literacy functions as a moderating variable that strengthens the influence of fomo on entrepreneurial intention, while financial behavior is proven to mediate the relationship between financial literacy and entrepreneurial intention.

Q2 (Blind Folding)

The results of the blindfolding procedure in Table 14 show that the Q^2 values for the endogenous variables indicate adequate predictive relevance. Entrepreneurial Intention (EI) has a Q^2 value of 0.220, while Financial Behavior (FB) has a value of 0.278. Q^2 values within this range are generally interpreted as demonstrating moderate predictive capability, suggesting that the model is sufficiently able to predict the variability of these two variables. In contrast, the Q^2 values for Financial Literacy (FL), Fear of Missing Out (FO), and the interaction term FOMO*FL are 0. This occurs because these constructs function as exogenous variables in the structural model, meaning they are not evaluated for predictive relevance. Therefore, a Q^2 value of 0 does not indicate weak predictive power, but rather reflects that these constructs are not among the variables being predicted by the model.

Discussion

The results of this study indicate that psychological and financial factors jointly shape entrepreneurial intention among Generation Z. These findings suggest that entrepreneurial intention among Generation Z is not solely driven by rational economic considerations, but is also strongly influenced by psychological dynamics arising from digital exposure and social comparison. The positive effect of FOMO on entrepreneurial intention indicates that individuals who are highly engaged with social media and peer activities tend to perceive entrepreneurial action as a way to avoid being left behind in emerging opportunities. FOMO is known to generate emotional pressure that motivates individuals to remain connected and avoid missing valuable experiences (Alshakhsi et al., 2023). The findings further suggest that the psychological pressure associated with FOMO does not merely function as an emotional trigger, but also acts as a motivational mechanism that encourages proactive entrepreneurial behavior when individuals perceive potential social or economic disadvantages. This behavioral tendency can extend to entrepreneurial contexts, where individuals choose to pursue business opportunities to avoid being left behind (Hasan & Revinzky, 2025).

Table 14. Q2 (Blind Folding)

	SSO	SSE	Q2 (=1-SSE/SSO)
EI	2343.000	1827.077	0.220
FB	1278.000	922.910	0.278
FL	2343.000	2343.000	
FO	639.000	639.000	
FO*FL	213.000	213.000	

Source: processed data, 2025

Financial literacy was also found to significantly influence financial behavior and entrepreneurial intention. Individuals with higher levels of financial literacy tend to feel more confident in evaluating risks and making informed financial decisions, which contributes to their entrepreneurial readiness (Alshebami & Al Marri, 2022). This result is consistent with prior studies demonstrating that higher levels of financial literacy enable individuals to systematically plan, control, and evaluate their personal and business finances, which in turn enhances their confidence and readiness to engage in entrepreneurial activities (Hemayanti & Nurabiah, 2025).

The mediating effect of financial behavior highlights the need for financial literacy to be translated into actionable financial practices. Good financial behavior such as saving, budgeting, and careful spending strengthens decision-making and supports long-term financial goals (Arianti, 2018). This behavioral consistency contributes directly to entrepreneurial intention, as individuals with disciplined financial habits feel more prepared to start and sustain a business (Pokharel & Maharjan, 2024).

Financial literacy also moderates the influence of FOMO on entrepreneurial intention by strengthening the positive effect of FOMO when individuals possess adequate financial competence. In this context, FOMO does not automatically translate into entrepreneurial intention. Its influence becomes stronger when individuals possess adequate financial literacy. Generation Z Individuals with higher financial literacy are better able to channel FOMO-induced pressure into structured evaluation and calculated entrepreneurial decision-making, instead of impulsive or emotionally driven actions. This indicates that financial literacy amplifies the motivational role of FOMO by converting social and psychological pressure into a more deliberate opportunity-recognition process, thereby reinforcing entrepreneurial intention (Gerrans et al., 2023; Khan et al., 2024).

