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THE INFLUENCE OF SOCIAL MEDIA ON INVESTMENT INTEREST IN CRYPTO CURRENCY

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Abstract

This study aims to analyze the influence of social media on investment interest in cryptocurrencies, focusing on the role of influencers, psychological factors, and demographic characteristics. Using a quantitative approach through an online survey of younger respondents, the results show that social media has a significant effect on crypto investment interest. Exposure to influencer content has been shown to drive investment decisions, even when financial literacy and investment experience are not the dominant factors. In addition, risk aversion has a negative influence on investment interest, while skepticism is insignificant. Generation Z and millennials are recorded as the most active group in crypto investments, with social media as the main source of information. These findings imply the need for a new approach in financial education that focuses not only on basic literacy, but also on the critical ability to assess digital content and identify potential manipulation.

Keywords: social media, cryptocurrency investment, influencers, risk aversion, young generation, digital literacy.

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INTRODUCTION

The development of digital technology has changed various aspects of human life, including in the financial and investment sectors. One of the biggest innovations in the last decade has been the emergence of cryptocurrencies, decentralized digital currencies based on blockchain technology. Cryptocurrencies such as Bitcoin, Ethereum, and others have attracted the attention of global investors due to their high profit potential. Amid the popularity of cryptocurrencies, social media has become one of the most influential channels in shaping public perception and investment decisions. Platforms such as Twitter, Reddit, Telegram, and YouTube are active discussion spaces regarding price movements, investment strategies, and crypto market speculation.

This phenomenon marks a shift from conventional sources of information to those that are interactive and community-based. Social media allows for the rapid and wide dissemination of information, both in the form of education and opinions. Influencers and online communities have great power in driving interest in certain digital assets, and can even trigger the "pump and dump" phenomenon. This shows that social media is not only a source of information, but also a catalyst for changes in investor behavior.

In the context of the digital economy, the younger generation, especially Gen Z and millennials, are the main actors in the adoption of cryptocurrencies. They tend to be more familiar with technology and more open to financial innovation that doesn't rely on traditional institutions. Exposure to social media content is also more intense, making them a group that is heavily influenced by digital narratives. In Indonesia, cryptocurrency adoption has experienced significant growth in recent years. Based on data from the Commodity Futures Trading Supervisory Agency (BAPPEBTI), the number of crypto investors in Indonesia will reach more than 17 million people as of May 2025. This surge cannot be separated from the massive influence of social media in disseminating information and building trust in crypto assets.

However, information spread on social media is not always valid or accurate. Many novice investors are stuck on a FOMO (Fear of Missing Out) narrative, following investment trends simply because of an emotional push without a solid foundation in analysis. This shows that the influence of social media on investment interest is not only informative, but also psychological. Previous academic literature has shown that investment decisions are influenced by a variety of factors, including information, risk perception, trust, and economic motivation. However, there have not been many studies that have specifically examined the role of social media as a determinant of investment in the context of cryptocurrencies, especially in the highly dynamic and speculative digital space.

Several international studies are starting to show a correlation between social media activity and crypto price volatility and investment interest. For example, research by Mai et al. (2022) revealed that positive sentiment on Twitter regarding Bitcoin has a significant relationship to price increases and trading volume. These findings reinforce the assumption that social media is not only a reflection of the market, but also a driving factor. In addition, the role of crypto influencers is also an important issue in this context. Figures like Elon Musk are able to move the market through just one tweet. The impact of the opinions of influential

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figures on social media shows that digital authorities now have power comparable to, or even surpass, traditional financial institutions in influencing investors.

In Indonesia, a similar phenomenon can be seen from the rise of crypto educational content and promotions on TikTok, Instagram, and YouTube. Some content creators even make crypto a part of the lifestyle and narrative of financial freedom. Information consumption patterns like this should be considered as a new form of social influence on people's economic decisions. Aside from the promotional aspect, social media also plays a role in the formation of a crypto investor community. Telegram groups and Reddit forums become spaces for discussion and collaboration, where information, analysis, and trading signals are disseminated in real-time. Involvement in this community can increase investor confidence, which ultimately triggers an increase in interest in investing. This development presents opportunities and challenges for the academic world and regulators. On the one hand, social media is able to democratize access to investment information; But on the other hand, it also risks triggering the spread of misinformation that harms ordinary investors. Therefore, an in-depth scientific study is needed on the extent to which social media influences investment decisions, especially in the context of cryptocurrencies.

This research is also relevant in the framework of digital financial literacy. Understanding the mechanisms of social media influence can help design more effective educational strategies, whether by governments, financial institutions, or crypto trading platforms. This education is important to ensure that investors have a rational basis in making decisions. Amid growing regulations and high volatility in the crypto market, understanding the social factors that affect investment interest is crucial. This research is here to answer this gap by empirically examining the influence of social media on investment interest in cryptocurrencies.

Based on this description, this study aims to analyze the influence of social media on investment interest in crypto assets. It is hoped that the results of this research can contribute to the development of academic literature, policy making, and public education strategies in encouraging healthy and sustainable investment in the digital era.

METHODOLOGY

Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei untuk menguji pengaruh media sosial terhadap minat investasi dalam cryptocurrency. Populasi dalam penelitian ini adalah individu yang aktif menggunakan media sosial dan memiliki ketertarikan atau pengalaman dalam investasi kripto. Teknik pengambilan sampel dilakukan secara purposive sampling, dengan kriteria responden berusia minimal 18 tahun, memiliki akun media sosial aktif, dan memahami konsep dasar cryptocurrency. Data dikumpulkan melalui kuesioner daring yang disebarkan melalui berbagai platform media sosial seperti Instagram, Twitter, dan Telegram.

