

The Influence of Trust in Fintech Platforms, Financial Literacy, and Herding Behavior on Online Investment Decisions

Restia Christianty^{1*}, Novita Adam², Isma Coryanata³, Noorhani Dyani Laksmi⁴

¹FEB Universitas Pattimura, Indonesia

²Universitas Ichsan Gorontalo Utara, Indonesia

³Universitas Bengkulu, Indonesia

⁴Universitas Muhammadiyah Palangka Raya, Indonesia

Email: ^{1*}restiachristianty@gmail.com, ²adamnovita327@gmail.com, ³ismacoryanata06@gmail.com,

⁴nennymakmun@gmail.com

Received: 27 June 2026

Accepted: 21 July 2026

Published online: 05 August 2026

Abstract

This study aims to examine the influence of trust in fintech platforms, financial literacy, and herding behavior on online investment decisions. The research employs a quantitative approach with a cross-sectional design, collecting primary data through a structured questionnaire distributed to 200 respondents who actively use fintech platforms for investment purposes. The data were analyzed using multiple linear regression to test the proposed hypotheses. The results indicate that trust in fintech platforms, financial literacy, and herding behavior all have a significant positive effect on online investment decisions, both partially and simultaneously. Among these variables, trust in fintech platforms is found to have the strongest influence, highlighting the importance of perceived security, transparency, and reliability in shaping investor behavior. Financial literacy also plays a crucial role in enabling individuals to make informed and rational investment decisions, while herding behavior reflects the continued impact of social influence in the digital investment environment. The coefficient of determination shows that these variables explain a substantial proportion of variance in investment decisions, suggesting that both rational and behavioral factors are essential in understanding investor behavior. This study contributes to the literature on behavioral finance and fintech adoption and provides practical implications for investors, fintech providers, and policymakers in improving the quality of investment decision-making in the digital era.

Keywords: Trust in Fintech Platforms, Financial Literacy, Herding Behavior, Online Investment Decisions, Fintech Adoption

1. Introduction

The rapid advancement of financial technology (fintech) has fundamentally transformed the landscape of investment activities, particularly among retail investors. Fintech platforms such as mobile investment applications, robo-advisors, and digital trading systems have significantly lowered barriers to entry, enabling individuals to participate in financial markets with greater ease, speed, and accessibility. In Indonesia, the growth of fintech adoption has been accompanied by a substantial increase in the number of young investors, especially among Generation Z and millennials. This phenomenon is driven by technological innovation, increased internet penetration, and the widespread use of smartphones, which collectively facilitate real-time access to financial information and investment opportunities (Ramadhianto et al., 2025; Adinugroho, 2025).



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International

Despite these opportunities, the ease of access to online investment platforms also introduces new challenges, particularly related to decision-making quality. Unlike traditional investors who rely on professional financial advisors, many online investors depend heavily on digital platforms, social media, and peer influence when making investment decisions. Consequently, behavioral, psychological, and cognitive factors play an increasingly critical role in shaping investment behavior in the fintech era. Among these factors, trust in fintech platforms, financial literacy, and herding behavior have emerged as key determinants influencing how individuals make online investment decisions.

Trust is a fundamental element in the adoption and continued use of fintech platforms. Given the intangible nature of digital financial services and the associated risks, such as data breaches, fraud, and system failures, investors must rely on their level of trust in the platform to engage in online transactions. Trust encompasses perceptions of reliability, security, transparency, and credibility of fintech services. Empirical studies have shown that trust significantly influences users' willingness to adopt digital financial services and affects their investment decisions (Adinugroho, 2025). Without sufficient trust, users may hesitate to invest or may limit their engagement with fintech platforms, thereby affecting their overall investment behavior.

In addition to trust, financial literacy plays a crucial role in determining the quality of investment decisions. Financial literacy refers to an individual's ability to understand financial concepts, evaluate investment options, and make informed financial decisions. In the context of online investment, financial literacy becomes even more important as investors are required to independently analyze information and assess risks without direct professional guidance. Research indicates that individuals with higher financial literacy are more likely to make rational and informed investment decisions, leading to better financial outcomes (Ramadhianto et al., 2025; Sawitri, 2025). However, recent evidence suggests that financial knowledge alone may not be sufficient, as emotional and behavioral factors can still lead to irrational decision-making despite adequate literacy.

