

## The Unseen Psychological Thread to Financial Well- Being: The Road from FOMO to JOMO

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### **ABSTRACT:**

“Fear of missing out single-handedly caused every single investment bubble in humanhistory. No other emotion is more powerful than FOMO.”

— Naved Abdali (Author of INVESTING: Hopes, Hypes, & Heartbreaks)

FOMO is a psychological state that arises when one perceives that others are having morerewarding experiences than oneself. In the age of ever-increasing connectivity and the constant stream of information, the fear of missing out (FOMO) has become an undeniable reality for many individuals. This pervasive sensation, characterized by anxiety and unease triggered by the fear of being excluded from rewarding experiences or social interactions, has captured the attention of researchers across various domains. This paper will try to address the techniques of converting FOMO to JOMO amongst retail investors of India investing in NSE. A person's financial decisions are greatly influenced by their psychological well-being, their subjective happiness, and their sense of purpose and meaning in life (Kiran and Rao, 2005). The concept of positive financial planning, which is evident in life planning, financial coaching, and financial counselling, is where financial planning and positive psychology meet and lead to overall wellbeing of an individual. Clients can thrive when money and well-being are integrated via financial planning and positive psychology. The paper will primarily focus on the relationship of Rational choice theory and hedonist idea in psychology connecting the less travelled road of financial investment decision of an individual.

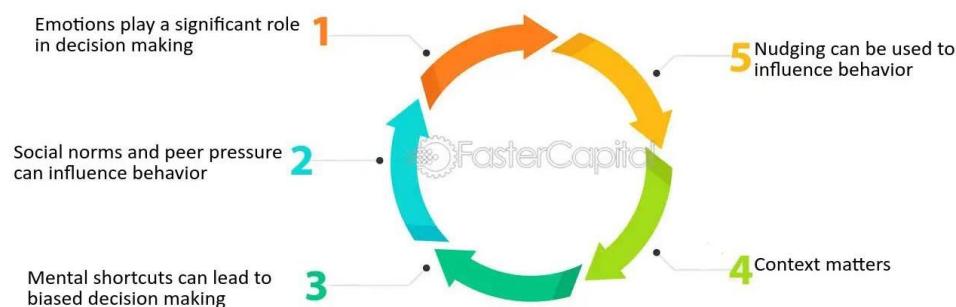
Keywords: FOMO, JOMO, Psychological, Retail Investors, Well-Being Subject

### **INTRODUCTION:**

The continuous updation of market conditions and changing volatility of the stock market on various websites and channels keeps the pulse rate of the intraday and long-term investors high. The fear of missing out, or FOMO, is a psychological phenomenon that is common in the trading industry. It is typified by the paralyzing worry that chances will be lost if a potentially profitable trade is missed. FOMO leads to high risk, irrational decision-making, unpredictable risk exposure, and unforeseeable loss to the investor. The FOMO to JOMO conversion will prove the way from anxiety to profitable serenity. According to Hetz et al. (2015), FOMO is the fear that others have something that the individual himself does not have, or that others experience what the individual himself wants to experience. This anxiety can relate to investment returns also.

"If the retail investors have used prudence and have invested in good stocks with strong fundamentals, they should not worry," Sethurathnam Ravi, former Chairman, of BSE, told India Today. The 21<sup>st</sup> century and the prolific growth of social media addiction have brought anxiety and restlessness in the novel as well as experienced investors leading to FOMO. Anxiety and jealousy lead to mental and physical non-wellbeing of the individual.

