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Finfluencer and Financial Decision Making: Are Social Media platform Changing How Young Indians Invest?

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ABSTRACT

Background: With rapid digitalization and democratization of digital services and brokerage services in India, there has been an unprecedented increase in the number of retail investors (Gen Z and millennials). Financial creators (Finfluencers) have emerged as prominent trend-setters on social media platforms such as YouTube and Instagram, thereby influencing young Indians' understanding and investment decisions in financial markets. Purpose: The purpose of this study is to understand the psychological and behavioural impact of Finfluencers on young Indian investors and understand how source credibility, the way the information is presented (framing), and psychological biases (such as FOMO and herd behaviour) influence their decisions to invest in safer investments or riskier investments. Design/Methodology/Approach: This study uses a mixed methods and quantitative cross-sectional approach to collect primary data through a survey conducted on a sample size of N > 450 active young retail investors. Binary Logistic Regression and Moderation Analysis have been used to determine how much trust in the Finfluencer, perceived usefulness of the content, and how much one knows about finance (moderating variable) can predict retail investing behaviour. Findings: The results show that credibility and relatability of the Finfluencer are significant positive predictors of retail investing behaviour. Originality/Value: This paper applies Source Credibility Theory and Prospect Theory together in the context of global south digitalization to address an important gap in literature around unverified advice on social media. The results can help regulatory bodies such as SEBI understand how to create regulations to protect young investors on digital platforms and shift the focus of Finfluencers towards helping them improve their financial knowledge.

Keywords: *Finfluencers, Retail Investors, Behavioral Finance, Financial Literacy, Social Media, Regulatory Policy, India.*

Introduction

In direction the young generation leaning about money and investing, that patterns are is changing. Earlier, information about shares, mutual funds and other investment products was commonly obtained from newspaper, television business channels, banks, financial professionals or family members. And now a day's social media has become another important source of financial information. A person can come across an explanation of a stock, a mutual fund comparison or a discussion about market trends while scrolling through an ordinary social-media feed.

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This change has created a new type of financial communicator commonly known as “finfluencer”. The word combines “financial” and “influencer” and is generally used for people who create financial content for an online audience. Their content may cover saving, budgeting, investing, taxation, insurance, personal finance and market-related topics. Some creators focus mainly on financial education, while other may discuss specific investment products or have commercial relationships with financial business. The growing influence of thus content is particularly relevant for young investors. Young people are generally comfortable with digital platforms and may use mobile applications and online communities as part of their everyday decision-making. As a result, the distance between learning about an investment idea can become very small. The central question of this research is therefore: Are social-media platforms changing how young Indians invest? To understand this, it is necessary to examine not only whether young people consume financial content, but also how they judge its credibility, whether it affects their perception of risk, and whether it affects their perception of risk, and whether emotions FOMO and herd behavior influence their decision.

Rise of Finfluencers in India

Finfluencers have grown alongside the wider digitalization of financial information. Social-media platforms allow creators to explain financial concepts through short videos, reels, posts, live sessions, podcasts and longer educational videos. Concepts that once appeared complicated can now be introduced through simple examples and visual explanations.

A beginner may find it easier to understand terms such as SIP, diversification, compounding, market capitalization or volatility more easily when they are explained in everyday language. Social media can also reach people who may not normally read financial newspaper or specialized publications. At the same time being easy to understand does not mean automatically mean that information is reliable. A creator may communicate an idea well without being qualified or registered to give personalized investment advice. in the same way, having a large number of followers does not prove financial expertise. This means that young investors need to separate popularity from actual credibility.

SEBI’s 2025 survey also found that YouTube was the most commonly used platforms among every investor who followed financial influencers, followed by Instagram and Facebook. This shows that social media platforms have become an important of sharing financial information, especially among young investors. the type of content and the way it is presented can affect how people understand and react to financial information.

Role of Youtube, Instagram and X

Different social media platforms work in different ways because people consume content differently on each platform.

