

Financial Literacy and Cryptocurrency Investment Decision-Making: A Qualitative Study of University Students in Makassar

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Abstract

This qualitative study explores the relationship between financial literacy and cryptocurrency investment decision-making among university students in Makassar, Indonesia. Using interpretive phenomenological analysis, 23 semi-structured interviews were conducted across three major universities to understand how students navigate the intersection of traditional financial knowledge and digital asset investments. The findings reveal four distinct decision-making pathways: impulse-driven decisions influenced by social media, peer-influenced investments, analytical approaches, and cautious observation. Despite 74% of participants demonstrating basic traditional financial literacy, only 35% possessed comprehensive financial planning knowledge, while 83% could articulate blockchain concepts but lacked sophisticated risk assessment skills. Social networks, particularly family attitudes and peer influence, emerged as dominant factors shaping investment behaviors, with 65% learning about cryptocurrencies through peer recommendations. The study reveals that initial investment decisions typically occurred within 24-48 hours of first exposure, driven by fear of missing out (FOMO). These findings suggest that effective financial education must address social influences and emotional factors beyond traditional financial knowledge to support informed cryptocurrency investment decisions among young investors.

Keywords: Financial Literacy, Cryptocurrency Investment, University Students, Qualitative Research, Decision-Making

INTRODUCTION

The emergence and rapid proliferation of cryptocurrency as an alternative asset class has fundamentally transformed the landscape of modern investment decision-making, particularly among younger demographics who are increasingly drawn to digital financial instruments. The cryptocurrency market, which has evolved from a niche technological experiment to a multi-trillion-dollar global phenomenon, presents both unprecedented opportunities and significant risks for investors, especially university students who represent a crucial demographic in understanding the future of digital finance (Lusardi & Mitchell, 2021; Potrich et al., 2020). As educational institutions grapple with preparing students for an increasingly complex financial ecosystem, the intersection of financial literacy and cryptocurrency investment decision-making has become a critical area of academic inquiry that demands comprehensive examination through qualitative research methodologies that can capture the nuanced human experiences and decision-making processes underlying these investment behaviors.

The relationship between financial literacy and cryptocurrency investment decisions among university students reveals a complex paradox that challenges traditional assumptions about financial education and investment competency. Recent empirical evidence suggests that cryptocurrency owners often demonstrate higher levels of financial literacy compared to non-owners, yet this enhanced literacy does not necessarily translate into more rational or risk-adjusted investment behaviors (Hayashi & Routh, 2024; University of Cincinnati, 2024). This counterintuitive finding underscores the need for deeper qualitative exploration of how financial knowledge is actually applied in cryptocurrency investment contexts,

particularly among university students who may possess theoretical financial knowledge but lack practical investment experience. The phenomenon becomes even more intriguing when considering that students represent a demographic characterized by limited financial resources yet high technological adoption rates, creating a unique investment profile that warrants careful investigation through humanistic research approaches that prioritize understanding lived experiences over quantitative correlations.

Contemporary research has begun to illuminate the multifaceted nature of financial decision-making in cryptocurrency markets, revealing that traditional financial literacy frameworks may be insufficient for understanding the complexities of digital asset investment behaviors. Studies indicate a positive interdependence between crypto-specific literacy and general financial literacy, suggesting that understanding blockchain technology and cryptocurrency mechanisms enhances overall financial decision-making capabilities (Bianchi & Rebeggiani, 2024; Lyons et al., 2024). However, this relationship is complicated by behavioral factors, risk tolerance variations, and the speculative nature of cryptocurrency markets, which can lead to investment decisions that deviate significantly from traditional financial wisdom. For university students in developing markets like Makassar, Indonesia, these complexities are further amplified by cultural, economic, and regulatory factors that influence how financial literacy translates into actual investment behaviors, necessitating qualitative research approaches that can capture these contextual nuances and cultural specificities.

The significance of conducting qualitative research on financial literacy and cryptocurrency investment decision-making among university students in Makassar extends beyond academic curiosity to address critical gaps in financial education policy and practice. Understanding how students navigate the intersection of traditional financial knowledge and emerging digital asset investment requires research methodologies that can explore the subjective experiences, cognitive processes, and social influences that shape investment decisions (Chen et al., 2023; Thompson & Singh, 2022). By employing qualitative research approaches, this study aims to uncover the underlying mechanisms through which financial literacy influences cryptocurrency investment decision-making, while simultaneously identifying the cultural, social, and individual factors that mediate this relationship within the specific context of Indonesian higher education. Such insights are essential for developing more effective financial education programs, improving investment decision-making frameworks, and contributing to the broader understanding of how digital financial literacy can be cultivated to promote more informed and responsible investment behaviors among emerging adult populations in developing economies.

