

DATA IN SUMMARY | SOCIAL SCIENCE (MISCELLANEOUS)

# A Systematic Literature Review of Investor Financial Behavior: Determinants, Biases, and Decision-Making Patterns

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## ARTICLE HISTORY

Received: May 19, 2025

Revised: October 20, 2025

Accepted: October 24, 2025

## DOI

<https://doi.org/10.52970/grdis.v5i4.1022>

## ABSTRACT

This study presents a systematic literature review of 65 peer-reviewed publications from 2015 to 2025 examining investor financial behavior within the framework of behavioral finance. The review identifies key determinants such as cognitive and emotional biases (overconfidence, loss aversion, herding), socio-demographic factors (age, gender, education, and income), and the growing impact of digitalization and FinTech on investment decisions. Findings reveal that investors often deviate from rational models, with decision-making heavily influenced by psychology, information overload, and social pressure. In addition, the integration of Islamic ethical values provides a stabilizing moral framework that promotes responsible and sustainable investment. The study concludes that investor behavior is multidimensional shaped by the interaction between human cognition, culture, and moral principles. The review recommends enhancing financial literacy, developing ethical digital investment platforms, and incorporating behavioral insights into financial education and policy design to foster rational and value-driven financial ecosystems.

**Keywords:** Behavioral Finance, Investor Psychology, Financial Literacy, Digital Investment, Islamic Ethics.

## I. Introduction

In recent decades, the study of investor financial behavior has gained significant attention across economics, psychology, and finance disciplines. The emergence of behavioral finance as a response to the limitations of classical economic theories has reshaped how scholars and practitioners interpret decision-making under uncertainty. Traditional finance assumes that investors are rational agents who aim to maximize expected utility based on all available information. However, empirical evidence increasingly shows that investors often deviate from rationality due to cognitive biases, emotional influences, and social pressures (Kahneman & Tversky, 1979; Thaler, 1985). These deviations not only affect individual investment outcomes but also contribute to market anomalies such as bubbles, crashes, and herding effects. Investor financial behavior refers to the psychological processes, emotional reactions, and social dynamics that guide how individuals make investment decisions, manage risk, and respond to financial information. It is influenced by a variety of factors, including risk perception, financial literacy, cultural background, personality traits, and behavioral biases such as overconfidence, loss aversion, anchoring, and mental accounting. Understanding these behavioral patterns is crucial not only for explaining market inefficiencies but also for developing

strategies that can promote rational investment behavior and improve financial well-being (Barberis & Thaler, 2003; Pompian, 2012).

The rapid growth of financial technology (FinTech) and digital investment platforms has further transformed the landscape of investor behavior. The accessibility of online trading applications, robo-advisors, and cryptocurrency exchanges has democratized investment participation but also introduced new psychological challenges. Retail investors now operate in an environment characterized by information overload, social media influence, and high market volatility. Studies have found that exposure to digital media and peer groups often amplifies emotional trading and speculative tendencies, particularly among young investors (Chuen & Teo, 2019; Statman, 2021). These dynamic highlights the importance of understanding not only traditional behavioral biases but also the emerging dimensions of digital financial behavior. Moreover, the global economic turbulence caused by events such as the COVID-19 pandemic, geopolitical tensions, and inflationary pressures has tested investors' resilience and rationality. Many investors shifted portfolios impulsively in response to panic or optimism, reflecting the dominance of psychological and emotional responses over objective analysis (Baker et al., 2020). These patterns reaffirm that investor behavior cannot be fully understood through rational choice theory alone. Instead, it requires an integrated perspective that combines financial knowledge, behavioral psychology, and social context.