- **YouTube** allows financial creators to make longer videos, interviews and detailed discussions about the market. This gives them more time to explain financial concepts and investment-related topics. However, a person speaking confidently or presenting information professionally may appear to be an expert, even when the viewer has not checked whether the information is correct.
- **INSTAGRAM** mainly focuses on visual content such as reels, short videos and swipe posts. Financial ‘information can therefore reach young people quickly and in an easy-to-understand format. however, there is also a drawback. Since reels and posts are usually short, complex financial topics may sometimes be oversimplified, and important details may be left out.
- **X (FORMERLY TWITTER)** is useful for getting quick updates about financial news, market movements and opinions. Since information spreads very quickly on the platforms, people may react to a post immediately without checking the full information or understanding the complete concept.

Apart from these platforms, financial discussions also take place in **WhatsApp and Telegram groups, Reddit communities and Facebook groups**. In suchgroups, information may not always come from financial professionals. The individuals will have their own beliefs that can be shared between a number of members. This is because they have opinions and interactions with each other based on new and future information. This can help the investor make a better decision.

Finfluencers and investment Decision-Making

Investment decisions are usually based on different factors such as income, financial goals, past investment experience, risk-taking ability and the information available to the investor. Today, social media has also become an important source of financial information for many people.

For example, a young investor may come across a company or an investment product through a financial influencer. After seeing the content, the investor may do their own research and then decide whether to invest. On the other hand, some people may simply trust the influencer and invest without checking information from other sources. Even if both people invest in the same product, their way of making the decision is very different.

The influence of a finfluencer can be **direct as well as indirect**. Direct influence happens when an influencer follows a particular recommendation given by the influencer. Indirect influence happens when the content changes what the investor searches for, what risk they think about or which investment products they become familiar with.

Another important point is the difference between **popularity and knowledge**. A financial post having thousands of views, likes or followers does not necessarily mean that the person giving the information is financially qualified. Young investors should understand that being popular on social media does not automatically make the information correct or suitable for everyone.

FOMO and Hear Behaviour

Two important behavioural concepts related to social-media investing are **FOMO and Heard behaviour**. FOMO (fear of missing out) is a common term used to describe how you feel when you feel you're missing out on an opportunity others are taking advantage of. In an investing context this could be when you constantly see posts about a rising stock, popular investment or showing how much profit they have gained.This can be amplified by social media as more often than not people will post about the successes they have had with their investments. This may not show how much they have lost, the risks involved or how volatile the price has been.Herd mentality is when you do something because others are doing it. For example if a lot of people are talking about the same stock/investment and there are lots of likes and comments on a post then an investor may feel that everyone is investing in this so they will too.However this does not always happen. Different investors may make similar decisions due to them seeing the same factual information about the investment.

Therefore, the research should look at whether social-media exposure is actually connected with FOMO and herd behaviour rather than assuming that every investment influenced by social media is an irrational decision.

Trust, Credibility and Verification

Trust is one of the main factors in the relationship between finfluencers and their followers. A creator can build trust by regularly posting content, explaining things in a simple way, sharing personal experiences, giving educational information or having a large number of followers.

The problem starts when people **trust the creator without checking the information themselves**. A professional-looking video does not always mean that the person is qualified to give financial advice. Social media also does not guarantee that the person giving the information is a registered financial professional.

Before following any financial information, especially while making an investment decision, young investors should ask some basic questions. Who is giving this information? What are their qualifications or registration details? Is the content only for education or is it promoting a particular product? Does the creator have any connection with the financial product or platform? Are the risks also explained? Can the information be checked from another reliable source?

SEBI has also focused on investor awareness and the importance of doing proper research before investing. Its investor guidance warns people against blindly following unsolicited tips and dealing with unregistered intermediaries. And it's found that such information are more important and reliable when social media shared insights on this.

Education Versus Financial Advice

Here is another important point in the finfluencer discussion is the difference Another important point in the finfluencer discussion is the difference between **financial education and financial advice**.