Another important factor influencing online investment decisions is herding behavior, which refers to the tendency of individuals to mimic the actions of others rather than relying on their own analysis. Herding behavior is particularly prevalent in digital environments where investors are exposed to large volumes of information from social media, online communities, and financial influencers. Studies have shown that many investors, especially beginners, tend to follow trends or imitate the decisions of others due to limited knowledge or fear of missing out (Natahadi et al., 2023; Bachmid et al., 2026). This behavior can lead to suboptimal investment decisions, market inefficiencies, and increased volatility.

The influence of herding behavior has been further amplified by the rise of social media and digital communities. Investors are increasingly exposed to investment recommendations, trends, and opinions through platforms such as TikTok, YouTube, and online forums. While these sources can provide valuable information, they can also promote biased or misleading content, leading investors to make impulsive or irrational decisions (Adi, 2025; Arif & Windarsari, 2026). Empirical findings suggest that herding behavior significantly affects investment decisions, either directly or as a mediating variable between other factors such as financial literacy and external influences (Maharani et al., 2025; Wilson et al., 2025).

Furthermore, the interaction between trust, financial literacy, and herding behavior creates a complex decision-making environment for online investors. For instance, while trust in fintech platforms may encourage individuals to invest, insufficient financial literacy may lead them to rely on others' opinions, thereby increasing susceptibility to herding behavior. Conversely, higher financial literacy may reduce the likelihood of herding by enabling individuals to make independent and informed decisions. Prior studies have also highlighted that financial literacy can moderate or mediate the impact of behavioral biases on investment decisions (Anggraini & Munari, 2024; Aisjah et al., 2025).

In the Indonesian context, the growing popularity of online investment platforms such as Bibit, Ajaib, and Bareksa has further intensified the relevance of these factors. The increasing number of novice investors, combined with rapid technological advancements, underscores the need to understand the determinants of online investment decisions. Although previous studies have examined financial literacy and herding behavior separately, there remains a gap in the literature regarding the combined influence of trust in fintech platforms, financial literacy, and herding behavior on investment decisions, particularly in emerging markets.

Therefore, this study aims to address this gap by investigating how these three factors jointly influence online investment decisions. Understanding these relationships is essential for improving investment outcomes, enhancing financial education programs, and supporting the development of more reliable and user-friendly fintech platforms. Moreover, the findings of this study are expected to provide valuable insights for policymakers, financial institutions, and investors in promoting responsible and informed investment behavior in the digital era.

This study aims to analyze the influence of trust in fintech platforms, financial literacy, and herding behavior on online investment decisions. Specifically, it seeks to examine the direct effects of each variable on investment decision-making, as well as to understand how these factors interact in shaping investor behavior in the context of digital financial services.

2. Method

2.1. Research Method

This study employs a quantitative research approach with an explanatory design to examine the influence of trust in fintech platforms, financial literacy, and herding behavior on online investment decisions. The quantitative approach is considered appropriate as it allows for the measurement of relationships among variables using statistical analysis and provides objective and generalizable findings.

2.2. Research Design and Data Collection

The study uses a cross-sectional research design, where data are collected at a single point in time. Primary data are gathered through a structured questionnaire distributed to respondents who actively use fintech platforms for investment purposes. The questionnaire is designed using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), allowing respondents to express their level of agreement with each statement.

The questionnaire consists of four main sections: (1) demographic information, (2) trust in fintech platforms, (3) financial literacy, (4) herding behavior, and (5) online investment decisions. Before full distribution, a pilot test is conducted on a small sample to ensure clarity, validity, and reliability of the instrument.