The paper will focus on the strategies to transform FOMO in trading to JOMO, which is the freedom of disconnecting and creating a wealth of strategic investment. This concept can provide a radical change in the novice as well as experienced trader's journey to capital formation resulting in mental satisfaction and better performance. The market is always flooded with distractions and a plethora of investments like cryptocurrency, bitcoin, and unicorn startups. People who are already dealing with stress may be creating additional stress due to FOMO which potentially leads to stress overload and health issues (Baker, Krieger, & Leroy, 2016). Even though FOMO and JOMO are frequently shown as opposing and antagonistic aspects, in an immersive viewing environment, they can coexist and appear simultaneously. Consequently, individuals may encounter the phenomenon of FOMO and JOMO as simultaneous and interrelated factors (Chotpitayasunondh, 2016). The JOMO lifestyle is often perceived as a deliberate rejection of the FOMO phenomenon, serving as a haven for individuals who opt to lead a minimalist and modest life (Rautela and Sharma, 2022). **JOMO is enjoying the cancellations and making peace with oneself, foregoing the urge to print money and**



Source: Fastercapital. com-Rational Choice

Theory Self-determination Theory (SDT; Deci & Ryan, 1985) of human motivation provides a useful viewpoint for understanding the fear of missing out. SDT states that effective self-regulation and mental health are based on the satisfaction of three basic psychological needs: competence (the capacity to effectively act on the world), autonomy (personal initiative), and relatedness (closeness or connectedness with others; Deci & Ryan, 2014). Many researchers relate FOMO to the Rational Choice Theory. The rational choice theory holds that humans weigh the potential costs and benefits of any action before determining how to proceed and that all acts are essentially rational. Human conduct is mostly driven by the desire to attain the most possible advantage for oneself. When they have to make a choice, they may feel remorse about the options not chosen (Scott, 2000). People will therefore find it difficult to select from a wide range of possibilities. Basic need satisfaction is strongly associated with proactive behavioral regulation and overall wellbeing of an individual. Individuals who experience FOMO can be in a self-regulating limbo occurring from situational or frequent shortfalls in psychological need satisfaction. But JOMO goes deeper than choosing a different distraction from your usual social media messages. It's a shift in mindset that can be powerful. "JOMO is the satisfaction one feels in the current moment, with accompanying acceptance of what one doesn't have in that moment," says Sullivan-Windt. "Life satisfaction increases with intentionality and actively choosing things one finds fulfilling."

#### THEORETICAL UNDERPINNING:

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needs: competence (the capacity to effectively act on the world), autonomy (personal initiative), and relatedness (closeness or connectedness with others; Deci & Ryan, 2014). Many researchers relate FOMO to the Rational Choice Theory. The rational choice theory holds that humans weigh the potential costs and benefits of any action before determining how to proceed and that all acts are essentially rational. Human conduct is mostly driven by the desire to attain the most possible advantage for oneself. When they have to make a choice, they may feel remorse about the options not chosen (Scott, 2000). People will therefore find it difficult to select from a wide range of possibilities. Basic need satisfaction is strongly associated with proactive behavioral regulation and overall wellbeing of an individual. Individuals who experience FOMO can be in a self-regulating limbo occurring from situational or frequent shortfalls in psychological need satisfaction. But JOMO goes deeper than choosing a different distraction from your usual social media messages. It's a shift in mindset that can be powerful. "JOMO is the satisfaction one feels in the current moment, with accompanying acceptance of what one doesn't have in that moment," says Sullivan-Windt. "Life satisfaction increases with intentionality and actively choosing things one finds fulfilling."

According to hedonist ideas in psychology, happiness is the result of a balance between pleasure and pain. This gave birth to the theory of desires where well-being is measured by achieving the preferences and choices of individuals (Sobolewski, 2021). Desires theory assesses well-being by ranking preferences, utility functions, and the value of preference satisfaction (Shiva, 2022). The Rational choice theory and Preference theory showcasing the behavioral aspects of investment can strongly be related to the well-being of an individual both mentally and physically. The feeling of pain in case of loss of returns leads to FOMO. This pattern has the potential to prolong a period of unstable emotions, resulting in illogical choices and possibly worsening losses. To successfully traverse the complexity of the market, it emphasizes the significance of upholding a disciplined investment strategy, remaining educated, and skillfully managing emotions.