Educational content can explain basic topics such as what a mutual fund is, how diversification works, what a balance sheet shows or why stock prices change. Financial advice is different because it involves suggesting an investment based on a person's particular financial situation.

For beginners, this difference may not always be easy to understand. For example, a video may first explain a general financial concept and then start talking about a particular stock or investment product. The viewer might take the creator's opinion as a suggestion, even if they don't really know the difference between education and advice.

SEBI has taken steps to deal with concerns related to unregistered financial influencers and financial content on social mediaThe 2023 consultation paper covered issues relating to regulated entities and unregulated entities such as influencers. In February 2026, SEBI has also issued a circular regarding the public disclosure by SEBI regulated entities and their agents of the registered name and registration number on Social Media Platforms.

As you can see these steps highlight how important it is to be clear and fact-check when looking at financial information online. This does not necessarily mean all financial content creators are unreliable but that investors need to consider who is providing them with the information. Are they qualified/officially recognised? Are they providing educational content or promoting something?

Social Media and Risk Perception

Social media will effect what people invest in and their perception of risk. For example, when a story is shared regarding an investment that has made a large amount of money people tend to look at the profit made. They may be unaware of how risky the investment was.

They may not know how much was invested, how long it was invested for, whether there were any losses before it made money or how risky it was. However if the information is clearly explained social media can be helpful. If the creator explains topics such as volatility, diversifying your investments, asset allocation and short term vs long term goals it can help new investors realise that all investments carry some form of risk.

Therefore there are positive and negative affects of social media.Some content might make an investment seem safer than it really is, while good educational content can help people understand the risks better.Because of this, my research focuses on understanding **how respondents themselves perceive investment risk** instead of assuming that social media always makes people take more or less risk.

Changing Investment Preferences

Social media has also made young investors more aware of different investment options. Today, beginners can easily find content about **shares, mutual funds, ETFs and other market-linked investments on** social media.

According to AMFI's December 2025 data, there were around **26.13 croremutual fund folios**, and retail investors accounted for about, these **91.2% of the total folios.** However, numbers should not be taken as the number of individual investors because one person can have more than one mutual fund account.

The data also showed that **equity-oriented schemes made up around 68.4% of investor accounts** in December 2025. This shows that equity-related investments have an important place in the retail investment market.

However, these numbers alone cannot prove that social media is the reason for increased investment participation. It is also possible that people who are already interested in investing start following financial creators. So, the relationship between social media and investment behaviour can work **in both directions.**

Positive Contributions of Finfluencers

Even though there are some risks, finfluencers can also bring some good things.

They can:

- Make complicated financial words easier to understand.
- Help people learn about saving and investing.
- Present financial information in ways that are easier for new learners to follow.
- Guide beginners in finding answers to simple questions they might not feel comfortable asking somewhere else.
- Create online communities where people can discuss financial planning and investing.

SEBI's **Investor Survey 2025** also shows that digital platforms are becoming important for investor education. Social media and mobile applications were among the channels preferred by investors for receiving financial education, while videos and social-media posts were some of the preferred formats.

This shows that social media itself is not necessarily good or bad for investors. **The way the information is presented, the transparency of the creator and the context in which the information is given are what matter.**

Risks and Challenges

- The increasing popularity of finfluencers has also created some risks and challenges for investors.
- Inaccuracy of Information: The information provided may not be accurate and may be incomplete or outdated.
- Hidden Motives: Some people providing investment advice may have an undisclosed interest in either the company, website or investment.
- Ignorance: Investments can be complicated and there are positives and negatives of everything.
- On social media platforms creators have little time to provide clear explanations therefore key information is sometimes missed.
- Emotional Response: This can cause dramatic reactions when looking at large profits or a popular investment. This can cause investors to not think clearly and decide to invest.
- Confirmation Bias: People often only follow creators that align with their opinion. They may disregard any information which does not match with their beliefs.
- More Popularity Doesn’t Mean More Knowledge: An investment creator having lots of likes/followers etc. does not mean they have lots of knowledge regarding investing.