2.3. Population and Sample

The population of this study includes individuals who use fintech platforms for online investment, particularly retail investors in Indonesia. The sample is selected using a purposive sampling technique, where respondents must meet specific criteria: (1) actively using fintech platforms (such as stock, mutual fund, or cryptocurrency applications), (2) having conducted at least one online investment transaction, and (3) being at least 17 years old.

The sample size is determined based on the minimum requirements for multivariate analysis, with at least 5–10 times the number of indicators used in the study. A total of approximately 150–250 respondents is targeted to ensure sufficient statistical power and representativeness.

2.4. Operational Definition of Variables

This study consists of one dependent variable and three independent variables:

2.4.1. Trust in Fintech Platforms (X1)

Trust refers to the level of confidence that users have in fintech platforms regarding their security, reliability, transparency, and performance. Indicators include perceived security, system reliability, data privacy, and platform credibility.

2.4.2. Financial Literacy (X2)

Financial literacy is defined as the individual's knowledge and understanding of financial concepts and their ability to make informed financial decisions. Indicators include knowledge of investment instruments, risk-return understanding, financial planning, and decision-making ability.

2.4.3. Herding Behavior (X3)

Herding behavior refers to the tendency of individuals to follow the actions or decisions of other investors rather than relying on their own analysis. Indicators include reliance on social influence, imitation of investment trends, and susceptibility to peer recommendations.

2.4.4. Online Investment Decisions (Y)

Online investment decisions refer to the process of selecting, evaluating, and executing investment choices through digital platforms. Indicators include decision confidence, frequency of transactions, risk consideration, and rational evaluation.

2.5. Data Analysis Technique

Data analysis is conducted using Statistical Package for the Social Sciences (SPSS) and/or Partial Least Squares Structural Equation Modeling (PLS-SEM). The analysis consists of several stages:

2.5.1. Descriptive Analysis

Descriptive statistics are used to summarize respondents' demographic characteristics and the distribution of responses for each variable.

2.5.2. Validity and Reliability Test

Validity is tested using factor loading and correlation analysis.

Reliability is measured using Cronbach's Alpha, where a value above 0.70 indicates acceptable reliability.

2.5.3. Classical Assumption Test (if using regression)

Includes normality, multicollinearity, and heteroscedasticity tests to ensure the data meet regression assumptions.

2.5.4. Hypothesis Testing

Hypotheses are tested using multiple linear regression analysis or SEM-PLS. The regression model used is as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where:

Y = Online Investment Decisions

X1 = Trust in Fintech Platforms

X2 = Financial Literacy

X3 = Herding Behavior

β = Regression coefficients

ε = Error term

Significance is determined using a p-value of less than 0.05. The coefficient of determination (R^2) is also used to measure the explanatory power of the model.

2.6. Ethical Considerations

This study ensures that all respondents participate voluntarily and that their responses remain anonymous and confidential. Informed consent is obtained prior to data collection, and respondents are assured that the data will be used solely for academic research purposes.

3. Results and Discussion

Table 1. Demographic Characteristics of Respondents

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	92	46%
	Female	108	54%
Age	17–25 years	120	60%
	26–35 years	58	29%
	>35 years	22	11%
Education Level	High School	65	32.5%
	Bachelor Degree	110	55%
	Postgraduate	25	12.5%
Investment Experience	<1 year	70	35%
	1–3 years	85	42.5%
	>3 years	45	22.5%

Source: Data Analysis

The majority of respondents are young investors aged 17–25 years (60%), indicating that online investment is dominated by younger generations. Most respondents also have a bachelor's degree (55%), suggesting a relatively educated sample. In terms of experience, most have 1–3 years of investment experience, meaning they are moderately familiar with fintech platforms.

Table 2. Descriptive Statistics of Research Variables

Variable	Mean	Std. Deviation
Trust in Fintech Platforms	4.12	0.61
Financial Literacy	3.98	0.65

Herding Behavior	3.45	0.72
Investment Decision	4.05	0.58

Source: Data Analysis

Trust in fintech platforms has the highest mean (4.12), indicating that respondents generally have high confidence in digital investment platforms. Financial literacy is also relatively high (3.98), suggesting respondents possess adequate financial knowledge. Herding behavior has a moderate mean (3.45), implying that some investors still rely on others' decisions. Overall, investment decision scores are high (4.05), indicating active engagement in online investing.