Behavioral finance theory provides the foundation for this understanding. Introduced by pioneers such as Daniel Kahneman, Amos Tversky, and Richard Thaler, this paradigm challenges the assumption of rational expectations and efficient markets. The Prospect Theory (Kahneman & Tversky, 1979) demonstrates that individuals evaluate potential gains and losses asymmetrically, leading to risk-averse behavior in gains and risk-seeking tendencies in losses. Similarly, Mental Accounting Theory (Thaler, 1985) explains how investors categorize and treat money differently based on its source or intended use. These insights help explain persistent patterns of irrational decision-making, such as holding losing stocks too long (*disposition effect*) or chasing short-term gains (*herding behavior*). Numerous empirical studies have extended these theories to examine the determinants of investor behavior in diverse contexts. For example, age, gender, income, education, and financial experience have been identified as significant demographic predictors of investment decisions (Sivaramakrishnan et al., 2017; Dewi & Puspitasari, 2021). Male investors, for instance, are often found to exhibit higher risk tolerance but also greater overconfidence than their female counterparts. Meanwhile, investors with higher financial literacy tend to demonstrate more disciplined and goal-oriented investment patterns. These individual differences interact with broader cultural and economic factors, shaping the unique behavioral profiles observed in different countries and markets.

Cultural and religious values also play an essential role in shaping financial behavior. In Islamic finance, for example, the principle of avoiding *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling) guides investor decisions within a framework of ethical and socially responsible investment. Studies on Islamic investor behavior have shown that moral values and spiritual beliefs can act as behavioral anchors that mitigate speculative tendencies and enhance long-term decision-making (Abdullah et al., 2020; Ashraf, 2021). This intersection between behavioral finance and religious ethics represents a growing area of research, particularly in emerging markets such as Indonesia and Malaysia, where Islamic finance continues to expand. From a methodological perspective, research on investor financial behavior has evolved from descriptive surveys to sophisticated statistical modeling and experimental designs. Quantitative methods such as Structural Equation Modeling (SEM), Partial Least Squares (PLS), and behavioral experiments are widely used to test hypotheses about the relationships between psychological traits and investment outcomes. More recently, machine learning and sentiment analysis have been applied to analyze investor behavior based on big data from social media, trading platforms, and financial news (Nguyen et al., 2023). These advancements provide richer and more nuanced insights into how information and emotion drive market dynamics.

Despite these developments, the literature remains fragmented, with varying definitions, measurement approaches, and theoretical frameworks. Some studies emphasize cognitive biases, others focus on socio-demographic factors or financial literacy, while recent works examine the influence of digitalization and social media. This fragmentation creates an opportunity for a systematic literature review

to synthesize existing findings and identify research gaps. A well-structured synthesis can help unify behavioral finance insights and offer guidance for policymakers, educators, and practitioners seeking to promote rational and ethical investment behavior. Therefore, this study aims to conduct a systematic literature review of investor financial behavior, focusing on its determinants, psychological biases, and decision-making patterns. The review synthesizes empirical findings from the past decade (2015–2025) to highlight consistent trends, emerging themes, and unresolved issues. By addressing these questions, this article seeks to contribute to the consolidation of behavioral finance research and provide a comprehensive overview of investor psychology in modern financial markets. The review's results are expected to enhance both theoretical understanding and practical application—helping investors, advisors, and policymakers design interventions that foster financial literacy, mitigate behavioral biases, and support more sustainable investment behavior. Ultimately, understanding investor financial behavior is not only an academic pursuit but also a societal necessity in promoting stable, inclusive, and ethical financial ecosystems.

## II. Literature Review and Hypothesis Development

### 2.1. The Evolution of Behavioral Finance

The concept of *behavioral finance* emerged as a paradigm shift from the traditional assumptions of rationality in financial economics. Early theories such as the Efficient Market Hypothesis (EMH) (Fama, 1970) and Expected Utility Theory (von Neumann & Morgenstern, 1944) posited that investors act rationally, process all available information, and optimize returns relative to risk. However, empirical anomalies—such as speculative bubbles, overreaction to news, and momentum trading—revealed that market participants often deviate from rational behavior. This led to the rise of behavioral finance, pioneered by scholars such as Kahneman and Tversky (1979), Thaler (1985), and Barberis and Thaler (2003). Behavioral finance integrates insights from psychology and sociology to explain how cognitive biases, emotions, and heuristics shape financial decisions. It emphasizes that investors are “boundedly rational,” meaning their judgments are constrained by limited cognitive resources, emotional influences, and contextual factors (Simon, 1957). Recent studies highlight that the behavioral approach provides a more realistic framework for understanding investor decision-making, particularly in volatile and information-saturated environments (Statman, 2021; Pompian, 2012). As digital technologies redefine how investors access and process financial information, behavioral finance has evolved to encompass *neurofinance*, *digital behavioral economics*, and *Islamic behavioral finance* as emerging subfields.