Not Understanding Education/Advice: New investors may not know if it is a creator explaining an investment concept or telling them to invest in a particular stock or investment product.

Financial Literacy as a Solution

Whilst the issues mentioned are not caused by using social media to gain investment knowledge, a better awareness of money matters should be made and all information checked.

A financially smart individual will understand that increasing your returns usually involve increased risk.

Something that had good returns in the past does not mean it will have good returns in the future. Even if an investment is popular it may not be the right one for everyone. Investors should remember that diversifying can help reduce risk but will not completely remove the risk of the market.

Always remember that being confident does not mean that you have the correct knowledge. When making a decision regarding investments it is best to ensure that you have checked the information from reliable, unbiased sources. Investors should take into consideration their financial goals and how much risk they are able to take.

Financial literacy can change the way people use finfluencer content. Instead of treating a finfluencer as the final source of information, investors can use their content as a starting point for further research.

A simple process that an investor can follow is:

- Source → Qualification/Registration → Evidence → Risk Disclosure → Independent Verification → Decision

Following these steps can help investors avoid making decisions only because they are excited about an investment, influenced by others or afraid of missing out on an opportunity.

Objectives

- To examine the extent to which financial influencers [finfluencers] impact the investment decision and risk perceptions of young Indian investors.
- To analyze the role of social media platforms [such as YouTube, Instagram, and Twitter in driving FOMO and heard behavior among retail investors.
- To evaluate the awareness and perception of young investors regarding regulatory guidelines [such as SEBI] concerning unregistered influencers and financial misinformation.
- To identify the primary digital channels and types of content that most significantly influence young Indians choice of investment instruments [e.g- equities, mutual funds, crypto]

Hypothesis

- **NullHypothesis** [Ho] : Financial influencers and social media content have no significant on investment decision and behavioral biases of young Indian investors
- **Alternative Hypothesis[H1] :** Financial influencers and social media content have a significant impact on the investment decisions and behavioral biases [such as FOMO and heard behavior] of young Indian investors .

Research Methodology

For this research, I will use a descriptive and exploratory research design with a quantitative approach. The main focus will be on young investors in India, especially people between the age group of 18 to 35 who use social media and are interested in investing or have already started investing.

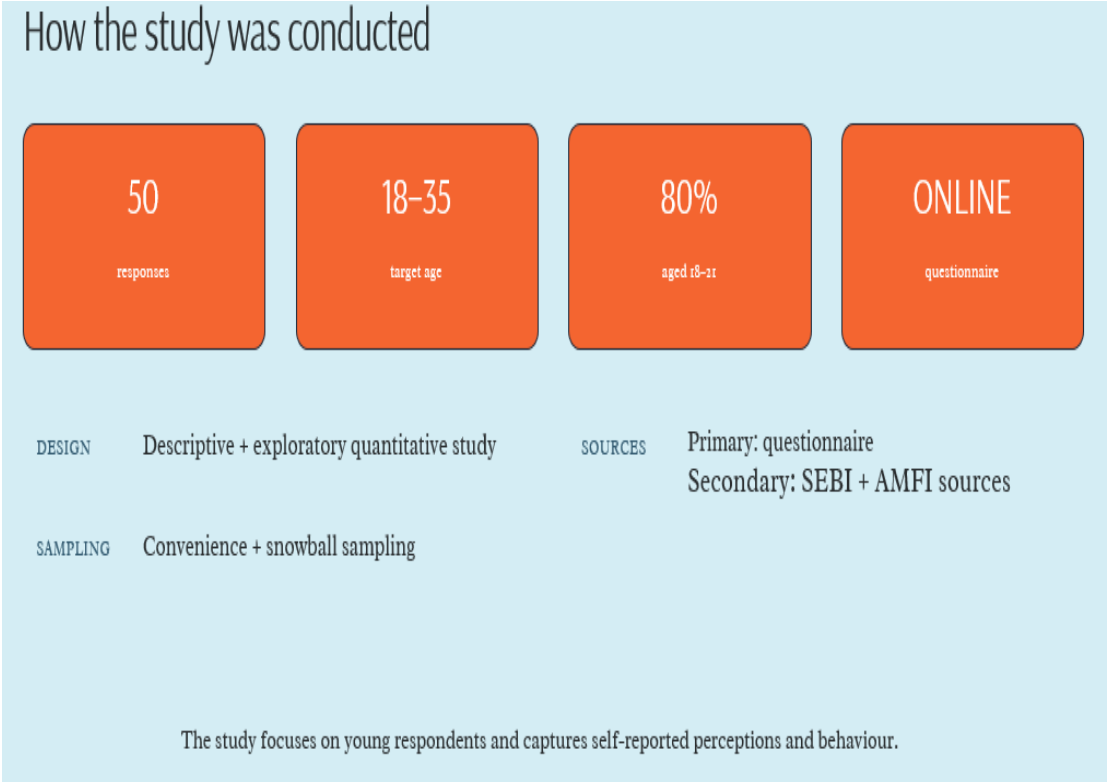
For collecting primary data, I will use an online questionnaire with mostly closed-ended questions. The questionnaire can be shared with college students, young working people and people who are interested in stock market and other investments. The questions will mainly focus on how often they watch financial content, which social-media platforms they use, how much they trust financial influencers, whether they check the influencer's background, and whether such content affects their investment decisions.