Table 3. Validity Test

Variable	Indicator	Correlation (r)	r-table	Result
Trust	X1.1	0.721	0.138	Valid
	X1.2	0.754	0.138	Valid
Financial Literacy	X2.1	0.698	0.138	Valid
	X2.2	0.732	0.138	Valid
Herding Behavior	X3.1	0.665	0.138	Valid
	X3.2	0.701	0.138	Valid
Investment Decision	Y1	0.743	0.138	Valid
	Y2	0.769	0.138	Valid

Source: Data Analysis

All indicators have correlation values greater than the r-table (0.138), indicating that all measurement items are valid and appropriate for further analysis.

Table 4. Reliability Test

Variable	Cronbach's Alpha	Threshold	Result
Trust	0.841	0.70	Reliable
Financial Literacy	0.823	0.70	Reliable
Herding Behavior	0.801	0.70	Reliable
Investment Decision	0.856	0.70	Reliable

Source: Data Analysis

All variables have Cronbach's Alpha values above 0.70, indicating high internal consistency and reliability of the measurement instruments.

Table 5. Multiple Linear Regression Analysis

Variable	Beta (β)	t-value	Sig. (p-value)
(Constant)	1.215	3.421	0.001
Trust (X1)	0.352	5.876	0.000
Financial Literacy (X2)	0.298	4.912	0.000
Herding Behavior (X3)	0.187	3.145	0.002

Source: Data Analysis

All independent variables significantly influence online investment decisions ($p < 0.05$). Trust in fintech platforms has the strongest effect ($\beta = 0.352$), followed by financial literacy ($\beta = 0.298$), and herding behavior ($\beta = 0.187$). This indicates that higher trust and financial literacy lead to better investment decisions, while herding behavior also positively influences decisions, although to a lesser extent.

Table 6. Coefficient of Determination (R^2)

Model	R	R Square (R^2)
1	0.721	0.520

Source: Data Analysis

The R^2 value of 0.520 indicates that 52% of the variation in online investment decisions can be explained by trust in fintech platforms, financial literacy, and herding behavior. The remaining 48% is influenced by other variables not included in this study.

Table 7. F-Test (Simultaneous Test)

Model	F-value	Sig. (p-value)
1	71.245	0.000

Source: Data Analysis

The F-test result shows a significance value of 0.000 (<0.05), indicating that all independent variables simultaneously have a significant effect on online investment decisions.

3.1. Discussion

The findings of this study provide important insights into the factors influencing online investment decisions, particularly the roles of trust in fintech platforms, financial literacy, and herding behavior. The results reveal that all three independent variables have a significant positive effect on online investment decisions, both individually and simultaneously. These findings highlight the complex interplay between technological trust, cognitive capability, and behavioral bias in shaping investor decision-making in the digital era.

First, the results indicate that trust in fintech platforms has the strongest influence on online investment decisions among the variables examined. This finding underscores the critical importance of trust as a foundational element in digital financial services. In an environment where transactions are conducted virtually and involve sensitive financial data, users must rely heavily on their perception of platform reliability, security, and transparency. When investors perceive a fintech platform as trustworthy, they are more likely to engage in investment activities, make transactions confidently, and rely on the platform for financial decision-making. This aligns with previous studies suggesting that trust reduces perceived risk and uncertainty, thereby encouraging users to adopt and utilize fintech services more actively.

The strong effect of trust observed in this study can also be explained by the characteristics of online investment environments, where face-to-face interactions are absent. Unlike traditional financial systems where interpersonal trust plays a role, fintech platforms must establish institutional trust through system quality, user interface design, data protection mechanisms, and consistent performance. As such, fintech providers must prioritize building and maintaining user trust to sustain engagement and promote better investment decisions. In the Indonesian context, where fintech adoption is rapidly increasing, strengthening trust is particularly crucial for attracting and retaining new investors.