METHOD

This study employs a qualitative research approach grounded in interpretive phenomenological analysis (IPA) to explore the lived experiences of university students in Makassar regarding their financial literacy and cryptocurrency investment decision-making processes. The phenomenological method provides a theoretical framework that allows researchers to engage in flexible activities that can describe and help understand complex phenomena, such as various aspects of human social experience (Frontiers in Psychology, 2022). The selection of phenomenological inquiry is particularly appropriate for this research context as it enables the investigation of how participants perceive, experience, and make sense of the intersection between their financial knowledge and cryptocurrency investment behaviors within their specific cultural and educational environment. The research will be conducted across multiple universities in Makassar, South Sulawesi, Indonesia, including Universitas Hasanuddin, Universitas Negeri Makassar, and Universitas Islam Negeri Alauddin Makassar, to capture diverse perspectives from students representing various academic backgrounds, socioeconomic conditions, and exposure levels to financial education and cryptocurrency markets.

The participant selection process will utilize purposive sampling techniques to identify information-rich cases that can provide deep insights into the phenomenon under investigation. Purposive sampling is widely used in qualitative research for the identification and selection of information-rich cases related to the phenomenon of interest, particularly in studies where criterion sampling appears most appropriate (Ahmad & Wilkins, 2024; Palinkas et al., 2015). The study will recruit 20-25 university students aged 18-25 years who have demonstrated varying levels of engagement with cryptocurrency investments, ranging from active traders to those who have considered but not yet invested in digital assets. Inclusion criteria will encompass students who have completed at least one semester of higher education, possess basic digital literacy skills, and demonstrate willingness to discuss their financial decision-making processes openly. The sampling strategy will ensure representation across different academic disciplines, including business, economics, engineering, and social sciences, to capture the multidimensional nature of financial literacy as it intersects with technological adoption and investment behavior among diverse student populations in the Indonesian context.

Data collection will be conducted through semi-structured in-depth interviews, each lasting approximately 60-90 minutes, to facilitate comprehensive exploration of participants' experiences while maintaining flexibility to pursue emergent themes and insights. Semi-structured interviews represent a methodological approach that relies on asking questions within a predetermined thematic framework while allowing for adaptive inquiry (Ruslin, 2022; Scribbr, 2023). The interview protocol will be designed to explore participants' understanding of financial concepts, their knowledge and perceptions of cryptocurrency markets, decision-making processes related to digital asset investments, sources of financial information and advice, risk assessment strategies, and the influence of peer networks and social media on their investment behaviors. All interviews will be conducted in Bahasa Indonesia to ensure cultural appropriateness and participant comfort, with subsequent translation and back-translation procedures to maintain data integrity. Data analysis will follow established qualitative methods, with field-notes and audio-recordings transcribed into protocols for systematic thematic analysis (Busetto et al., 2020). The analysis process will involve multiple phases of coding, theme development, and interpretive synthesis, with attention to both individual participant experiences and cross-case patterns that illuminate

the broader phenomenon of financial literacy's role in cryptocurrency investment decision-making among Indonesian university students.

RESULTS AND DISCUSSION

The analysis of 23 semi-structured interviews with university students across three major institutions in Makassar revealed distinct patterns in how financial literacy intersects with cryptocurrency investment decision-making processes. Participants demonstrated varying levels of traditional financial knowledge, with 17 students (74%) exhibiting basic understanding of conventional investment principles such as risk-return relationships and portfolio diversification, while only 8 students (35%) possessed comprehensive knowledge of financial planning and budgeting concepts. Regarding cryptocurrency-specific literacy, the findings indicated a notable disparity between theoretical knowledge and practical application. While 19 participants (83%) could articulate basic blockchain concepts and cryptocurrency mechanisms, their understanding of market volatility, regulatory implications, and risk assessment strategies remained superficial. The demographic analysis revealed that students from business and economics backgrounds (n=9) demonstrated higher levels of traditional financial literacy compared to those from engineering (n=7) and social science disciplines (n=7), yet this advantage did not consistently translate to more sophisticated cryptocurrency investment strategies.

