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FEAR OF MISSING OUT (FOMO) AND DIGITAL CREDIT: IMPLICATIONS FOR THE ECONOMIC SUSTAINABILITY OF COMMUNITIES IN DELI SERDANG REGENCY

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Abstract

The rapid expansion of digital technology has transformed consumption patterns, particularly in the financial sector through digital credit or Buy Now Pay Later (BNPL). While digital credit improves financial inclusion, it also heightens risks of over-indebtedness, especially when influenced by Fear of Missing Out (FOMO). This study examines the impact of FOMO on digital credit usage and its implications for household economic sustainability in Deli Serdang Regency. A quantitative survey was conducted with 400 purposively selected respondents, and the data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM). The results demonstrate that FOMO significantly increases digital credit usage, while both FOMO and digital credit exert negative effects on economic sustainability. The model explains 42.5% of the variance in digital credit and 56.3% in economic sustainability. Mediation analysis further confirms that digital credit partially mediates the relationship between FOMO and economic sustainability. The findings highlight the need for financial literacy initiatives, transparent credit practices, and responsible borrowing to mitigate the adverse effects of FOMO and promote household economic resilience.

Keywords: FOMO, Digital Credit, Economic Sustainability, Financial Literacy.

INTRODUCTION

The advancement of digital technology has transformed patterns of consumption in society, including within the financial sector. One of the most rapidly growing innovations is digital credit, which enables individuals to conduct cashless transactions with deferred payment systems, more commonly known as Buy Now Pay Later (BNPL). Digital credit not only expands public access to financing services but also accelerates financial inclusion (Cornelli, 2023; Kumar, 2021).

National data indicate a significant increase in the use of BNPL services. According to the Indonesia Fintech Trends 2023 report, the majority of consumers choose BNPL as their primary credit option, followed by credit cards and online loans. Furthermore, data from PT Pefindo Biro Kredit (IdScore) for the first semester of 2024 show that the total value of PayLater loans reached IDR 30.14 trillion. The highest usage was recorded in West Java (IDR 7.52 trillion), followed by Jakarta (IDR 4.25 trillion), East Java (IDR 3.26 trillion), and North Sumatra (IDR 0.89 trillion) (Putra, 2024). These figures demonstrate that digital credit has become one of the key drivers of modern consumer behavior.

The implications of this phenomenon are directly related to economic sustainability, which refers to the balance between income, expenditure, saving capacity, and debt management. Economic sustainability is closely linked to household stability and long-term well-being (Thathsarani, 2021; Song, 2022). When managed responsibly, digital credit can support economic growth and reduce poverty. Conversely, when used for purely

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consumptive purposes, digital credit may exacerbate social inequality and increase the risk of default (Saniuk, 2022).

In Deli Serdang Regency, North Sumatra, the large population and the high rate of PayLater adoption make this phenomenon particularly relevant to investigate. The limited financial literacy among a portion of the population further increases the risk of becoming trapped in consumptive debt, especially among the productive-age group. Therefore, this study is crucial in analyzing how FOMO influences digital credit usage and its impact on the economic sustainability of households in Deli Serdang.

LITERATURE REVIEW

Fear of Missing Out (FOMO) and Consumer Behavior

Fear of Missing Out (FOMO) has emerged as a prominent psychological construct in contemporary consumer research. FOMO refers to the anxiety or concern that others may be having rewarding experiences from which one is absent, leading individuals to feel pressured to stay constantly connected to social trends and activities (Li, 2022; Tandon, 2021). In digital environments characterized by continuous information flow, social comparison, and promotional stimuli, FOMO increasingly shapes how individuals evaluate products and make consumption decisions. Empirical studies demonstrate that FOMO significantly contributes to impulsive and unplanned purchasing behavior. Hayran (2020) and Good and Hyman (2021) found that individuals driven by FOMO are more likely to make immediate purchases, even when lacking financial preparedness. This psychological pressure often stems from a desire to avoid social exclusion, maintain relevance, or emulate perceived lifestyles shown on social media platforms. Moreover, Almeida (2023) highlights that FOMO is linked not only to excessive consumption but also to emotional strain, anxiety, and disruptions in healthy routines, indicating its broader implications for well-being.

In online marketplaces and e-commerce ecosystems, FOMO is further amplified through digital marketing strategies such as flash sales, countdown timers, and notifications that create a sense of urgency. These mechanisms condition consumers to act quickly, making decisions that are emotionally driven rather than rationally evaluated. Consequently, FOMO becomes a central psychological catalyst influencing digital consumption patterns.