Source: Larry Cheung, C. (2023). My Investment Psychology and thought process assessed: How to dramatically control your emotions with your investing and trading decisions.

## THE FOMO DEMONS:

The bubble risk, the wrong timing, the manipulated feedback, the irrational behavior, and half-knowledge lead to the psychology of FOMO. This can prove disastrous for the economy and the individual both. In haste and indecisiveness created by FOMO psychology, an investor invests more than they can afford to lose, and this leads to stagnation of the portfolio and ultimate loss. The booms are less predictable, but the crisis always pre-informed. The awareness of the personal risk profile of retail investors is one of the most important ingredients for profitable investing.

The FOMO demons are more playful when a retail investor encounters the risk of imperfect timing. A stock might come to an investor's notice in its peak stage, and it must have already delivered the highest returns. There is a 100% chance that it will decline or give a decent return in the future disappointing an investor's perception of the highest return. These radar stocks increase the psychology of FOMO. The anxiety and stress created by FOMO increases the risk of mental distress, physical disturbances and emotional disconnections.

## DRIVERS OF FOMO:

FOMO of investment is induced in a retail investor due to behavioral and societal factors like:

**The Illusion of Instant Wealth:** Accumulation of Wealth is a long-term perspective with rational decision-making. The stock market is not a magic band to generate profits overnight. It's a result of consistent and disciplined investment.

**The Herd Behavior and Behavioral Biases:** Assessing the impact of herd behavior and loss aversion on investment decisions in the presence and absence of FOMO exposed that FOMO partially mediates these relations (My IJOEM Paper).

**Setting Unrealistic return standards:** Markets experience ups and downs in cycles, and returns can differ significantly across a range of periods. Establishing irrational return requirements could disregard these facts of the market and cause investors to lose faith in you when you perform poorly.

**Social Media Hurricane:** A substantial volume of data, viewpoints, and feelings are quickly circulated across several social media platforms, frequently sparked by a specific incident, debate, or hot issue. The information avalanche confuses the investor. The glorious side of the story of others creates a sense of jealousy among the deprived and their decision-making is impaired. The comparison trap showcase



Source: Wagg, L. (2023). What is FOMO in trading? characteristics of a Fomo Trader.

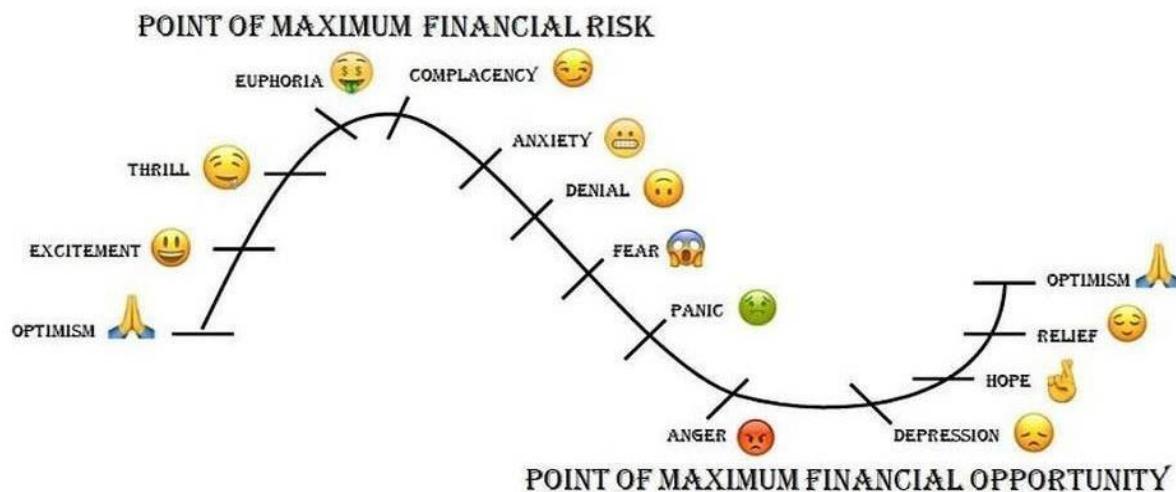
## THE PSYCHOLOGICAL TRANSITION:

