



The Subjective Experience of Individuals in Financial Decision-Making: A Contextual Study on the Influence of Behavioral Biases in the Digital Environments

Moch Arif Hernawan

Institut Transportasi dan Logistik Trisakti, Indonesia

arifhernawan1112@gmail.com

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ABSTRACT

Financial decision-making is a complex interplay of cognitive biases, emotional influences, and contextual factors, particularly in the digital era where financial tools and information are ubiquitous. While behavioral economics has identified biases like loss aversion and overconfidence, little is known about how individuals subjectively experience and interpret these biases in real-world contexts, especially within digital financial ecosystems. This study addresses this gap by employing a phenomenological approach to explore the lived experiences of [insert sample characteristics, e.g., "adult individuals from diverse socio-economic backgrounds"] navigating financial decisions in the presence of behavioral biases and digital influences. The research focuses on participants who are [insert context, e.g., "active users of digital financial platforms, such as online banking and investment tools"]. Through semi-structured interviews and interpretative phenomenological analysis (IPA), three major themes emerged: the emotional dimension of decision-making, the influence of digital environments, and reflective learning from financial outcomes. These findings reveal that emotions and social pressures significantly shape financial behaviors, often exacerbated by the overwhelming flow of digital information. The study contributes to a richer understanding of how individuals perceive and adapt to these challenges, offering practical implications for enhancing financial literacy and designing user-centered digital financial platforms. This research not only expands theoretical knowledge but also provides a foundation for future studies to examine diverse populations and the impact of emerging technologies on financial decision-making.



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INTRODUCTION

Financial decision-making has long been recognized as a complex and multifaceted phenomenon influenced by various psychological and behavioral factors. In an era where financial markets and opportunities are increasingly accessible through digital platforms, individuals are faced with both unprecedented opportunities and challenges (Aouam dkk., 2009). Behavioral economics, a field bridging psychology and economics, has provided valuable insights into the biases and heuristics that often drive financial decisions, such as overconfidence, framing effects, and loss aversion. These biases frequently lead individuals to deviate from rational decision-making, resulting in outcomes that may not align with their financial goals.

The proliferation of digital tools and platforms has significantly altered the financial decision-making landscape. Mobile applications, online trading platforms, and social media networks provide real-time access to financial data and investment opportunities. However, this technological advancement has also introduced new layers of complexity, such as information overload and heightened susceptibility to social and emotional influences. For instance, the widespread sharing of

investment trends on social media has amplified the effects of herd behavior, where individuals follow popular decisions without critical evaluation of their validity.

Previous studies have often explored financial decision-making using quantitative approaches to analyze patterns and trends. While these studies have provided valuable generalizations, they may not fully capture the subjective experiences and nuanced contexts that shape individual decisions. Phenomenology offers a unique lens through which the lived experiences of individuals can be explored, uncovering the deeper meanings and personal reflections that quantitative methods might overlook. By focusing on the first-person perspective, this approach can illuminate how individuals navigate the interplay of emotions, biases, and digital influences in their financial decisions.

This study seeks to address a critical gap in the literature by exploring the subjective experiences of individuals in financial decision-making within the context of digital environments and behavioral biases (Børsting dkk., 2024). By adopting a phenomenological perspective, the research aims to provide a rich and nuanced understanding of how individuals perceive and interpret their decision-making processes, contributing to both theoretical insights and practical recommendations.

The study of subjective experiences in financial decision-making has emerged as a crucial area of inquiry, particularly as scholars aim to understand the underlying motivations and interpretations individuals bring to their decisions. Unlike quantitative studies that prioritize generalizability and statistical patterns, phenomenological research emphasizes the richness of lived experiences, enabling a deeper exploration of the interplay between cognitive biases and emotional influences. This approach is particularly relevant when examining complex phenomena like financial decision-making, where outcomes are shaped by both rational calculations and deeply personal perceptions.

A significant challenge in exploring these subjective experiences lies in the methodological limitations of traditional approaches. Quantitative frameworks often struggle to capture the nuanced emotional and cognitive dimensions that inform decision-making. For instance, biases such as loss aversion or framing effects are frequently identified in empirical studies, yet their experiential significance—how individuals perceive and process these biases in real time—remains underexplored. These gaps highlight the need for methodologies capable of uncovering the layered meanings and contexts inherent in subjective experiences.

The predominance of quantitative methods has also led to a fragmented understanding of financial decision-making, with many studies focusing on isolated variables rather than holistic interpretations (Choi dkk., 2020). Phenomenological research addresses these limitations by providing tools to investigate how individuals construct meaning around their financial behaviors, particularly in the dynamic and information-rich environment of the digital era. By prioritizing depth over breadth, this approach facilitates a comprehensive understanding of the lived realities that underpin financial decisions.