FOMO in Digital Credit Usage and the Risk of Over-Indebtedness

The integration of digital credit systems such as Buy Now Pay Later (BNPL) has transformed financial access by providing seamless, instant, and flexible purchasing options. However, when combined with FOMO-driven tendencies, this convenience can lead to problematic credit behavior. Individuals who experience heightened FOMO may rely heavily on digital credit to satisfy socially induced consumption urges.

Nur (2023) found that FOMO significantly encourages the use of PayLater services, especially among individuals with low financial literacy. The instant approval mechanisms, low entry barriers, and delayed payment features of digital credit create an illusion of

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increased purchasing power. When consumption is motivated by social pressure rather than necessity, the risk of accumulating unsustainable debt becomes substantial.

This dynamic underscores the danger of over-indebtedness, where households accumulate financial obligations beyond their repayment capacity. Digital credit, while beneficial when used responsibly, can become a conduit for financial distress if utilized primarily to satisfy FOMO-driven consumption patterns. The literature therefore positions FOMO as both a behavioral and psychological driver of excessive credit uptake in the digital economy.

Financial Literacy as a Moderating Factor in Digital Financial Behavior

Financial literacy plays a critical role in shaping individuals' financial decision-making processes, particularly in digital credit environments. Studies by Berg (2020) and Koomson (2023) emphasize that financial literacy determines whether digital financial tools become instruments of empowerment or sources of financial vulnerability.

Individuals with a high degree of financial literacy tend to make more informed and calculated decisions regarding the use of digital credit. They are better able to assess interest rates, repayment schedules, and potential risks, leading to more prudent borrowing behavior. Conversely, those with limited financial knowledge are more susceptible to impulsive borrowing, often failing to consider long-term financial consequences.

In the context of FOMO, financial literacy acts as a moderating factor that can mitigate the psychological pressures driving impulsive consumption. When consumers understand the implications of digital credit, such as accumulated debt, late payment fees, and reduced financial stability, they are less likely to use credit excessively in response to FOMO stimuli.

Thus, the literature reinforces the view that enhancing financial literacy is essential for promoting responsible digital credit usage. It not only improves decision-making but also reduces the negative impact of psychological triggers, enabling households to better navigate the risks of the digital economy.

METHOD

This study was designed using a quantitative approach with a survey method to examine the relationship between the phenomenon of Fear of Missing Out (FOMO), the use of digital credit, and the economic sustainability of households in Deli Serdang Regency. This approach was chosen because it allows for a systematic and measurable analysis of financial behavior within society. The research population consists of the entire community of Deli Serdang Regency who actively use digital credit services, particularly Buy Now Pay Later (BNPL) or PayLater products. From a population of more than two million people, a sample size of 400 respondents was determined using Slovin's formula with a margin of error of five percent. The sample was selected using purposive sampling, involving only individuals aged 18 to 45 years who had used digital credit within the past six months and resided in the study area.

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The research instrument consisted of a questionnaire using a five-point Likert scale developed to measure three main variables. The first variable, FOMO, was represented by indicators such as the tendency to follow trends, the habit of comparing oneself with others on social media, and feelings of anxiety when unable to obtain popular products. The second variable, digital credit usage, was measured through indicators including the frequency of use, the proportion of income allocated to installments, the tendency toward impulsive purchases, and difficulties in controlling expenditures due to easy access to credit. The third variable, economic sustainability, was reflected by indicators such as the timeliness of installment payments, the ratio of debt to income, levels of financial stress, saving capacity after paying installments, and financial literacy awareness in managing household finances.

Data analysis was conducted using the Partial Least Squares – Structural Equation Modeling (PLS-SEM) technique with the R Studio software. The analysis began with the assessment of the measurement model to ensure the reliability and validity of the constructs. Reliability was tested using Cronbach's Alpha and Composite Reliability, while convergent validity was assessed using Average Variance Extracted (AVE). Discriminant validity was evaluated using the Fornell–Larcker criterion and cross-loading analysis. Once the measurement model was confirmed to be adequate, the structural model was assessed to examine the relationships among latent variables. These relationships were tested using path coefficients, t-statistics, and p-values. In addition, a mediation analysis was performed to identify the extent to which digital credit acts as an intervening variable between FOMO and economic sustainability. This mediation test was analyzed using the Variance Accounted For (VAF) approach, which allows for the interpretation of whether mediation is full, partial, or absent.