Instrumen penelitian disusun berdasarkan indikator variabel media sosial (intensitas penggunaan, konten yang dikonsumsi, kepercayaan terhadap influencer) dan minat investasi (niat membeli, kepercayaan terhadap aset, kesiapan mengambil risiko). Validitas dan reliabilitas instrumen diuji menggunakan uji validitas konstruk dan Cronbach's Alpha. Analisis data dilakukan dengan metode regresi linier berganda menggunakan bantuan perangkat lunak SPSS. Uji asumsi klasik seperti normalitas, multikolinearitas, dan heteroskedastisitas turut dilakukan untuk memastikan kelayakan model. Hasil penelitian ini diharapkan dapat memberikan pemahaman empiris mengenai hubungan antara media sosial dan minat investasi pada aset digital, khususnya cryptocurrency, di kalangan masyarakat digital saat ini.

RESULTS AND DISCUSSION

The influence of social media influencers

The influence of social media influencers in cryptocurrency investment decisions is proving to be very significant. Based on research by Rijanto and Utami (2024) at Maranatha University, exposure to content presented by influential figures—such as crypto gurus, market analysts, or digital celebrities—encourages investors to make buying or selling decisions on various crypto assets. The measurement instrument showed that credibility, personal appeal, and frequency of interaction with the influencer increased investment intention, even without the support of previous investment experience. Interestingly, respondents' levels of financial literacy did not strengthen or moderate this relationship; This means that while investors have a basic understanding of financial concepts, their decisions are influenced more by the narrative and recommendations of influencers than by technical knowledge. These findings imply that in a highly decentralized and speculative cryptocurrency ecosystem, the presence of influencers on social media has a crucial role in shaping perceptions of value and risk, so financial literacy practitioners need to design strategies that also consider the dynamics of digital influence (Rijanto & Utami, 2024).

Psychological influences: skepticism and risk aversion

Fernanda's research (2025) in Surakarta shows that psychological factors have a diverse influence on cryptocurrency investment interests. Skepticism, or doubts about the reliability of crypto information, does not have a significant effect on investment decisions. In contrast, risk aversion has a significant negative impact—the higher a person's tendency to avoid risk, the lower their interest in investing in highly volatile crypto assets. Nevertheless, the influence of social media remains significant and positive, indicating that digital narratives are able to offset individuals' fears of risk. Supporting this, Dewi et al. (2024) found that social media reputation and subjective norms, such as admiration for public figures or influencers, encourage individuals to invest, not solely because of objective information. This suggests that social and psychological perceptions, including the image and influence of online communities, play an important role in shaping crypto investment decisions.

Social media engagement and sentiment as indicators of crypto performance

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The engagement model from Qureshi & Zaman (2022) shows that the coefficient of user engagement with crypto topics (retweets, comments, likes) can predict future returns: too low = less interest, too high = likely bot activity, with lower returns. Additionally, Twitter's positive sentiment has been shown to fuel price increases and trading volumes, as well as polarisation of opinion and volume intensity often precede Bitcoin's price increases

FOMO ("fear of missing out") on social media is one of the biggest psychological motivators driving strategies such as "pump and dump". Bots and automated accounts are widely used to hype crypto assets quickly, exploiting FOMO and fueling impulsive investors, especially in Gen Z and millennials

Demographic character: the younger generation as the main investor group

Demographic characters play an important role in understanding investment interest in cryptocurrencies. Data from Investopedia and Barron's show that the younger generation—especially Gen Z and millennials—are the main group of investors in crypto assets. They tend to start investing activities at a young age, around 19 years old, and have a preference for high-risk instruments such as crypto and options. This is influenced by their characteristics of being more open to digital innovation, as well as the desire to make quick profits. In addition, social media is the main source of investment ideas and references for this generation. Platforms like TikTok, Twitter, and YouTube are used to search for information, although the quality of the content varies greatly. The high risk tolerance in this group makes them vulnerable to the influence of online narratives, including promotions that are not always credible. Therefore, digital financial literacy and the ability to sort information are crucial aspects in shaping more rational investment behavior among the younger generation.

Implications for Regulation and Literacy

The finding that traditional financial literacy does not significantly strengthen the influence of social media or influencers on investment decisions (Rijanto & Utami, 2024) has important implications for financial education policies and strategies. This suggests that understanding the basic concepts of finance is not enough to protect individuals from the influence of manipulative digital narratives. Therefore, financial literacy regulations and programs need to shift from conventional approaches to more adaptive digital literacy. Education should include critical skills in assessing social media content, such as the ability to identify bot accounts, recognize fake promotions, and understand manipulative techniques such as pump and dump that are common in the crypto market. Regulators also need to consider supervising investment promotion activities on social media and encouraging digital platforms to implement financial information transparency policies. Thus, investor protection can be more effective, especially among the younger generation who are active in the digital space.

CONCLUSION AND SUGGESTIONS

This research shows that social media has a significant influence on investment interest in cryptocurrencies, especially among the younger generation. Social media user activity, including exposure to content delivered by influencers, can shape perceptions and drive investment decisions, even when experience or financial literacy does not play a strong role. These findings highlight that psychological factors such as *risk aversion* also influence decisions, where individuals who are reluctant to take risks tend to avoid crypto investments, although they can still be influenced by positive narratives on social media. In addition, subjective norms such as admiration for public figures also play a role in encouraging investment, not just because of objective information.

Generation Z and millennials are proving to be the main investor group who start investing early and show a preference for risky instruments like crypto. They rely heavily on social media as a source of information, but are vulnerable to unbelievable content. Therefore, a new educational approach focused on digital literacy and critical thinking skills is needed to identify manipulative information, while also mendorong regulasi yang mampu melindungi investor dari risiko di ruang digital.

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