For secondary data, I will refer to information from sources such as SEBI reports, AMFI data, financial news, research papers and other reliable financial sources. This will help me understand the current situation of social-media investing and the role of financial influencers.

For the sample, convenience and snowball sampling can be used. This means that I can approach people who are easily available to me and also ask them to share the questionnaire with other people who fit the requirements. However, this may not represent every young investor in India because people who are more active online may be more likely to respond.

After collecting the responses, the data can be presented using percentages, averages and other simple statistical methods. Different groups can also be compared to understand whether social-media usage is connected with investment behaviour. Depending on the responses, tests such as the Chi-square test or regression analysis can also be used. Excel or SPSS can be used for analysing the data.

Most importantly, the results of the survey should be based only on the actual responses collected. I should not assume or create results before conducting the survey.



Discussion

From the information studied so far, it is clear that social media has become an important source of financial information for young people. Many people now come across investment-related content while using platforms such as YouTube, Instagram and X. Financial influencers can make complicated financial topics easier to understand and can introduce people to different investment options.

At the same time, social media is not the only thing that affects an investment decision. A person may also take advice from their parents, friends, financial professionals or use financial websites and news before investing.

Social Media • Family & Friends • Financial Knowledge • Other Sources

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What We See & Learn

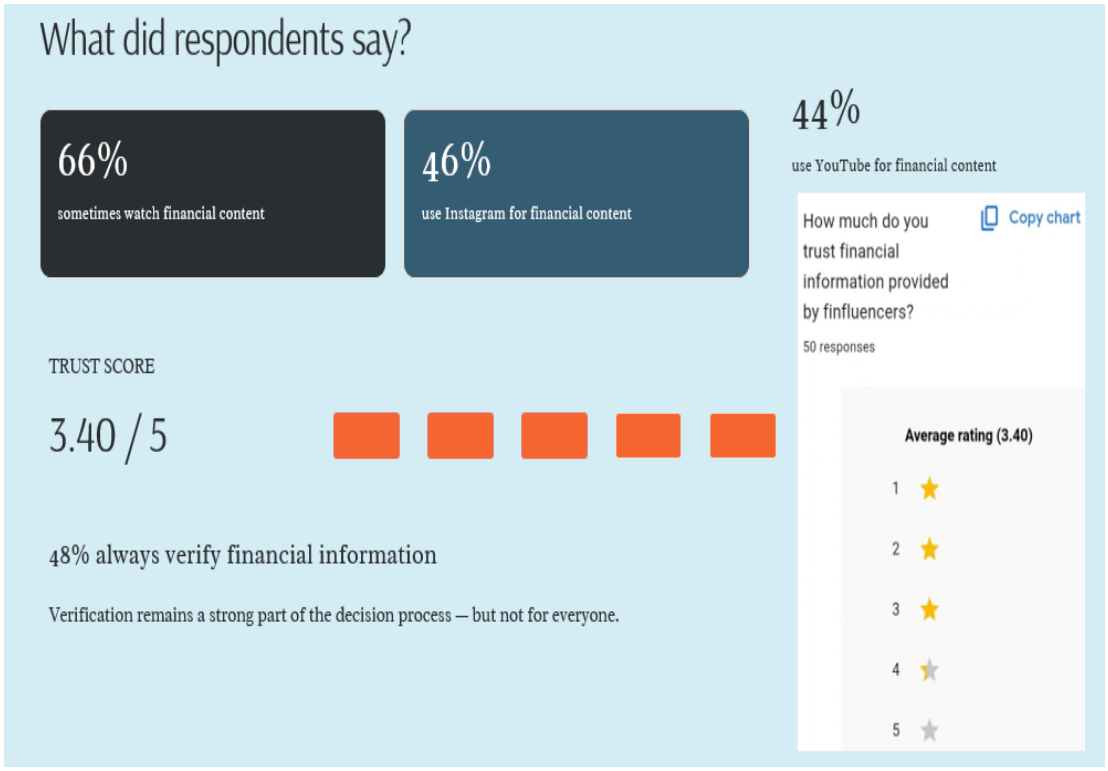
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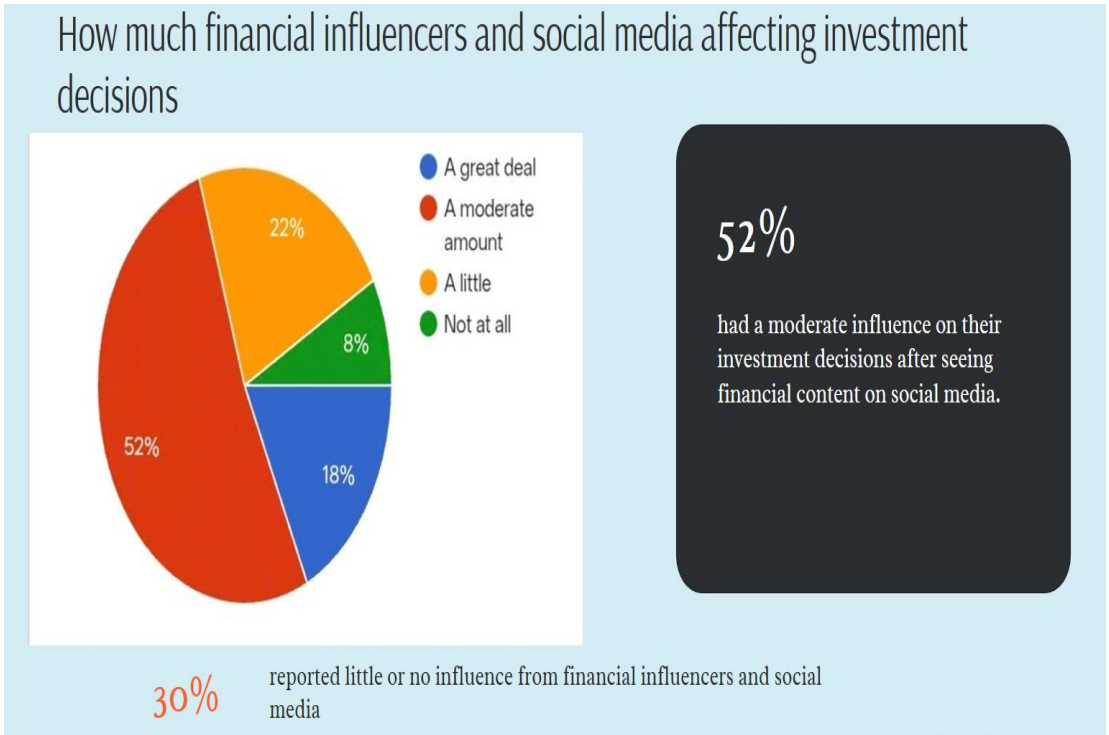
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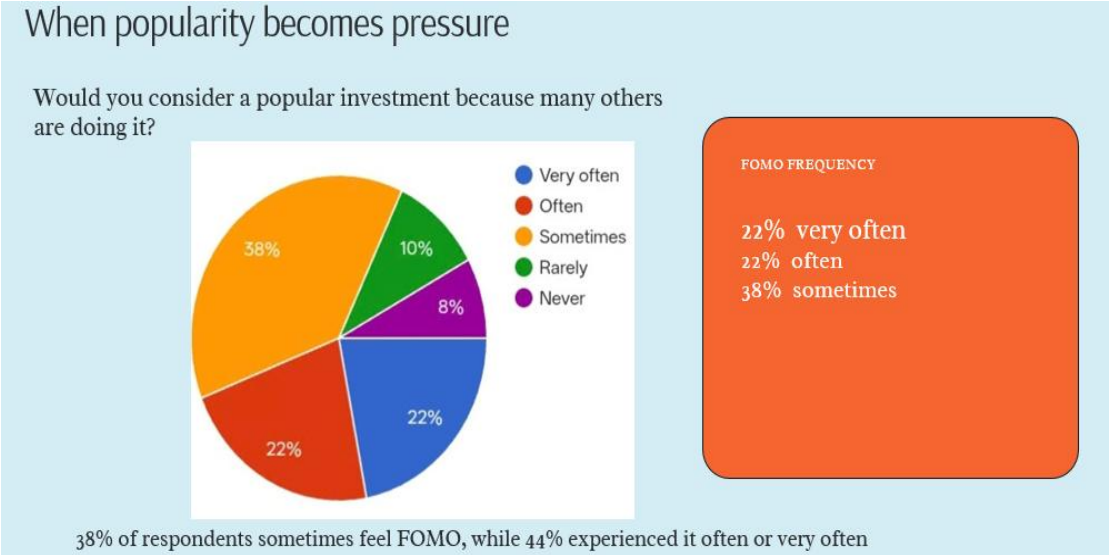
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Our Investment Choice