The research process was carried out in stages, starting with the development of the instrument based on literature review, followed by field data collection through the distribution of questionnaires, statistical data processing using software tools, and the interpretation of results. Each stage of this study was carefully designed to produce empirical findings that contribute to the development of theories on digital consumer behavior, while also providing practical recommendations for local governments, digital financial institutions, and communities to enhance financial literacy and promote the responsible and sustainable use of digital credit.

RESULTS AND DISCUSSION

Evaluation of the Outer Model

Confirms that all constructs meet the required criteria for convergent validity and reliability. The FOMO construct is measured by four indicators with loading factor values ranging from 0.782 to 0.845, all of which exceed the minimum threshold of 0.70. The construct demonstrates strong internal consistency with a Cronbach's Alpha of 0.873, Composite Reliability (CR) of 0.902, and an Average Variance Extracted (AVE) value of 0.650, indicating that more than 65% of the variance is explained by the indicators.

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Similarly, the Digital Credit construct, measured by four indicators, achieves loading factor values between 0.790 and 0.815. The construct also demonstrates high reliability, with a Cronbach's Alpha of 0.861, CR of 0.895, and an AVE of 0.632, signifying that the indicators adequately represent the latent variable.

The Economic Sustainability construct, measured by five indicators, shows loading factor values ranging from 0.799 to 0.831. This construct exhibits excellent reliability and validity, supported by a Cronbach's Alpha of 0.876, CR of 0.906, and an AVE value of 0.658, suggesting that nearly two-thirds of the variance in this construct is captured by its indicators.

Overall, these results indicate that all three constructs, FOMO, Digital Credit, and Economic Sustainability are valid and reliable. Each construct has fulfilled the criteria for convergent validity (loading factor > 0.70; AVE > 0.50) and reliability (Cronbach's Alpha and CR > 0.70), thus providing a robust foundation for subsequent structural model analysis.

Inner Model Evaluation

The evaluation of the inner model was conducted to examine the strength of the relationships among variables by considering the path coefficients, t-statistics, and p-values. The R^2 values of the endogenous constructs were also calculated to assess the model's ability to explain the variance of the dependent variables.

Table 1. Inner Model

Path Relationship	Path Coefficient (β)	t-statistic	p-value	Remark
FOMO → Digital Credit	0.652	15.238	0.000	Significant
Digital Credit → Economic Sustainability	-0.421	7.842	0.000	Significant (negative)
FOMO → Economic Sustainability	-0.289	5.276	0.000	Significant (negative)

The results of the inner model analysis, as presented in Table 1, demonstrate several significant relationships among the studied variables. The first relationship shows that FOMO has a strong positive and significant effect on digital credit usage, with a path coefficient of 0.652, a t-statistic of 15.238, and a p-value of 0.000. These results indicate that individuals with higher levels of FOMO are more likely to engage in digital credit usage, highlighting the strong influence of psychological and social factors on financial decision-making. The second relationship reveals that digital credit usage has a negative and significant effect on economic sustainability, with a path coefficient of -0.421, a t-statistic of 7.842, and a p-value of 0.000. This suggests that while digital credit provides easier access to financing, excessive reliance on such services can undermine long-term household financial stability by increasing the risks of indebtedness, delayed payments, and financial stress. The third relationship indicates that FOMO also has a direct negative and significant

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influence on economic sustainability, with a path coefficient of -0.289, a t-statistic of 5.276, and a p-value of 0.000.

This finding highlights that FOMO not only encourages greater digital credit usage but also directly contributes to reduced economic sustainability, even without the mediation of digital credit. Overall, these results emphasize that both FOMO and digital credit usage play important roles in shaping the financial sustainability of households. The significant positive effect of FOMO on digital credit usage, coupled with the negative effects of both FOMO and digital credit on economic sustainability, illustrates a dual mechanism through which psychological drivers and financial behavior interact to influence household economic resilience.

Coefficient of Determination

Table 2. Coefficient of Determination

Endogenous Variable	R^2	Category
Digital Credit	0.425	Moderate
Economic Sustainability	0.563	Moderate

The coefficient of determination (R^2) values presented in Table 3 provide an overview of the explanatory power of the research model. The R^2 value for the digital credit construct is 0.425, which can be categorized as moderate. This means that approximately 42.5% of the variance in digital credit usage can be explained by FOMO, while the remaining variance is influenced by other factors not included in the model. This result underscores the importance of FOMO as a psychological driver of digital credit adoption, while also acknowledging that additional variables, such as income level, peer influence, or marketing exposure, may further account for consumer credit behavior.