The psychological transition from FOMO to JOMO involves a radical change in the trading style of a retail investor. FOMO cannot be forgone but the investors can be trained to see the other perspective of the story by creating financial awareness and boosting their confidence in trading rationally. It will get easier to keep up a regular trading strategy to embrace JOMO. The investment decisions will be more by the long-term objectives, and trading discipline will get stronger. The short-term benefits are to be kept aside and the focus should be diverted to long-term financial planning. The focus is to train the mind to not only one trade in the market but the accumulation of You'll understand that success in trading is not defined by one trade

but by buildup throughout time of reliable, skillfully implemented tactics. Being conscious gives the power to direct and redirect market expectations and base choices in a well-thought-of planned strategy. Uncertainty is the buzzword in stock markets and every investor needs to be comfortable with this word. Having a disciplined attitude means realizing the long-term effects of rash decisions and trying to reduce the risks involved. Psychological development can be facilitated by financial planners. Although positive psychology offers a framework for comprehending client well-being, financial planners must be aware of their limitations. Thus, based on the client's circumstances, a financial planner might want to collaborate with a mental health specialist.

### EMOTIONAL ROLLERCOASTER:

Psychological resilience often motivates FOMO-driven trading to be backed with the tendency of a positive reaction to the volatility of the market with equanimity. However, JOMO is more than just selecting an alternative diversion from your typical social media feeds. It's a mental adjustment that has great potential. According to Sullivan-Windt, "JOMO is the satisfaction one feels in the present moment, with accompanying acceptance of what one doesn't have in that moment." "Being intentional and actively selecting things that one finds fulfilling increases life satisfaction." Investors frequently give in to the pressure to act quickly out of concern that they may pass up profitable possibilities. When markets change, this fear is more intense, and the worry of missing the next big move takes over. This tendency is made worse by the constant stream of information available through digital media, therefore it is even more important for investors to be able to distinguish between impulses motivated by FOMO and real chances.



Source: David Frost, D. (2020). Psychological pitfalls of a market cycle.

### THE JOMO FACTOR- The Importance of Intentional Exclusion:

Negative emotions, when evoked under the right conditions, can be beneficial and have an important place in people's lives (Fokkinga, 2015). A prominent example of JOMO in investment is none other than Warren Buffett, one of the greatest investors of all time. "The stock market is a no-called-strike game," he famously remarked. You can wait for your pitch and not have to swing at everything.

The acceptance of the fact that every opportunity and every piece of information does not align with one's long-term and short-term objectives of financial freedom is the baseline of JOMO. The nonaligned noise is to be avoided and the most promising and tuned prospects advance.

JOMO encourages proactive selection over passive investment. An in-depth valuation of the proposals, better comprehension of market possibilities and expectations proper evaluation of possible risk return tradeoffs are encouraged.

JOMO embodies a heightened level of awareness and purposeful endeavor in one's interaction with new technologies (Chan. et.al, 2022). The notion of the Joy of Not Observing (JoMO) pertains to the pleasure derived from the capacity to

consciously choose not to engage in social interactions or follow them (Crook, 2015). The volatile market has new developments, potential attractive opportunities, and extra growth offers.

### **Navigating the financial landscape with resilience from FOMO to JOMO**

It takes resilience to navigate the financial world by shifting from a Fear of Missing Out(FOMO) to a Joy of Missing Out (JOMO) mindset. This positive transition can be attained through:

**Comprehensive Investigation:** Before investing a retail investor needs to conduct a fundamental and technical analysis of the prospective shares, he is willing to invest. The trends given by brokers financial analysts and financial counselors are to be studied. An investment keeping in mind the risk appetite of oneself always gives a better return than impulsive behavior. An investor needs to recognize the possible dangers, evaluate the asset's past performance, and comprehend its fundamentals.