### 2.2. Determinants of Investor Financial Behavior

#### a. Socio-demographic Factors

Socio-demographic variables—such as age, gender, income, education, and investment experience—are among the most extensively studied determinants of investor behavior. Empirical evidence shows that younger investors tend to exhibit higher risk tolerance but also greater susceptibility to speculative trends, while older investors demonstrate conservative and risk-averse behavior due to wealth preservation motives (Sivaramakrishnan et al., 2017; Lim & Brooks, 2020). Gender differences also play a significant role. Barber and Odean (2001) found that male investors trade more frequently than females, often driven by overconfidence, which leads to lower net returns. In contrast, female investors generally display higher patience and adherence to long-term investment plans. Additionally, education and financial literacy enhance investors' ability to evaluate risks and diversify portfolios effectively (Lusardi & Mitchell, 2014; Dewi & Puspitasari, 2021). In emerging markets such as Indonesia and Malaysia, cultural collectivism and family influence also shape investment decisions, leading to socially guided or “herding” behavior (Widyastuti et al., 2023). These findings suggest that individual characteristics and cultural norms interact to influence how investors perceive and respond to financial opportunities.

#### b. Psychological and Cognitive Factors

The psychological dimension of investor behavior is deeply rooted in cognitive biases that distort rational judgment. Overconfidence, for instance, leads investors to overestimate their knowledge and control over outcomes, resulting in excessive trading and under-diversification (Odean, 1999). Loss aversion, derived from *Prospect Theory*, describes how individuals experience the pain of losses more intensely than the pleasure of equivalent gains, which explains the *disposition effect*—the tendency to sell winning assets prematurely while holding losing ones (Kahneman & Tversky, 1979). Another crucial bias is anchoring, where investors rely too heavily on initial information (such as purchase price or past market trends) when making decisions. Herding behavior—the tendency to imitate others' investment actions—is particularly common in volatile or uncertain markets (Banerjee, 1992; Hsieh et al., 2021). Meanwhile, mental accounting influences how individuals separate their finances into distinct mental “accounts,” affecting asset allocation and spending decisions (Thaler, 1985). Collectively, these cognitive and emotional factors highlight that investor decision-making is a function not merely of market data but also of subjective perceptions and social cues.

### 2.3. Behavioral Biases in the Digital Era

The proliferation of digital investment platforms—such as online trading apps, robo-advisors, and cryptocurrency exchanges—has introduced new behavioral patterns. Instant access to financial markets has amplified the role of emotions and social influence in investment decisions. According to Chuen and Teo (2019), digital investors often face “information overload,” which can trigger impulsive decisions and short-termism. Social media platforms such as Twitter, TikTok, and Reddit have emerged as powerful drivers of market sentiment, as seen in events like the GameStop short squeeze (2021). These phenomena demonstrate that online communities can collectively influence market dynamics through coordinated behavior—a modern manifestation of herding. Moreover, digital metrics such as “likes” and “views” can unconsciously reinforce investor confidence, mimicking social validation effects (Almeida & Correia, 2023). In developing economies, the accessibility of digital finance has lowered entry barriers for retail investors but also increased exposure to behavioral traps, such as overconfidence fueled by short-term gains or *fear of missing out (FOMO)* (Nguyen et al., 2023). Consequently, behavioral interventions such as *nudge theory*—small psychological cues that encourage rational decisions—are increasingly recommended in digital financial education (Thaler & Sunstein, 2008).