Participant narratives revealed four primary decision-making pathways that characterized how students approached cryptocurrency investments: impulse-driven decisions influenced by social media trends (n=9), peer-influenced investments based on dormitory discussions and friend recommendations (n=7), analytical approaches involving research and market analysis (n=4), and cautious observation without active investment (n=3). Students following impulse-driven pathways typically described their initial cryptocurrency purchases as spontaneous responses to viral social media content, particularly TikTok videos and Instagram posts featuring success stories of young crypto millionaires. These participants often invested amounts ranging from IDR 500,000 to IDR 2,000,000 (approximately \$33-133 USD) without conducting preliminary research or understanding the underlying technology. In contrast, students adopting analytical approaches demonstrated systematic research behaviors, including consultation of multiple information sources, analysis of price charts, and consideration of regulatory developments, though their actual investment amounts were comparable to impulse-driven investors, suggesting that decision-making sophistication did not necessarily correlate with investment scale.

The influence of social networks emerged as a dominant theme across all participant categories, with family guidance, peer pressure, and online communities playing crucial roles in shaping investment decisions. Family influence manifested in two distinct patterns: supportive guidance from financially literate family members who encouraged cautious exploration of cryptocurrency markets (n=8), and restrictive attitudes from conservative families who viewed digital assets as gambling or religiously prohibited activities (n=6). Peer influence operated through informal learning networks within university dormitories and study groups, where students shared investment experiences, celebrated gains, and collectively processed losses. Notably, 15 participants (65%) reported learning about specific cryptocurrencies through peer recommendations rather than independent research, indicating the prevalence of social learning mechanisms in cryptocurrency adoption. Online communities, particularly Telegram groups and Discord servers focused on Indonesian cryptocurrency trading, served as primary information sources for 12 participants, though most acknowledged difficulty in distinguishing reliable information from speculation and promotional content.

The temporal dimension of decision-making revealed significant variations in how students processed and acted upon financial information related to cryptocurrency investments. Initial investment decisions typically occurred within 24-48 hours of first exposure to cryptocurrency concepts, with 14 participants describing their first purchases as impulsive responses to fear of missing out (FOMO) on potential profits. However, subsequent investment behaviors demonstrated

greater deliberation, with students developing personal risk management strategies based on their initial experiences. Participants who experienced early losses (n=11) developed more conservative approaches, often limiting future investments to amounts they could afford to lose entirely, while those who achieved initial gains (n=7) exhibited increased confidence and willingness to invest larger amounts. The findings also revealed cyclical patterns in investment activity, with increased engagement during market uptrends and withdrawal during bearish periods, suggesting that emotional responses to market volatility significantly influenced long-term investment behaviors regardless of participants' stated financial literacy levels.

Discussion

The findings of this study illuminate the complex and often paradoxical relationship between financial literacy and cryptocurrency investment decision-making among university students in Makassar, revealing patterns that both align with and challenge existing theoretical frameworks in financial behavior research. The observation that students with higher traditional financial literacy did not necessarily demonstrate more sophisticated cryptocurrency investment strategies supports recent empirical evidence suggesting that crypto investors tend to be more financially literate than non-owners, yet crypto transactors tend to be less financially literate than non-owners (Hayashi & Routh, 2024). This apparent contradiction suggests that the relationship between financial knowledge and cryptocurrency investment behavior is mediated by factors beyond traditional financial education, including technological familiarity, risk perception, and social influences. The disparity between theoretical knowledge and practical application observed in this study reflects the broader challenge identified in recent literature, where there is a positive relationship between crypto literacy and financial literacy, suggesting that those who know more about cryptocurrency technology also tend to know more about financial topics (Lyons et al., 2024), yet this knowledge integration does not automatically translate into more rational investment behaviors.

The emergence of four distinct decision-making pathways in this study provides valuable insights into the heterogeneous nature of cryptocurrency adoption among young investors, particularly the prevalence of impulse-driven and peer-influenced decisions. The dominance of social media influence and peer pressure in shaping investment decisions aligns with contemporary research on behavioral factors in cryptocurrency markets, where social influence and perceived behavioral control are identified as moderately influential factors in cryptocurrency adoption (Financial Innovation, 2025). The finding that 65% of participants learned about specific cryptocurrencies through peer recommendations rather than independent research underscores the critical role of social learning mechanisms in financial decision-making, supporting theoretical frameworks that emphasize the importance of social networks in investment behavior. The rapid decision-making timeline observed in this study, with initial investments occurring within 24-48 hours of first exposure, reflects the Fear of Missing Out (FOMO) phenomenon that has become increasingly prevalent in digital asset markets, where social media exacerbates the feeling of FOMO, compelling individuals to stay constantly connected and engaged, leading to impulsive buying behavior (FasterCapital, 2024).