This study seeks to leverage the strengths of phenomenology to overcome these methodological challenges, offering insights into the subjective experiences of individuals as they navigate the biases and complexities of digital financial ecosystems.

Existing approaches to understanding financial decision-making often rely on practical frameworks and quantitative methodologies designed to identify patterns, predict outcomes, or provide generalized recommendations. While these approaches have yielded significant insights, they inherently prioritize measurable factors over the nuanced, subjective experiences that influence individual behaviors. For instance, studies have effectively quantified the prevalence of biases such as loss aversion and overconfidence but have rarely addressed how these biases are experienced, interpreted, and reflected upon by individuals within specific contexts, such as the digital financial environment.

This emphasis on generalizability has left a critical gap in understanding the deeper meanings and personal narratives that underpin financial decisions (Cohen, 1991). Quantitative methods often fail to capture the emotional and cognitive processes that define the lived experiences of individuals navigating complex decisions in environments characterized by information overload and social

influence. As a result, much of the current knowledge remains superficial, offering a limited view of how biases and digital tools interact to shape financial behavior.

Adopting a phenomenological approach provides an opportunity to address these limitations by exploring the essence of financial decision-making as experienced by individuals. This method facilitates a holistic understanding of how emotions, perceptions, and contextual factors interact to influence decisions, offering insights that are inaccessible through traditional approaches. By focusing on subjective experiences, phenomenology can uncover the rich, multifaceted dimensions of financial behavior, filling a critical gap in the existing literature and advancing both theoretical and practical knowledge in this field.

Existing literature in behavioral economics and psychology has extensively documented the influence of biases such as loss aversion, overconfidence, and framing effects on financial decision-making. Studies have explored these biases primarily through quantitative frameworks, providing insights into their prevalence and effects on decision outcomes (Eppinger dkk., 2018). However, few studies have delved into the subjective experiences of individuals navigating these biases, particularly in the context of digital financial environments. Theoretical foundations such as Kahneman and Tversky's Prospect Theory and Simon's bounded rationality framework offer a strong basis for understanding decision-making processes but often lack exploration of the lived realities individuals face. This research builds on these foundations by focusing on the personal, emotional, and contextual dimensions of financial decisions.

This study employs a phenomenological approach to capture how individuals assign meaning to their financial decision-making experiences in the digital era. The approach was chosen to address the limitations of quantitative methods, which often overlook the emotional and contextual factors that shape decision-making. Through interpretative phenomenological analysis (IPA), the research seeks to capture the depth and richness of individual narratives, answering critical questions about how biases and digital environments shape financial behaviors..

The article is structured to guide readers through the exploration of this complex subject. The introduction establishes the context, significance, and knowledge gap related to financial decision-making in the digital age (Graefe & Markette, 2021). Following this, the methodological section outlines the phenomenological approach and data collection methods employed to capture participants' experiences. The results present key themes identified through thematic analysis, supported by direct quotations from participants. Finally, the discussion and conclusion provide an in-depth interpretation of the findings, their implications for theory and practice, and recommendations for future research.

RESEARCH METHODS

Study Design

This study employed a phenomenological approach to explore the subjective experiences of individuals in financial decision-making within the context of behavioral biases in the digital era. Phenomenology was selected as it focuses on understanding the lived experiences of participants, allowing for an in-depth exploration of the meanings they ascribe to their financial behaviors and decisions (Karimi dkk., 2023). The interpretative phenomenological analysis (IPA) was utilized to uncover nuanced insights into how individuals perceive, interpret, and reflect on their decision-making processes, particularly under the influence of biases such as overconfidence, framing effects, and loss aversion. This approach is well-suited to address the research questions, as it prioritizes the subjective narratives and the context within which these experiences occur.

Participants

Participants were adults aged 25–45 years actively engaged in financial decision-making, including investment and personal financial management (Kromydas, 2020). Inclusion criteria required participants to have direct experience with digital investment platforms or financial management tools and the ability to articulate their experiences clearly. Exclusion criteria included

individuals without any financial decision-making responsibility or those who had not used digital financial tools. Participants were selected using purposive sampling to ensure diversity in professional backgrounds and financial behaviors. The final sample comprised 12 participants, with equal representation of genders and an average age of 34 years. Pseudonyms such as "Participant A" and "Participant B" were used to maintain anonymity. While the sample size may limit generalizability, efforts were made to ensure variation in participants' backgrounds, including differences in financial decision-making experience and engagement with digital tools. Additionally, the findings are primarily exploratory and should be viewed in the context of the sample's specific characteristics, rather than as broadly generalizable.