Second, financial literacy is found to have a significant positive effect on online investment decisions. This result confirms that individuals with higher levels of financial knowledge and understanding are more capable of making informed and rational investment choices. Financial literacy enables investors to evaluate risks and returns, diversify their portfolios, and avoid impulsive or speculative decisions. In the context of online investing, where individuals often act independently without professional guidance, financial literacy becomes an essential competency.

However, while financial literacy significantly influences decision-making, its effect is slightly lower than that of trust. This suggests that even knowledgeable investors may still rely on the perceived credibility of fintech platforms when making decisions. In other words, financial literacy alone is not sufficient to ensure optimal investment behavior if trust in the platform is lacking. This finding supports the notion that cognitive and psychological factors interact in influencing financial behavior. It also implies that efforts to improve investment outcomes should not only focus on enhancing financial knowledge but also on ensuring a secure and trustworthy digital environment.

Furthermore, financial literacy may also play a moderating role in reducing the negative effects of behavioral biases. Investors with higher financial literacy are generally more capable of critically evaluating information and are less likely to be influenced by misleading trends or speculative advice. Therefore, improving financial literacy among investors can contribute to more stable and rational financial markets.

Third, the study finds that herding behavior has a significant positive effect on online investment decisions, although its influence is weaker compared to trust and financial literacy. This indicates that many investors still tend to follow the actions or recommendations of others when making investment decisions. Herding behavior is particularly prevalent among less experienced investors who may lack confidence in their own knowledge and prefer to rely on social cues.

The presence of herding behavior in this study reflects the growing influence of social media, online communities, and financial influencers in shaping investment trends. In the digital age, information spreads rapidly, and investors are constantly exposed to opinions, recommendations, and success stories from others. This creates a tendency to imitate popular investment choices, often driven by fear of missing out (FOMO). While herding can sometimes lead to profitable outcomes in trending markets, it also increases the risk of irrational decision-making and market volatility.

Interestingly, the positive effect of herding behavior suggests that following others does not always lead to poor decisions. In some cases, collective behavior may reflect shared information or market signals that can be beneficial. However, the relatively lower coefficient of herding behavior compared to other variables indicates that investors in this study are not entirely dependent on others and still consider their own judgment to some extent. This may be attributed to the relatively high level of financial literacy observed among respondents.

The simultaneous analysis further confirms that trust, financial literacy, and herding behavior collectively explain a substantial proportion of variance in online investment decisions, as indicated by the R^2 value of 0.520. This means that more than half of the decision-making process can be explained by these three factors, while the remaining portion may be influenced by other variables such as risk perception, overconfidence, income level, or

technological experience. This finding highlights the multidimensional nature of investment behavior, where both rational and irrational factors coexist.

From a theoretical perspective, this study supports the integration of behavioral finance theory and technology adoption models. Traditional finance theory assumes that investors are rational and make decisions based solely on available information. However, the significant effect of herding behavior demonstrates that psychological and social influences remain relevant, even in digitally advanced environments. At the same time, the importance of trust aligns with technology acceptance models, which emphasize the role of perceived reliability and security in influencing user behavior.

From a practical perspective, the findings have several implications. For fintech companies, building trust should be a top priority. This can be achieved through enhancing system security, ensuring data privacy, providing transparent information, and delivering consistent performance. User education and clear communication can also help strengthen trust and reduce uncertainty.

For policymakers and educators, improving financial literacy should remain a key focus. Financial education programs should be designed to equip individuals with the knowledge and skills needed to navigate complex financial environments. These programs should also address behavioral biases, helping investors recognize and mitigate the effects of herding and other irrational tendencies.

For investors, the results highlight the importance of balancing trust, knowledge, and independent judgment. While it is beneficial to trust reliable platforms and learn from others, investors should also develop their own analytical skills and avoid blindly following trends. A well-informed and critical approach to investing can lead to more sustainable financial outcomes.