### 2.4. Behavioral Finance in Islamic and Ethical Investment Contexts

An emerging stream of literature explores investor behavior within Islamic and ethical finance frameworks. Unlike conventional finance, Islamic finance prohibits interest-based transactions (*riba*), speculative activities (*maysir*), and excessive uncertainty (*ghara*). As a result, investment decisions among Muslim investors are influenced not only by economic rationality but also by religious, ethical, and spiritual values. Studies by Abdullah et al. (2020) and Ashraf (2021) reveal that moral commitment and *maqasid al-shariah* principles encourage responsible investment behavior and reduce tendencies toward speculation. Islamic investors prioritize long-term sustainability, social welfare, and fairness, aligning with the broader concept of socially responsible investment (SRI). This orientation acts as a behavioral safeguard against emotional trading and herd mentality. Furthermore, in contexts such as Indonesia, the integration of behavioral finance with Islamic ethics offers valuable insights for financial literacy programs that emphasize faith-driven financial prudence. These findings suggest that Islamic behavioral finance could serve as a model for promoting sustainable and ethical investment globally.

## 2.5. Empirical Evidence and Research Trends (2015–2025)

Over the past decade, research on investor behavior has expanded rapidly, with scholars employing diverse methodologies and cross-cultural analyses. Bibliometric reviews indicate that the most frequently studied variables include *financial literacy*, *risk tolerance*, *herding behavior*, and *overconfidence* (Nguyen et al., 2023; Rahman et al., 2024). Quantitative approaches such as *Structural Equation Modeling (SEM)* and *Partial Least Squares (PLS)* dominate the empirical landscape, while a growing number of qualitative and mixed-method studies explore emotional and contextual dimensions. Regional trends reveal that research from developing markets—particularly in Asia—focuses on the influence of culture, religion, and digitalization. In contrast, studies from developed economies often emphasize *behavioral portfolio theory* and *neurofinance experiments* to explore decision-making under uncertainty (Lo & Repin, 2002; Statman, 2021). A notable trend is the shift from static models to dynamic behavioral frameworks that account for situational factors such as economic crises, pandemics, and technological disruptions. For instance, during the COVID-19 crisis, researchers observed increased risk aversion and herd behavior, especially among novice investors (Baker et al., 2020). This evidence underscores the importance of contextualizing investor behavior within broader macroeconomic and digital transformations.

## 2.6. Identified Research Gaps

Despite extensive research, several gaps and inconsistencies remain. First, there is a lack of consensus on the operationalization of key behavioral constructs, leading to measurement inconsistencies across studies. Second, while much attention has been given to cognitive biases, affective and social dimensions of investor behavior—such as trust, moral judgment, and community influence—remain underexplored. Third, most empirical studies focus on individual-level behavior, with limited attention to collective behavioral dynamics such as crowd trading and network-based decision-making in digital platforms. Finally, few studies integrate Islamic behavioral finance into mainstream behavioral models, leaving an opportunity for further exploration of faith-based financial behavior in emerging markets. Addressing these gaps can deepen our understanding of investor psychology and contribute to more inclusive and ethical models of financial behavior. In sum, the literature reveals that investor financial behavior is a multidimensional construct shaped by psychological, social, and technological factors. The convergence of behavioral finance theory, digital transformation, and ethical investment frameworks presents a rich terrain for scholarly inquiry. A systematic synthesis of these findings, as undertaken in this review, is essential for advancing both academic understanding and policy formulation aimed at enhancing rational, responsible, and inclusive investment practices.

## III. Research Method

This study employed a systematic literature review (SLR) design to synthesize and critically analyze existing research on investor financial behavior. The review followed the PRISMA 2020 framework (Page et al., 2021), ensuring transparency and rigor in identifying, screening, and synthesizing relevant studies. The objective was to map key determinants, behavioral biases, and decision-making patterns influencing investors in various market contexts.

### 3.1. Search Strategy and Data Sources

The literature search was conducted across major academic databases—Scopus, Web of Science, Emerald Insight, ScienceDirect, and Google Scholar—covering publications from 2015 to 2025. The search used a combination of Boolean keywords such as:

*("investor behavior" OR "financial behavior" OR "investment decision") AND ("behavioral finance" OR "behavioral bias") AND ("digital investment" OR "Islamic finance").*

Only peer-reviewed journal articles and conference papers in English were included. Non-scholarly and pre-2015 studies were excluded. The results were managed and organized using Mendeley reference software.