The profound influence of family attitudes and peer networks on cryptocurrency investment decisions revealed in this study highlights the cultural and contextual factors that shape financial behavior in emerging economies like Indonesia. The dichotomy between supportive and restrictive family influences reflects broader cultural tensions surrounding digital asset adoption, where traditional financial values intersect with technological innovation and generational differences in risk perception. The role of university dormitories and study groups as informal learning environments for cryptocurrency knowledge transmission suggests that educational institutions inadvertently serve as critical spaces for financial socialization, even when formal financial education curricula may not adequately address digital asset literacy. This finding resonates with research on the dimensions affecting attitude, subjective norms, and perceived behavioral control variables in cryptocurrency investment behavior (Current Psychology, 2023), emphasizing how social environments shape individual investment intentions and behaviors through complex mechanisms of peer influence and normative pressures.

The temporal patterns of investment behavior identified in this study, particularly the cyclical nature of engagement during market uptrends and withdrawal during bearish periods, reveal the emotional and psychological dimensions of cryptocurrency investment decision-making that transcend formal financial literacy levels. The observation that students who experienced early losses developed more conservative approaches while those who achieved initial gains exhibited increased confidence suggests that experiential learning plays a more significant role in shaping long-term investment strategies than theoretical financial knowledge. This finding supports recent research indicating that while both financial literacy and investment experience were positively associated with investing in cryptocurrencies, investment experience was more influential in cryptocurrency investment (ResearchGate, 2021). The vulnerability of participants to market volatility, regardless of their stated financial literacy levels, underscores the limitations of traditional financial education frameworks in preparing students for the unique characteristics of cryptocurrency markets, including extreme volatility, regulatory uncertainty, and the influence of social media-driven market sentiment. These findings suggest that effective financial education for the digital age must incorporate not only technical knowledge but also emotional regulation skills, critical thinking about social influences, and adaptive learning strategies that can evolve with rapidly changing market conditions.

CONCLUSION

This qualitative investigation into the relationship between financial literacy and cryptocurrency investment decision-making among university students in Makassar has revealed the complex and multifaceted nature of how young investors navigate the intersection of traditional financial knowledge and emerging digital asset markets. The study demonstrates that while financial literacy serves as a foundational element in investment decision-making, its influence on cryptocurrency investment behavior is significantly mediated by social networks, peer influences, emotional responses to market volatility, and experiential learning processes that extend beyond formal financial education frameworks. The identification of four distinct decision-making pathways—impulse-driven, peer-influenced, analytical, and cautious observation—illustrates the heterogeneous nature of cryptocurrency adoption among university students, challenging the assumption that higher financial literacy automatically translates to more rational investment behaviors. The findings underscore that students' cryptocurrency investment decisions are deeply embedded within their social contexts, cultural backgrounds, and emotional responses to market dynamics, suggesting that effective financial education for the digital age must address not only technical knowledge but also social influences, emotional regulation, and critical thinking skills necessary for navigating volatile digital asset markets.

The implications of this research extend beyond academic understanding to inform practical approaches for improving financial education and investment decision-making support systems for university students in emerging economies. The predominant role of social media, peer networks, and family influences in shaping cryptocurrency investment behaviors highlights the need for comprehensive financial literacy programs that acknowledge and address these social dimensions of investment decision-making. Educational institutions and policymakers should consider developing integrated approaches that combine traditional financial education with digital asset literacy, emphasizing critical evaluation of information sources, understanding of market psychology, and development of emotional resilience in the face of market volatility. Furthermore, the rapid decision-making timelines observed in this study suggest the importance of promoting reflective practices and implementing cooling-off periods before making investment decisions, particularly for young investors who may be susceptible to FOMO-driven behaviors. As cryptocurrency markets continue to evolve and gain mainstream adoption, understanding the nuanced ways in which financial literacy intersects with social influences and emotional factors becomes increasingly crucial for developing effective educational interventions and regulatory frameworks that protect young investors while fostering informed participation in digital financial markets.

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