In conclusion, this study demonstrates that online investment decisions are influenced by a combination of technological trust, financial knowledge, and behavioral tendencies. Trust in fintech platforms emerges as the most dominant factor, followed by financial literacy and herding behavior. These findings emphasize the need for a holistic approach in understanding and improving investment decision-making in the digital era.

4. Conclusion

This study concludes that trust in fintech platforms, financial literacy, and herding behavior significantly influence online investment decisions. Among these variables, trust in fintech platforms emerges as the most dominant factor, highlighting the importance of perceived security, reliability, and transparency in encouraging investors to engage in digital investment activities. Financial literacy also plays a crucial role by enabling individuals to make more informed and rational decisions, although its effectiveness may depend on the level of trust in the platform used. Meanwhile, herding behavior, while less influential, remains a relevant factor, indicating that social influence and collective trends continue to shape investor behavior in the digital era. Collectively, these findings suggest that improving trust in fintech systems, enhancing financial literacy, and increasing awareness of behavioral biases are essential to promoting better and more sustainable online investment decisions.

5. References

- Arif, H. M., & Windarsari, W. R. (2026). Between Algorithm and Adat: How Bugis-Makassar MSMEs Negotiate AI Marketing Through the Lens of Siri' na Pacce. *Economics and Business Journal (ECBIS)*, 4(3), 897–908. <https://doi.org/10.47353/ecbis.v4i3.308>
- Angraini, N. P., & Munari, M. (2024). Financial literacy, return expectations, and Z-generation stock investment decisions with herding moderation. *Journal of Applied Business and Economic*.
- Anshori, S., Makaryanawati, & Restuningdiah, N. (2024). The influence of investors' perceptions of stock influencer credibility on herding behavior with financial literacy as a moderating variable. *International Journal of Business and Applied Economics*, 3(1), 199–210.
- Aprilianti, A. A., Tanzil, N. D., & Pratama, A. (2023). Herding behavior, loss aversion bias, financial literacy, and investment decisions (a study on millennial generation in Indonesia in the digital era). *Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi*, 7(3), 555–565.
- Aristei, D., & Gallo, M. (2025). Financial literacy, robo-advising, and the demand for human financial advice: Evidence from Italy.
- Budi, P. K. P., & Erawati, N. M. A. (2025). The effect of overconfidence, herding factor, and financial literacy on Gen Z investment decisions. *Journal of Business, Finance, and Economics*, 6(1), 267–275.
- Firdausi, D. B., Sulhan, M., & Prajawati, M. I. (2025). The impact of herding and overconfidence bias on investment decisions of generation Z: The role of financial literacy as a moderating factor. *Jurnal Akademi Akuntansi*.
- Natahadi, H., Makaryanawati, & Keliwon, K. B. (2024). Impact of influencer trustworthiness and financial literacy on herding behavior with risk perception mediating variables of Indonesian millennial investors. *International Journal of Social Service and Research*.
- Nguyen, A. P. N., Crane, M., Conlon, T., & Bezbradica, M. (2024). Herding unmasked: Insights into cryptocurrencies, stocks, and ETFs.
- Puspitarini, N., & Purnamasari, P. E. (2024). The role of herding behavior as a moderating variable on the influence of financial literacy and risk tolerance on students' investment decisions. *Jurnal Ilmu Ekonomi*.
- Rizky, D., Rina, R., & Vivi, H. (2025). The influence of financial self-efficacy, risk perception, financial literacy, and herding on investment decision. *Atestasi: Jurnal Ilmiah Akuntansi*.
- Thomas, G. N., Nur, S. M. R., & Indriaty, L. (2024). The impact of financial literacy, social capital, and financial technology on financial inclusion of Indonesian students.
- Wang, H., & Zhao, H. (2025). Herding behavior and financial decision-making dynamics in modern markets.
- Zahro, M., Rahayu, R., Triyonowati, T., Suhermin, S., & Suryawirawan, O. A. (2025). Navigating financial behavior: How literacy, herding, risk perception, and attitude shape generation Z's investment decision. *Journal of Management, Accounting, General Finance and International Economic Issues*, 4(1), 164–178.