**Endurance and Patience:** The attention is to be shifted from immediate rewards to long-term goals. Even if market patterns are subject to change, a disciplined investor knows that perseverance and patience are crucial. Refrain from pursuing the allure of quick money and stick to your long-term financial objectives. Gaining a long-term perspective makes it simpler for investors to withstand the volatility of the short-term market and helps them avoid making snap judgments prompted by the fear of losing out on fleeting chances.

**Diversification:** One of the most important ways to reduce risk in your investing portfolio is to diversify. Spread your money across several classes rather than concentrating all of it on one asset to lessen the effect of market gyrations on your portfolio. As a vital risk management technique, diversification helps to maintain stability in the face of market volatility by discouraging rash investments that are concentrated in one area.

**Setting Strategic Objectives:** The investing strategy must be well-defined and in line with one's risk tolerance and financial objectives. A well-considered plan serves as a roadmap, averting snap judgments that could result in financial setbacks. Investors can avoid straying from their strategic objectives by periodically reviewing and modifying the plan considering evolving conditions.

**Social Media footprint:** Social media may be a great informational resource, but it's important to utilize it responsibly. Reducing your exposure to success stories and sensationalized financial news can help you avoid making FOMO-driven judgments. The secret is to strike a balance between avoiding information overload and remaining informed. Investors can protect themselves from the excessive influence of FOMO- inducing content by carefully choosing which reliable sources to interact with and by adopting a critical mentality. Recent studies explored the extent to which situational cues at a particular moment, such as checking social media posts, could trigger FOMO (Hayran, Anik, Gürhan-Canlı, 2020).

A combination of discipline, self-awareness, and strategic thinking. The risks associated with FOMO-driven impulsive investing highlight the significance of discipline in the financial sphere. Investors need to stick to a well-defined plan and be alert to the demands of the current market. All the pointers of FOMO are not Pessimistic factors but checkpoints for investors. FOMO makes you aware of irrational spending, over-debt, Emotional barriers, and psychological biases and creates self-awareness.

There's a perspective that while JOMO (Joy of Missing Out) can bring peace and contentment by embracing the present moment and personal boundaries, FOMO (Fear of Missing Out) can sometimes serve as a motivator for exploration and innovation. Psychologist Susan Albers highlights this by noting that FOMO can push individuals to step out of their comfort zones, try new experiences, and gain inspiration from observing what others are doing. In essence, while JOMO fosters contentment, FOMO can sometimes drive personal growth and creativity by encouraging individuals to seek out new opportunities and ideas (Chaturvedi, 2024).

### **JOMO- THE ANTIDOTE:**

JOMO can be defined as being appreciative of what is happening right now and living in the present parlance is more important than constantly feeling joyful, as both are positively correlated with the wellbeing of an individual. When an investor chooses to make thoughtful, well-researched decisions over following the ebbs and flows of the market, they can feel a sense of strategic advantage and gratification known as "JOMO."

**Avoid Information overload:** Avoid being misled by news headlines or social media posts shared by strangers or those with little to no investment experience.

**Avoid Herd Behavior and Behavioral Biases:** FOMO can lead to false overconfidence amongst the investors leading to hasty and irrational decision making.

**Alignment with Individual Financial Objectives.** Every investor has a risk appetite and a return expectation depending on their internal and external circumstances. To embrace JOMO, one should not be swayed by the financial buzz and be focused on long-term financial strategy.

**Timing of Investment:** The JOMO attitude prevents an investor in the most unfavorable conditions by inculcating patience and thorough understanding.

**Opportunity can be a frantic bid:** JOMO encourages you to take a pause, reflect on the probabilistic investment outcomes, and bat at the right pitch. It's a helpful reminder that, despite their seeming appeal to a wider audience, it's acceptable to turn down opportunities that don't fit with one's primary area of skill or understanding.