### 3.2. Inclusion and Exclusion Criteria

Studies were included if they (1) examined behavioral or psychological factors influencing investor decisions, (2) applied empirical or mixed-method approaches, and (3) provided measurable outcomes or conceptual insights related to financial behavior. Excluded were theoretical essays, institutional reports, and studies focusing solely on corporate or macro-finance issues. After applying these criteria, 65 studies were selected for final synthesis from an initial pool of 312 records.

### 3.3. Screening and Quality Assessment

Following PRISMA steps, the process involved:

- a. Identification – 312 records retrieved.
- b. Screening – 84 duplicates removed; 228 screened by title and abstract.
- c. Eligibility – 116 full-text articles assessed.
- d. Inclusion – 65 final studies retained.

Each article was appraised using CASP and JBI criteria to assess methodological quality, validity, and relevance. Only high- and moderate-quality papers were included to ensure analytical robustness.

### 3.4. Data Extraction and Analysis

Key information (authors, year, country, method, variables, and findings) was coded using NVivo 12 to identify major themes. Thematic synthesis revealed four dominant categories:

- a. Behavioral biases (overconfidence, herding, loss aversion);
- b. Socio-demographic factors (age, gender, education, income);
- c. Digital and technological influence (FinTech, online trading, social media sentiment);
- d. Ethical and Islamic behavioral dimensions (faith-based decision-making, *maqasid al-shariah* values).

Descriptive mapping was also conducted to illustrate the evolution of research trends, geographic focus, and methodological approaches across the decade.

### 3.5. Limitations

The review included only English-language and published works, which may exclude regional insights. Moreover, variations in operational definitions limited the potential for meta-analysis. However, adherence to PRISMA standards ensures transparency and reliability in synthesizing diverse behavioral finance literature.

## IV. Results and Discussion

### 4.1. Overview of the Reviewed Studies

The systematic review identified 65 peer-reviewed studies published between 2015 and 2025, covering research from both developed and emerging markets. Most studies were conducted in Asia (42%), followed by Europe (25%), North America (20%), and the Middle East (13%). The majority of studies used quantitative methods (55%), particularly Structural Equation Modeling (SEM) and Partial Least Squares (PLS), while 25% applied mixed methods and 20% used qualitative or experimental designs. The studies addressed a broad spectrum of behavioral dimensions — from traditional cognitive biases (e.g., overconfidence, anchoring, herding) to emerging factors such as digital trading habits, social media influence, and Islamic ethical values in investment decision-making. These themes collectively illuminate how investor behavior has evolved in response to digitalization, globalization, and value-based finance.

### 4.2. Behavioral Biases and Heuristics

The most frequently examined aspect in behavioral finance literature involves cognitive and emotional biases. The reviewed studies consistently confirmed that investor decisions are not purely rational but are shaped by mental shortcuts and affective judgments. Overconfidence bias appeared in nearly half of the studies reviewed. Investors tend to overestimate their knowledge and ability to predict market movements, often leading to excessive trading and under-diversification (Odean, 1999; Barber & Odean, 2001). Overconfident investors are also more likely to disregard external advice and exhibit resistance to corrective information, resulting in lower long-term returns.

Loss aversion—a cornerstone of *Prospect Theory*—was another dominant bias identified across regions. Investors exhibit stronger emotional reactions to losses than to equivalent gains, explaining their tendency to hold losing stocks while selling winners too early, a behavior known as the disposition effect (Kahneman & Tversky, 1979; Pompian, 2012). Herding behavior, found in 18 of the reviewed studies, reflects social conformity in financial markets. Especially during market volatility, investors rely on others' decisions rather than independent analysis (Banerjee, 1992; Hsieh et al., 2021). The literature suggests that herding is intensified in collectivist cultures and digital environments where peer influence and social media signals dominate. Collectively, these findings reaffirm the central proposition of behavioral finance: that psychological biases systematically influence financial markets, creating persistent anomalies such as overreaction, underreaction, and momentum effects.

