Escalate: Economics and Business Journal

https://journal.takaza.id/index.php/escalate

Vol. 4, No. 4, 2026, pp. 1130-1136
E-ISSN: 3025-4213

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The Influence of Bounded Rationality and TikTok Social Media on Digital Investment Product Purchase Decisions in Generation Z

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Article History:
Received : 24-10-2026
Revised : 10-11-2026
Accepted : 11-11-2026

Keywords: Bounded Rationality; TikTok; Purchase Decision; Digital Investment; Generation Z

Abstract: *The development of digital investment services enables Generation Z to access information and purchase investment products more easily. However, such decisions may be associated with limitations in information processing and exposure to social media. This study examines the partial and simultaneous effects of bounded rationality and TikTok social media on Generation Z's purchase decisions regarding digital investment products. A quantitative survey approach was employed. Data were collected through questionnaires from 100 respondents selected using purposive sampling and analyzed through multiple linear regression using SPSS version 27. The results indicate that bounded rationality has a positive and significant effect on purchase decisions (B = 0.210; t = 2.012; p = 0.047). TikTok social media also has a positive and significant effect (B = 0.390; t = 3.972; p < 0.001). Simultaneously, both variables significantly affect purchase decisions (F = 19.226; p < 0.001). The adjusted R-squared value of 0.269 indicates that the model explains 26.9% of the variation in purchase decisions. These findings highlight the importance of financial literacy and critical evaluation of digital investment information.*

How to Cite: Muhammad Fadhel Zikri, Idham Khalik, Dessy Elliyana. (2026). *The Influence of Bounded Rationality and TikTok Social Media on Digital Investment Product Purchase Decisions in Generation Z*. 4(4). pp.1130-1136. https://doi.org/10.61536/escalate.v4i4.984

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Introduction

The development of digital technology has brought significant changes to various aspects of life, including financial activities and investment. The emergence of digital investment platforms enables individuals to access and purchase various investment products, such as stocks, mutual funds, digital gold, and crypto assets, through easily accessible applications. This development provides opportunities for individuals to participate in investment activities without going through the relatively complicated conventional transaction processes. However, the convenience of digital investment services also presents challenges, particularly regarding individuals' ability to understand product characteristics, evaluate potential risks, and select investment alternatives that correspond to their financial needs and capabilities. Therefore, purchasing decisions regarding digital investment products

have become an important subject of study, particularly among Generation Z, who have grown up alongside rapid technological and digital developments.

Generation Z is a demographic group closely associated with digital technology and social media. In their daily activities, social media is not only used for communication and entertainment but also serves as a source of information concerning education, employment, finance, and investment. The increasing participation of younger individuals in the capital market further demonstrates the relevance of examining their investment-related behavior. Data from the Financial Services Authority (OJK, 2023), as cited in this study, indicate that younger investors constitute a substantial proportion of capital market participants. This growing involvement highlights the importance of understanding the factors associated with Generation Z's decisions to purchase digital investment products, particularly their ability to process financial information and respond to information obtained through digital platforms.

One of the social media platforms frequently used to access information is TikTok. Through short-form video content, TikTok allows users to obtain, understand, and share information relatively quickly. In the context of digital investment, the platform provides various types of content, including financial education, investment product explanations, personal investment experiences, and recommendations from financial influencers (finfluencers). Such content can introduce Generation Z to different investment products and provide preliminary information before making purchasing decisions. However, investment information distributed through social media is not always presented comprehensively or objectively. Viral content, influencer recommendations, and the tendency to follow popular trends may shape users' perceptions and influence their purchasing decisions. Consequently, examining TikTok as a source of investment information is important for understanding its relationship with Generation Z's digital investment product purchasing decisions.

Apart from exposure to social media, purchasing decisions are also influenced by individuals' abilities to process information and evaluate available alternatives. Simon's (1955, 1957) concept of bounded rationality explains that individuals cannot always make fully optimal decisions because of limitations in information availability, time, and cognitive capacity. When faced with complex information and numerous alternatives, individuals tend to simplify their decision-making processes by relying on available information or selecting alternatives considered sufficiently satisfactory. In the context of digital investment, bounded rationality may occur when individuals select investment products based on limited information, insufficient comparison of alternatives, or incomplete understanding of potential risks. These limitations are particularly relevant because investment decisions involve financial resource allocation and the possibility of financial gains or losses. Therefore, understanding bounded rationality is essential for examining how cognitive limitations are associated with digital investment product purchasing decisions.