The structural model is further supported by the absence of multicollinearity and by moderate predictive relevance as shown by the Q^2 values. These results indicate that entrepreneurial intention among Generation Z emerges from the interaction of emotional stimuli, cognitive capabilities, and behavioral tendencies (Candy & Vira, 2024). These findings suggest that financial literacy and financial behavior function as key underlying mechanisms through which entrepreneurial motivation among young individuals is shaped, rather than as isolated predictors of intention (Meressa, 2023).

CONCLUSION AND RECOMMENDATION

The results of this study indicate that FOMO, financial literacy and financial behavior play important roles in shaping entrepreneurial intention among Generation Z. The findings show that FOMO has a positive and significant effect on entrepreneurial intention. This means that the fear of being left behind by others in pursuing business opportunities can increase an individual’s motivation to start their own venture. In addition, financial literacy strongly influences financial behavior and directly affects entrepreneurial intention. The better an individual’s financial understanding, the better their ability to make business decisions and prepare themselves to become entrepreneurs. Financial behavior also has a significant effect on entrepreneurial intention, indicating that healthy financial habits are an important factor in preparing individuals to pursue entrepreneurship. Other findings show that financial behavior acts as a mediator between financial literacy and entrepreneurial intention. Meanwhile, financial literacy also functions as a strengthening factor that enhances the influence of FOMO on entrepreneurial intention. Overall, this

 p-ISSN: 0854-1442 (Print) e-ISSN: 2503-4464 (Online)

study emphasizes that entrepreneurial intention among Generation Z is formed through the interaction between psychological factors, represented by FOMO, and financial factors, represented by financial literacy and financial behavior, where psychological pressure from social comparison is shaped, strengthened, or regulated by individuals' financial knowledge and financial practices. Therefore, improving financial literacy and strengthening healthy financial habits should become key focuses in entrepreneurship development programs for Generation Z.

In line with these findings, several recommendations can be proposed to support the development of entrepreneurial intention within this demographic. Strengthening financial literacy programs that focus on practical financial skills is essential to equip Generation Z with the capacity to make responsible and informed entrepreneurial decisions. Initiatives that foster positive financial behavior, including saving habits, responsible spending and long-term financial planning, should be encouraged as part of entrepreneurship development efforts. Additionally, the influence of FOMO suggests the need for interventions that help Generation Z respond more rationally to social and digital pressures, which may include digital literacy training and self-regulation strategies. Enhancing entrepreneurship education by integrating experiential learning, business simulations, and mentoring can further build confidence and competence among young aspiring entrepreneurs. Future research is encouraged to incorporate additional psychological or contextual variables and to employ longitudinal research designs in order to gain deeper insights into the development of entrepreneurial intention.

Limitation of this study should be considered when interpreting its findings. The use of purposive sampling and a narrow respondent profile limited to Generation Z individuals who have an interest in entrepreneurship reduces the generalizability of the results to broader populations. The reliance on self-reported questionnaires may also introduce response bias, as participants may provide answers they believe are socially acceptable rather than fully reflecting their actual attitudes and behaviors. In addition, the research model includes only three key variables, namely FOMO, financial literacy, and financial behavior, while other relevant factors such as digital skills, social influence, personality traits, or environmental support were not examined. The cross-sectional design also limits the ability to observe how entrepreneurial intention develops or changes over time. Considering these limitations, future research is encouraged to include more diverse and representative samples, employ longitudinal or mixed-method approaches, and incorporate additional psychological, social, or contextual variables to provide a more comprehensive and in-depth understanding of the factors that shape entrepreneurial intention among young adults.

ACKNOWLEDGMENT

This research was funded by Universitas Ciputra Surabaya through the implementation of the Internal Research Grant Program under the Student DIP Scheme for the Fiscal Year 2025/2025. The funding was provided based on an agreement between the Research and Community Service Institute (LPPM) of Universitas Ciputra Surabaya and the researcher, as stated in Contract Number 044/UC-LPPM/DIP-M/KP3/IX/2025 dated 19 September 2025.

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 p-ISSN: 0854-1442 (Print) e-ISSN: 2503-4464 (Online)

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