

ABSTRACT

The objective of this research is intended to find out whether periods of market downtrend are accompanied by herding behavior among investors. During the Covid-19 pandemic, not only the stock market but also number of investors in the Indonesian capital market increased significantly. This increase in investors is also accompanied by an increase in herding behavior, as these new investors have limited experience and literacy in investing in the capital market. This contradicts the portfolio theory (Markowitz, 1952) and the efficient market theory (Fama, 1970).

The population of this study consists of investors who have participated in the capital market school program conducted by the representative office of the Indonesia Stock Exchange (BEI) in Central Java 1 during the pandemic period (2020-2022). The sampling technique used was simple random sampling, with a total of 212 investor samples collected. The analysis method used was Structural Equation Modeling Partial Least Squares (SEM-PLS).

The research findings indicate that investor cognitive psychology and source of market information influence herding behavior among investors. However, stock characteristics do not affect herding behavior. Socio-economic factors moderate the influence of investor cognitive psychology and source of source of market information.

Keywords: *Herding, Coronial Investor, Behavioral finance, Capital Market, Indonesia Stock Exchange*