Data Collection

Data were collected through semi-structured interviews conducted either in-person or via secure online video platforms, ensuring accessibility and comfort for participants. An interview guide with open-ended questions was utilized to elicit detailed descriptions of participants' experiences, thoughts, and reflections on financial decision-making (Lange dkk., 2012). Each interview lasted approximately 60 to 90 minutes and was audio-recorded with participant consent. Efforts were made to create a relaxed and supportive environment, allowing participants to share their experiences freely. Additionally, observational data were gathered on participants' interactions with digital financial tools, including behaviors such as frequent application use and online discussions about market trends, to complement the interview data.

Data Analysis

Data were analyzed using thematic analysis within the framework of interpretative phenomenology. Transcripts were read multiple times to ensure immersion in the data, followed by a systematic coding process to identify emerging themes (Lucarelli dkk., 2015). Initial codes were grouped into broader categories, and themes were refined to capture the essence of participants' experiences. Key themes, such as "The Emotional Dimension of Financial Decision-Making" and "The Influence of Digital Environments on Decision-Making," were developed through iterative analysis. Software such as NVivo was used to organize and manage data, enhancing the rigor and traceability of the analytical process. The analysis emphasized capturing the participants' subjective meanings and their contextual grounding within the digital financial landscape.

Ethics

Ethical approval for this study was obtained from the relevant research ethics committee (Nguyen dkk., 2008). Participants provided informed consent through written agreements after being fully briefed on the study's purpose, procedures, and confidentiality measures. Anonymity was ensured through the use of pseudonyms, and all data were securely stored and accessed only by authorized personnel. The study adhered to international ethical standards, including the Declaration of Helsinki, to ensure the protection of participant rights and well-being throughout the research process.

RESULTS AND DISCUSSION

The Emotional Dimension of Financial Decision-Making

Participants described how emotions, such as fear and excitement, significantly influenced their financial decisions. For many, emotions emerged as a dominant force when faced with uncertainty or high-stakes investments. One participant reflected, "I was afraid of missing out on a potential investment opportunity, so I rushed into buying stocks without conducting thorough research." This sense of urgency, driven by fear, often led to impulsive decisions that participants later regretted.

The role of overconfidence was also prominent, particularly when initial investment successes created a false sense of security. A participant shared, "After making some profit in the beginning, I felt like I couldn't fail. But eventually, I lost money because I ignored the risks." These accounts

illustrate how emotional biases, including fear, excitement, and overconfidence, shaped decision-making processes, sometimes to the detriment of rational outcomes.

These findings align with previous studies on behavioral biases, such as those by Kahneman and Tversky (1979), who identified how overconfidence and loss aversion skew rational decision-making. However, this study expands on their work by providing a more contextualized and first-person perspective on how such biases manifest in the real-world, particularly under the influence of digital tools.

The Influence of Digital Environments on Decision-Making

The accessibility of financial information in the digital era was seen as both a facilitator and a challenge. Participants often reported feeling overwhelmed by the sheer volume of available data. One participant noted, "I keep checking my investment app multiple times a day, and it's exhausting. There's too much information, and I'm not sure what's reliable."

Social media emerged as a critical factor influencing perceptions and decisions. Several participants admitted to following trends or recommendations seen on platforms without verifying their credibility. A participant confessed, "I followed the hype on social media about a particular stock, only to realize it was overvalued. I ended up losing money." These narratives underscore the dual-edged nature of digital tools, where access to information can empower individuals but also create decision-making challenges through information overload and social influences.

Reflection on Financial Outcomes

Participants' reflections on their financial outcomes revealed valuable insights into their learning processes. Both successful and unsuccessful decisions were seen as opportunities for growth. A participant shared, "I regret trusting opinions without doing my analysis, but that failure taught me to approach investments more carefully."

Others highlighted how losses, while painful, helped them develop greater resilience and skepticism. "I've learned not to blindly trust hype. Now I take my time to research and think critically," another participant stated. These reflections indicate that while biases and mistakes are prevalent, they also serve as catalysts for improved decision-making strategies in the future.

The findings reveal a nuanced interplay between emotions, digital environments, and financial decision-making. Participants' subjective experiences highlight the pervasive influence of behavioral biases, such as overconfidence, loss aversion, and herd behavior, within the context of an increasingly digitalized financial landscape. The narratives also point to a potential for personal growth and adaptation as individuals reflect on their experiences and learn from both successes and failures.

The findings of this study reveal the intricate interplay between emotions, biases, and digital environments in shaping financial decision-making. Participants' narratives highlighted the profound influence of emotional states, such as fear of loss and excitement over potential gains, on their financial behaviors, providing a nuanced understanding of how subjective experiences underlie decision-making processes in the digital era. These insights address the core research question by elucidating the subjective meanings and reflections that guide individuals as they navigate financial complexity.