**Digital Detox and Intentional Omission:** Detoxification is not to miss profitable opportunities or to consider every investment tip but it's the thought of patiently welcoming novice and future opportunities with more confidence and vigor. There is no penalty for letting go of an opportunity but encapsulating the mindset of embracing uncertainty.

**Social Media Platform:** It's crucial to understand that JOMO refers to being choosier and only attending the activities you truly want to go to, rather than severing all ties with the outside world and bidding farewell to your social life.

**Developing a Trading Plan:** A trading plan develops a mind flow for the utilization of funds and the expected return timeline. The planned traders rely on the fundamental and technical analysis of the stocks and hence stay out of the hustle following a disciplined timeline.

**Resilience:** To better handle the unavoidable highs and lows of investing, investors strengthen their emotional toughness and resilience. They modify their tactics, take lessons from past mistakes, and keep an eye on the big picture when it comes to their financial objectives.

**Prioritizing Offline connections:** Experiencing others in person enhances one's sense of belonging and connection. The "bonding hormone," oxytocin, is released during human contact like hugs and handshakes, and fosters sentiments of closeness and trust. This is important for the healthy well-being of a person.

## **CONCLUSION:**

The concept of multi-baggers is a myth if the fundamental and technical analysis of the stocks is not done. Calculated FOMO is beneficial but irrational perceptions based on FOMO contribute to the mental suffering of the investors. Financial health is as important as physical and emotional health, so tempting and fast cash lucrative opportunities need to be given a thought. Financial wellbeing can help in improving the mental and physical health of an individual. The behavioral biases heading to strong illusions of control need to be loosened and facts and figures based on fundamental and technical analysis need to be focused on. The black-and-white financial intelligence of the investor is just a pinch of salt in the story of investment success. The unconnected part of the market threads is to mix well with the trends in the market and the futuristic vision of the companies.

The market can generate profit anytime with its diverse investment opportunities. The timing of investment is to be struck right. Sustainable growth of money is the need of the hour. A genuine investor seeks returns over an extended period rather than returns quickly. There is a thin line of difference between investment and Gambling. Momentum Trading is not everyone's cup of tea. Boundaries and Motivations can give heavy returns. Real-time interaction with those around you, the environment, and your inner wisdom are all important aspects of JOMO. One has entered the JOMO journey when we lose track of our online buddies and instead concentrate only on our financial goals and the strategies to achieve them. FOMO is a short-term perspective and JOMO is realized in the long term. An investor must be aware of how he is influenced by lapses and misses in his perceptions and influence of the crowd. The Retail Investors' perspective on trading is insightful and grounded. Indeed, maintaining a psychology and mindset that sees each day as a fresh opportunity in the market can help alleviate the fear of missing out (FOMO) that many traders experience. Recognizing that trading is a journey requiring time, patience, and dedication can help traders focus on the process rather than fixating solely on individual trades as potential life-changing events. By embracing a long-term approach and managing expectations, traders can cultivate resilience and a healthier relationship with the ups and downs of the market. It's important to note that while there may be some perceived advantages to experiencing FOMO, it's essential to manage it in a healthy way to prevent it from causing excessive stress, anxiety, or dissatisfaction. Accepting the Joy of Missing Out (JOMO) can benefit one's physical and emotional well-being. Finding a balance between staying connected and engaged while also prioritizing self-care, mindfulness, and meaningful experiences is key to overall well-being. Although FOMO is frequently perceived negatively

but depending on how people channel and manage their fear of missing out, it can also have good effects. Absolutely, acknowledging both the positive and negative aspects of FOMO can indeed lead to a constructive equilibrium, allowing individuals to harness its motivating elements while also embracing the Joy of Missing Out (JOMO) for higher returns in investment and overall well-being, leading to a better lifestyle.

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