Previous studies have demonstrated the relevance of social media and behavioral factors in explaining investment-related decisions among younger generations. Ramadina et al. (2025) examined the relationship between TikTok advertising and Generation Z's investment interest in the Bibit mutual fund platform, highlighting the role of TikTok in introducing investment products to young audiences. Similarly, Pratama and Mahyuni (2026) examined the role of social media influencers in Generation Z's investment decisions. Other studies concerning bounded rationality provide a conceptual foundation for understanding how limitations in individual information processing influence decision-making behavior (Simon, 1955; Simon, 1996). These studies indicate that investment decisions are associated with both individual behavioral characteristics and the digital information environment.

Nevertheless, an empirical gap remains concerning the relationship between cognitive limitations and social media exposure in the purchasing decisions of digital investment products. Previous research has primarily examined TikTok advertising, social media influencers, or investment-related behavioral factors within particular research contexts. Ramadina et al. (2025), for example, focused on TikTok advertising and investment interest in the Bibit platform, while Pratama and Mahyuni (2026) emphasized the role of social media influencers in Generation Z's investment decisions. These studies provide important insights into the role of digital information sources, but they do not specifically address the simultaneous relationship between bounded rationality and TikTok social media in

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explaining digital investment product purchasing decisions. The present study addresses this gap by integrating an individual cognitive perspective through bounded rationality with a digital information perspective through TikTok social media within a single empirical research model. This approach provides a broader understanding of how limitations in information processing and exposure to social media are associated with Generation Z's decisions to purchase digital investment products.

The relationship between these variables can also be understood through the interaction between individual decision-making limitations and the availability of digital information. Bounded rationality explains why individuals may simplify their evaluation of investment alternatives, while TikTok provides an information environment through which individuals encounter product information, financial education, influencer recommendations, and popular investment trends. The combination of these factors may be relevant in explaining how Generation Z identifies, evaluates, and decides to purchase digital investment products. However, the presence of information on social media does not necessarily guarantee its accuracy or the quality of the resulting decisions. Therefore, examining both variables simultaneously is important for understanding their respective and combined statistical relationships with purchasing decisions.

Based on this background, this study aims to analyze the partial and simultaneous effects of bounded rationality and TikTok social media on Generation Z's purchasing decisions regarding digital investment products. Specifically, this study examines whether bounded rationality is significantly associated with purchasing decisions, whether TikTok social media has a significant relationship with those decisions, and whether both variables simultaneously contribute to explaining variations in purchasing decisions. Academically, this study is expected to contribute to the development of behavioral finance and digital consumer behavior literature by integrating cognitive limitations and social media exposure into a single research model. Practically, the findings are expected to encourage Generation Z to improve financial literacy, critically evaluate investment information, verify the credibility of digital content, and consider investment risks before making purchasing decisions. Furthermore, the findings may provide insights for financial service providers and digital content creators in presenting more informative, balanced, and responsible investment-related information.

Theoretical Study

Bounded Rationality

Bounded rationality is a condition where individuals are not always able to make optimal decisions due to limitations in obtaining and processing information, limited cognitive abilities, and limited resources, such as time. These limitations prevent individuals from always considering all available alternatives before making a decision.

Simon (1955) explained that individuals can use a satisficing approach, namely choosing an alternative that is deemed sufficient to meet their needs rather than continuing to search for the most optimal alternative. In the context of digital investment, this behavior can occur when someone chooses a product based on limited information without evaluating all available options.

In this study, limited rationality is measured through four indicators, namely limited information, limited time, limited thinking or cognitive abilities, and satisfying behavior.

TikTok Social Media

Social media is a digital communication tool that allows users to obtain, create, and share information. TikTok is one platform that provides information through short videos, including information about digital investment products.

The use of TikTok in this study is linked to the Uses and Gratifications theory, which views users as active individuals choosing media to meet specific needs. In an investment context, TikTok can be used to obtain product information, stay up-to-date on market developments, and observe other users' experiences.