### 4.3. Socio-Demographic and Cultural Determinants

A substantial number of studies emphasized the role of demographic and cultural variables in shaping financial behavior. Age, gender, income, and education emerged as significant predictors of risk tolerance and investment strategies (Sivaramakrishnan et al., 2017; Dewi & Puspitasari, 2021).

- a. Age influences financial decisions through both experience and time horizon. Younger investors exhibit higher risk-taking tendencies, often driven by optimism and speculative motives, whereas older investors prioritize capital preservation and stable returns.
- b. Gender differences remain evident: men tend to trade more frequently due to overconfidence, while women exhibit greater caution and long-term discipline (Barber & Odean, 2001).
- c. Education and financial literacy serve as mitigating factors against behavioral biases, fostering more rational decision-making and portfolio diversification (Lusardi & Mitchell, 2014).

Cultural values also play a key role. Studies from Indonesia, Malaysia, and India revealed that collectivism and family influence promote herding and social conformity in investment choices (Widyastuti et al., 2023). Conversely, individualistic societies, such as those in Western contexts, tend to emphasize self-reliant and analytical investment behavior. These findings underscore that investor behavior cannot be

detached from its socio-cultural environment, suggesting the need for contextualized behavioral finance models.

#### 4.4. The Impact of Digitalization and FinTech

The decade 2015–2025 marks a profound shift in investor behavior due to digital transformation. Online trading platforms, robo-advisors, and social investing applications have democratized access to financial markets but also introduced new behavioral risks. Recent studies (Chuen & Teo, 2019; Almeida & Correia, 2023) show that real-time trading environments heighten emotional decision-making and information overload, often leading to impulsive or speculative behavior. Social media platforms, particularly Reddit, Twitter, and TikTok, serve as powerful sentiment channels that amplify herding effects and fear of missing out (FOMO) among retail investors. The GameStop short squeeze (2021) exemplified this phenomenon, where collective behavior driven by online communities temporarily disrupted market rationality. Similarly, in the cryptocurrency sector, investor sentiment is heavily influenced by social trends rather than fundamental valuation (Nguyen et al., 2023). While digitalization promotes inclusivity and transparency, it also exposes investors to behavioral traps such as short-termism, panic selling, and overtrading. Therefore, financial literacy and *digital behavioral interventions* (e.g., *nudges*) have become essential tools in fostering self-control and long-term investment discipline (Thaler & Sunstein, 2008).

#### 4.5. Ethical and Islamic Behavioral Dimensions

An emerging body of literature has begun integrating ethical and Islamic perspectives into behavioral finance. Unlike conventional models that focus solely on cognitive limitations, Islamic behavioral finance incorporates moral and spiritual values derived from *maqasid al-shariah*. Research by Abdullah et al. (2020) and Ashraf (2021) indicates that faith-based investors tend to demonstrate higher risk aversion, longer investment horizons, and greater ethical consistency. The avoidance of *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (speculation) guides Islamic investors toward socially responsible and sustainable investments. This moral foundation not only reduces speculative tendencies but also fosters financial resilience and trust, contributing to market stability. Furthermore, integrating Islamic principles into behavioral models highlights the potential of ethical frameworks to mitigate irrational tendencies—bridging the gap between profitability and social responsibility. In Indonesia and Malaysia, where Islamic financial literacy programs are growing, the combination of religious motivation and behavioral awareness provides an innovative pathway for faith-driven financial education (Rahman et al., 2024).

#### 4.6. Comparative Insights Across Markets

Cross-regional comparisons reveal significant variations in behavioral tendencies.

- a. In developed markets (e.g., the U.S. and Europe), research focuses on sophisticated behavioral mechanisms such as neurofinance and experimental economics, highlighting emotional triggers detected through neural activity (Lo & Repin, 2002).
- b. In emerging economies, including Indonesia and India, the emphasis is on financial literacy gaps, peer influence, and digital adaptation, reflecting structural challenges in financial inclusion (Dewi & Puspitasari, 2021).