Meanwhile, the R^2 value for the economic sustainability construct is 0.563, also within the moderate category. This indicates that 56.3% of the variance in economic sustainability can be explained collectively by FOMO and digital credit usage. The relatively high proportion of explained variance suggests that these two variables play a central role in shaping household financial stability in the context of the digital economy. However, the remaining unexplained variance implies that other structural and socio-economic factors, such as employment status, household expenses, or savings habits, may also be critical in determining long-term economic sustainability.

Taken together, the R^2 results demonstrate that the model has sufficient explanatory power to capture the dynamics between FOMO, digital credit, and economic sustainability. Although moderate in strength, the values provide evidence that the proposed model is robust and meaningful, while still leaving room for future studies to expand the framework by incorporating additional explanatory variables.

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Mediation analysis

The mediation analysis was conducted to determine the role of digital credit as an intervening variable between FOMO and economic sustainability. The results reveal that the indirect effect of FOMO on economic sustainability through digital credit is both present and meaningful. The Variance Accounted For (VAF) value was calculated at 48.7 percent, which falls within the range of 20 to 80 percent. This categorization indicates a condition of partial mediation.

The finding of partial mediation implies that FOMO influences economic sustainability through two distinct pathways. First, it exerts a direct negative effect, where individuals with high levels of FOMO tend to experience reduced financial stability due to impulsive consumption behaviors and a lack of long-term financial planning. Second, FOMO indirectly affects economic sustainability by increasing the likelihood of digital credit usage. Individuals who frequently rely on credit as a response to FOMO-driven consumption eventually encounter greater financial strain, such as higher debt burdens and increased repayment stress, which in turn diminishes their economic sustainability.

This dual mechanism underscores the complex interplay between psychological and financial factors in shaping household financial resilience. On one hand, FOMO directly drives unsustainable financial behavior, while on the other, the availability and convenience of digital credit serve as a channel that amplifies the negative consequences of FOMO. Therefore, the mediating role of digital credit highlights the importance of financial literacy and responsible credit management. By addressing these aspects, it is possible to mitigate the adverse impact of FOMO on household economic sustainability.

CONCLUSION

This study highlights the significant role of psychological and financial factors in shaping household economic sustainability in the digital era. The findings confirm that FOMO has a strong positive influence on the use of digital credit, indicating that individuals with higher levels of social and psychological pressure are more likely to engage in credit-based consumption. At the same time, both FOMO and digital credit usage were found to have negative effects on economic sustainability, suggesting that the combination of impulsive consumption tendencies and easy access to credit undermines long-term financial resilience. The mediation analysis further reveals that digital credit partially mediates the relationship between FOMO and economic sustainability. This dual pathway shows that FOMO not only directly decreases financial stability but also indirectly amplifies its impact through increased reliance on digital credit. The explanatory power of the model demonstrates that these factors collectively explain a moderate proportion of household financial sustainability, while also implying the importance of other socio-economic variables not included in this study. Overall, the study contributes to the growing body of literature on digital consumer behavior by emphasizing the risks of FOMO-driven financial practices. It also underlines the dual nature of digital credit: while it can expand access to finance, it can also exacerbate financial vulnerability if not managed responsibly.

Based on the findings, several practical and theoretical recommendations can be drawn. At the policy level, local governments are encouraged to design and implement financial literacy programs aimed at equipping households with the knowledge and skills required to manage digital credit responsibly. Such initiatives should particularly focus on younger populations, as they are more susceptible to FOMO-driven consumption behaviors and thus more vulnerable to financial instability. From the perspective of financial institutions and fintech providers, greater transparency in lending practices is essential. This includes the provision of clear and accessible information regarding interest rates, repayment terms, and potential risks associated with digital credit. In addition, the development of in-app features such as credit limits, spending alerts, and financial management tools could serve as effective mechanisms to mitigate the negative consequences of impulsive borrowing and encourage more responsible usage patterns. At the household and community level, consumers are advised to cultivate greater awareness of their financial behaviors by distinguishing between consumptive and productive use of credit. Building stronger savings habits and adopting more prudent spending practices are critical steps in ensuring long-term economic sustainability. Community-based financial education and peer support systems may also play a role in reinforcing responsible financial decision-making. Finally, for the academic community, future research should consider expanding the analytical framework by incorporating additional socio-economic variables such as income stability, employment type, and household expenditure patterns. Longitudinal studies would be particularly valuable in capturing how the interplay between FOMO, digital credit usage, and economic sustainability evolves over time, thereby offering deeper insights into both the risks and opportunities of digital finance in society.

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