TikTok social media usage is measured through four indicators, namely the intensity of TikTok usage, trust in content, the influence of financial influencers (finfluencers), as well as viral marketing and fear of missing out (FOMO).

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Digital Investment Product Purchase Decisions

Purchasing decisions are the process by which individuals select and determine which products to purchase based on their needs, information, and available alternatives. In the context of this research, purchasing decisions refer to Generation Z's decisions to purchase or allocate funds to digital investment products, such as online stocks, digital mutual funds, digital gold, or crypto assets.

The decision to purchase digital investment products is measured through five indicators, namely product selection, platform or brand selection, determining the investment amount, determining the purchase time, and payment or transaction method.

Hypothesis Development

Bounded rationality can be related to purchasing decisions because limited information, time, and cognitive abilities influence how individuals evaluate alternatives. Therefore, this study examines the influence of bounded rationality on purchasing decisions for digital investment products.

TikTok also has the potential to influence purchasing decisions through the information, promotional content, and influencer recommendations users receive. Therefore, the influence of TikTok on purchasing decisions needs to be empirically tested.

Based on this basis, the research hypothesis is formulated as follows:

- H1: Bounded rationality influences the purchasing decisions of digital investment products in Generation Z.
- H2: TikTok social media influences the purchasing decisions of digital investment products among Generation Z.
- H3: Bounded rationality and TikTok social media simultaneously influence the purchasing decisions of digital investment products in Generation Z.

Research methods

This study uses a quantitative approach with a survey method. The independent variables in this study consist of bounded rationality (X1) and TikTok social media (X2), while the dependent variable is the purchasing decisions of digital investment products among Generation Z (Y). The research data consists of primary data collected through a questionnaire with a Likert scale.

The research sample consisted of 100 respondents selected using purposive sampling. Respondents were selected based on the research criteria established in the thesis. A questionnaire was used to obtain respondents' answers regarding indicators of bounded rationality, TikTok usage, and digital investment product purchasing decisions.

Data were analyzed using SPSS. Tests included validity, reliability, normality, multicollinearity, and heteroscedasticity. Furthermore, multiple linear regression was used to examine the effect of independent variables on the dependent variable. The t-test was used to test partial effects, the F-test for simultaneous effects, and the coefficient of determination to assess the model's ability to explain variations in purchasing decisions. The significance level used was 0.05.

Results and Discussion

Respondent Characteristics

This study involved 100 respondents. Based on the respondent characteristics data in the thesis, 63 respondents (63%) were male and 37 respondents (37%) were female.

Based on age, respondents aged 22–25 years old constituted the largest group, with 60 respondents (60%). Furthermore, 20 respondents (20%) were aged 18–21 years, 11 respondents (11%) were aged 14–17 years, and 9 respondents (9%) were aged 26–29 years.

Based on status, 66 respondents (66%) were students, 30 respondents (30%) were employed, and 4 respondents (4%) were in other categories. Meanwhile, the most frequently mentioned investment product was digital gold (37%) followed by stocks (36%), mutual funds (15%), and crypto (12%).

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Instrument Test Results and Classical Assumptions

The validity test results show that all statement items meet the validity criteria with a calculated r value greater than the table r value of 0.1966. Thus, all items can be used for further analysis.

The reliability test results showed a Cronbach's Alpha value of 0.700 for the bounded rationality variable, 0.757 for TikTok social media, and 0.634 for purchasing decisions. All variables met the reliability criteria used in the study, namely a Cronbach's Alpha of at least 0.60.

The Kolmogorov–Smirnov normality test yielded a significance value of 0.095, greater than 0.05. The multicollinearity test yielded a tolerance value of 0.731 and a VIF of 1.368. Meanwhile, the Glejser test yielded a significance value of 0.080 for bounded rationality and 0.831 for TikTok. Based on the testing criteria in this thesis, these results show no indication of normality, multicollinearity, or heteroscedasticity issues that would hinder regression analysis.

Multiple Linear Regression Results

The results of multiple linear regression analysis produce the following equation:

$Y = 21.986 + 0.210X_1 + 0.390X_2 + e$

The equation shows that the bounded rationality coefficient is 0.210 and the TikTok social media coefficient is 0.390. Both coefficients have a positive direction in the research model.