For example, the decision-making process can be understood like this:


What did respondents say?
66%
sometimes watch financial content
46%
use Instagram for financial content
44%
use YouTube for financial content
How much do you trust financial information provided by finfluencers?
Copy chart
50 responses
TRUST SCORE
3.40 / 5
Average rating (3.40)
1
2
3
4
5
48% always verify financial information
Verification remains a strong part of the decision process — but not for everyone.


How much financial influencers and social media affecting investment decisions
A great deal
A moderate amount
A little
Not at all
22%
8%
52%
18%
52%
had a moderate influence on their investment decisions after seeing financial content on social media.
30%
reported little or no influence from financial influencers and social media



However, the way information is displayed on social media can influence individuals. For mple, if someone keeps seeing posts about a specific stock or profit from a stock they may feel they are missing out and therefore experience FOMO or herd mentality. This means they begin to do what everyone else is doing without properly researching the investment. Young investors should ensure they research the information provided. This could include ensuring the source is correct, knowing the risks involved and ensuring the person giving the advice have the correct qualifications/registrations. The main aim of this research is to understand how much social media and finfluencers impact young investors and whether there is a link between this and their investment behaviour**.**

Limitations of Research

The results from the survey may not be fully representative of all young investors within India as most people will be contacted via my personal contacts and online networks. Responses may not be fully accurate to reflect their investment behaviour. Individuals may forget certain decisions made in the past or influences they had. This research has mainly focused on young investors so may not be relevant to older investors.

Conclusion

Social Media platforms are constantly changing. This research can only show if there is a link between two factors, it cannot show that one directly causes the other. For example an individual who is already interested in investing are likely to watch more financial content on social media.

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