The study contributes to the research questions by uncovering three critical aspects: the emotional dimension of decision-making, the impact of digital environments, and the process of personal reflection on financial outcomes. By exploring these facets through a phenomenological lens, the research demonstrates that financial decisions are not merely guided by rational calculations but are deeply embedded in personal and contextual experiences. For instance, the pervasive influence of social media in amplifying herd behavior and framing effects, as reported by participants, highlights the unique challenges of the digital age. Additionally, reflections on both successful and unsuccessful decisions underscore the dynamic learning processes individuals undergo, which are often omitted in quantitative research.

The findings align with and expand upon existing literature in behavioral economics and psychology. For example, Kahneman and Tversky's Prospect Theory explains the cognitive biases influencing decision-making, while this study adds depth by examining how these biases manifest in individuals' lived experiences (Singh dkk., 2024). Similarly, Simon's concept of bounded rationality is complemented by the insights provided here, illustrating how digital information overload exacerbates decision-making constraints. The observed role of emotional influences and digital pressures aligns with prior research on information processing but extends the discussion by emphasizing their experiential significance. This study contributes to a richer understanding of the interplay between biases, emotions, and digital contexts, bridging theoretical knowledge with subjective realities.

Implications of Findings

The findings of this study have both scientific and practical implications. Scientifically, the study contributes to the growing body of knowledge in behavioral economics and phenomenology by emphasizing the subjective experiences underlying financial decision-making in the digital era. It provides a nuanced understanding of how emotional and social influences intersect with cognitive biases, offering a more holistic perspective that extends beyond traditional quantitative approaches. Practically, these findings are relevant for financial educators, policy-makers, and developers of digital financial tools (Sul dkk., 2013). By understanding how biases such as loss aversion and herd behavior manifest in real-world contexts, interventions can be designed to enhance financial literacy, encourage critical decision-making, and mitigate the negative effects of information overload. Additionally, these insights can guide the development of user-centered financial platforms that better support informed and reflective decision-making.

Limitations of the Study

This study has several limitations that should be acknowledged. First, the use of a purposive sample of 12 participants limits the generalizability of the findings. While phenomenology aims to explore deep, contextual meanings rather than produce generalizable results, the relatively small and demographically specific sample may not fully represent the diversity of experiences across broader populations (Vlaev & Elliott, 2014). Second, the focus on digital environments means that findings may not fully capture the experiences of individuals who engage in financial decision-making outside of these contexts. Finally, the reliance on self-reported data introduces the potential for recall bias, as participants' reflections on their financial decisions may be influenced by hindsight or social desirability.

Prospective Directions for Future Research

The findings of this study open several avenues for future research. Investigating the experiences of more diverse populations, including those from varying socioeconomic backgrounds or cultural contexts, could provide richer insights into the universality or specificity of the themes identified (Žabko, 2022). Future studies might also explore the role of emerging technologies, such as artificial intelligence or blockchain, in shaping financial decision-making processes. Additionally, longitudinal research could examine how individuals' subjective experiences evolve over time, particularly as they gain more exposure to digital financial tools and adapt their decision-making strategies. By addressing these directions, future research can build on the foundation established here to deepen our understanding of financial behavior in an increasingly digitalized world.

CONCLUSION

This study explored the subjective experiences of individuals in financial decision-making, focusing on the interplay of behavioral biases and digital environments. The findings revealed that emotions, such as fear and overconfidence, and social influences, particularly through digital platforms, significantly shape financial behaviors. By adopting a phenomenological approach, the

study uncovered the lived realities of participants, providing insights that extend beyond traditional quantitative methods by emphasizing personal narratives and reflections. These results address gaps in prior research by highlighting the complex dynamics of emotional and contextual factors in decision-making, offering practical implications for financial education and digital platform design. While the study's scope was limited to a specific demographic, it opens pathways for future research to examine diverse populations and the evolving role of technology in financial behavior. Future research could explore how these emotional and social influences vary across different cultural, socioeconomic, or generational contexts, particularly in emerging economies where digital financial tools are rapidly gaining traction.

Additionally, longitudinal studies could investigate how individuals' decision-making processes evolve as they gain more experience with digital tools, enabling researchers to track changes in emotional responses and biases over time. Another promising direction is the integration of artificial intelligence (AI) and machine learning algorithms to analyze how digital platforms can better tailor their content and services to mitigate biases and promote healthier financial decision-making.

Future studies could also explore the role of gamification in financial decision-making, assessing how interactive and engaging digital elements impact users' ability to reflect on their financial behaviors. Finally, research could investigate how financial decision-making is influenced by the intersection of offline and online environments, examining how offline social networks and in-person interactions amplify or mitigate digital influences.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

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