Variables	Coefficient B	t count	Significance
Constant	21,986	7,256	< 0.001
Bounded rationality (X1)	0.210	2,012	0.047
TikTok social media (X2)	0.390	3,972	< 0.001

The Influence of Bounded Rationality on Purchasing Decisions

The t-test results show that bounded rationality has a coefficient of 0.210, a calculated t-value of 2.012, and a significance value of 0.047. Since the significance value is less than 0.05, bounded rationality has a significant effect on the purchasing decisions of digital investment products in Generation Z. Thus, H1 is supported by the test results.

These findings indicate that bounded rationality scores have a statistical relationship with purchasing decisions in the research model. Conceptually, individuals facing limitations in information, time, and cognitive abilities may simplify the evaluation process when selecting investment products. This aligns with the concept of bounded rationality, which explains that individuals cannot always optimally process all information and alternatives.

However, a positive coefficient does not necessarily imply that limited rationality improves investment decision quality. The direction of the relationship needs to be understood based on how the questionnaire items are measured and coded. If a higher score indicates a stronger level of limitations, this result suggests that higher limitations scores are associated with higher purchase decision scores, not that the decision itself is necessarily better.

The Influence of TikTok Social Media on Purchasing Decisions

The t-test results show that TikTok social media has a regression coefficient of 0.390, a calculated t-value of 3.972, and a significance level below 0.001. Since the significance level is less than 0.05, TikTok social media has a significant influence on digital investment product purchasing decisions among Generation Z. Thus, H2 is supported.

These results indicate that using TikTok as an information source is related to purchasing decisions for digital investment products. Educational content, product reviews, financial influencer recommendations, and viral content can help users identify products and consider investment options.

However, the research findings do not prove that all TikTok content is accurate or that all decisions influenced by social media are based on rational considerations. Investment information should still be verified through official sources and compared with risk information before being used as a basis for decisions.

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The Simultaneous Effect of Bounded Rationality and TikTok

The F-test results showed a value of 19.226 with a significance below 0.001. This indicates that bounded rationality and TikTok social media simultaneously have a significant influence on digital investment product purchasing decisions among Generation Z. Thus, H3 is supported.

The R-square value of 0.284 indicates that 28.4% of the variation in purchasing decisions can be explained by the two variables before adjustment. Meanwhile, the adjusted R-square value of 0.269 indicates that the model explains approximately 26.9% of the variation in purchasing decisions after accounting for the number of independent variables.

The remaining 73.1% represents variation not explained by the research model. This suggests that digital investment product purchase decisions may also be related to other factors not examined in this study, such as financial literacy, risk perception, investment experience, platform trust, and peer influence.

Research Implications

Theoretically, the research results demonstrate the relevance of cognitive factors and the digital information environment in explaining decisions to purchase digital investment products. Bounded rationality relates to an individual's ability to evaluate information, while TikTok is one of the environments where investment information is obtained and considered.

Practically, Generation Z needs to get used to checking the legality of investment service providers, understanding product risks, comparing alternatives, and not relying solely on content popularity as the basis for decisions. Investment service providers and financial content creators also need to convey clear, balanced information and avoid exaggerating potential returns.

This study has limitations because it used 100 respondents selected through purposive sampling and only tested two independent variables. Future research could expand the sample characteristics and include other factors, such as financial literacy, risk perception, investment experience, and herding behavior.

Conclusion

This study found that bounded rationality has a positive and significant effect on purchasing decisions for digital investment products among Generation Z, with a coefficient of 0.210 and a significance of 0.047. TikTok social media also has a positive and significant effect with a coefficient of 0.390 and a significance below 0.001. Simultaneously, both variables have a significant effect on purchasing decisions, with an F value of 19.226 and a significance below 0.001. The Adjusted R Square value of 0.269 indicates that the model explains 26.9% of the variation in purchasing decisions.

The research results indicate that decisions to purchase digital investment products are related to cognitive factors and the digital information sources individuals use. Therefore, improving financial literacy, information verification habits, and risk assessment are important for Generation Z. Future research is recommended to expand the sample and examine other factors that may explain decisions to purchase digital investment products.

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