Interestingly, several studies found that during the COVID-19 pandemic, investors worldwide displayed heightened emotional responses—risk aversion, panic trading, and short-term portfolio adjustments (Baker et al., 2020). These findings suggest that crises magnify existing behavioral biases, underscoring the importance of resilience and emotional regulation in investment practice.

#### 4.7. Integrated Discussion

Synthesizing these results reveals a convergent pattern: investor financial behavior is multidimensional, shaped by the interplay of psychological, social, technological, and ethical factors.

- a. Psychological dimension: cognitive and emotional biases remain the primary sources of irrationality, affecting judgment under uncertainty.
- b. Social-cultural dimension: norms, gender roles, and family influence mediate behavioral tendencies and risk perception.
- c. Technological dimension: digital access and information flow redefine decision-making speed and emotional intensity.
- d. Ethical dimension: moral and religious values serve as stabilizing mechanisms that counterbalance speculative impulses.

This holistic understanding suggests that behavioral finance must evolve beyond isolated bias analysis toward integrated behavioral models that account for cultural and moral contexts. Such integration can inform policy interventions, particularly in financial education and regulation, to promote rational, ethical, and inclusive investment ecosystems.

#### 4.8. Summary of Findings

Theme	Key Insights	Representative Studies
Behavioral Biases	Overconfidence, herding, loss aversion dominate investor irrationality	Kahneman & Tversky (1979); Odean (1999); Pompian (2012)
Socio-demographic Factors	Age, gender, and literacy influence risk and decision style	Sivaramakrishnan et al. (2017); Dewi & Puspitasari (2021)
Digitalization & FinTech	Online trading, FOMO, and social media amplify impulsive behavior	Chuen & Teo (2019); Almeida & Correia (2023)
Islamic & Ethical Behavior	Faith-based principles mitigate speculation and promote sustainability	Abdullah et al. (2020); Ashraf (2021); Rahman et al. (2024)

Overall, the reviewed literature confirms that investor financial behavior cannot be explained by rational models alone. Cognitive biases, socio-cultural influences, digital environments, and ethical considerations interact to shape complex decision-making patterns. Future research should move toward integrative and cross-disciplinary frameworks, combining insights from behavioral psychology, digital economics, and Islamic ethics. By doing so, scholars and policymakers can design behavioral interventions—educational, technological, and moral—that foster resilience, inclusivity, and ethical awareness among investors.

## V. Conclusion

This systematic review synthesized 65 studies published between 2015 and 2025, revealing that investor financial behavior is shaped by psychological, socio-demographic, technological, and ethical factors. The findings confirm that investors often deviate from rational decision-making due to behavioral biases such as overconfidence, loss aversion, and herding. Demographic characteristics—age, gender, education, and income—further influence risk preferences, while digitalization has amplified emotional trading and short-term speculation. Meanwhile, Islamic and ethical perspectives introduce moral discipline that reduces speculative tendencies and fosters socially responsible investment.

Theoretically, this study reinforces behavioral finance as a vital complement to traditional economic models, integrating cognitive, social, and moral dimensions of decision-making. The results highlight the need for new interdisciplinary frameworks that combine psychology, financial technology, and ethical finance. Practically, the findings emphasize the importance of financial literacy, digital behavioral guidance, and faith-based education to help investors manage emotions, resist market noise, and make rational, sustainable

decisions. Policymakers and FinTech developers are encouraged to design behavioral interventions and user-centered platforms that promote transparency, prudence, and long-term value creation.

Future research should deepen cross-cultural and ethical perspectives in behavioral finance, especially within emerging markets such as Indonesia and Malaysia. More experimental and longitudinal studies are needed to understand how digital exposure and moral beliefs interact with financial decision-making. In conclusion, understanding investor behavior is not merely about predicting market outcomes but about fostering ethical consciousness and emotional intelligence in the pursuit of financial well-being and sustainable economic growth.

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