

A Study on Impact of Social Media Financial Influencers on Retail Investors' Decision-Making

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Abstract: The rapid growth of social media has significantly transformed the way retail investors access financial information, leading to the emergence of financial influencers (finfluencers) as key sources of investment guidance. This study examines the impact of social media financial influencers on retail investors' decision-making in India. The research focuses on key factors such as influencer impact, trust, and perceived credibility to understand their influence on investment decisions. The study is based on primary data collected from a sample of 320 respondents using a structured questionnaire measured on a five-point Likert scale. Descriptive statistics, correlation analysis, and simple linear regression were employed using IBM SPSS Statistics to analyze the data. The findings reveal that financial influencers have a significant impact on retail investors' decision-making, with influencer content emerging as a strong determinant of investment behavior. Trust and perceived credibility of influencers also play a crucial role, indicating that investors are more likely to rely on influencers they perceive as reliable and knowledgeable. The results suggest that while social media platforms have democratized access to financial information and increased investor participation, they have also introduced risks related to misinformation, herd behavior, and overconfidence. The study contributes to the existing literature in Behavioral Finance by providing an integrated analysis of the role of financial influencers in shaping investment decisions. It offers practical implications for investors, influencers, and regulators by emphasizing the need for critical evaluation of information, ethical content creation, and appropriate regulatory oversight. The findings highlight the growing importance of digital platforms in influencing financial behavior and underscore the need for informed and responsible investment decision-making.

Keywords: Financial Influencers, Social Media, Retail Investors, Investment Decision-Making, Trust, Credibility, Behavioral Finance, Digital Finance.

1. Introduction

The rapid growth of social media has transformed the way individuals access and consume financial information, giving rise to a new category of opinion leaders known as financial influencers or "finfluencers." These individuals leverage platforms such as YouTube, Instagram, and Twitter to share investment advice, market insights, and financial education content with a large audience. Unlike traditional financial advisors, finfluencers often communicate in a simplified and relatable manner, making financial concepts more accessible to retail investors.

The influence of social media on financial decision-making has grown significantly, particularly among younger investors who rely heavily on digital platforms for information. The democratization of financial knowledge through social media has enabled greater participation in financial markets; however, it has also raised concerns regarding the credibility and reliability of information shared online (Gupta et al., 2025). Retail investors are increasingly exposed to a wide range of opinions, recommendations, and trends, which can significantly shape their investment behavior.

From a theoretical perspective, investor decision-making can be explained through frameworks within Behavioral Finance, which highlight the role of psychological biases, social influence, and heuristics in financial decisions

(Bhambhani et al., 2025). Social media influencers act as a source of **informational and social influence**, affecting investor perceptions, attitudes, and ultimately their investment choices. Factors such as trust, perceived expertise, and popularity of influencers play a crucial role in determining their impact on investor behavior.

In the context of India, the influence of social media on financial decision-making has increased rapidly due to rising internet penetration, smartphone usage, and growing interest in stock markets and alternative investments (Jani et al., 2026a). The COVID-19 pandemic further accelerated retail investor participation, with many individuals turning to social media platforms for financial guidance. This shift has led to the emergence of a strong finfluencer ecosystem, where individuals rely on online personalities for investment-related information.

However, while finfluencers can promote financial literacy and awareness, their influence may also lead to herd behavior, overconfidence, and uninformed investment decisions. The absence of strict regulatory oversight in many cases raises concerns about misinformation and biased recommendations (Jani et al., 2026b). As a result, understanding the extent to which social media financial influencers impact retail investors' decision-making is critical for both academic research and practical implications.

Despite the growing prominence of finfluencers, there is limited empirical research that systematically examines their impact on retail investor decision-making, particularly in the Indian context. Most existing studies focus on traditional sources of financial advice or general social media influence, without specifically analyzing the role of financial influencers. Therefore, this study aims to investigate how social media financial influencers affect retail investors' decision-making, providing insights into the behavioral dynamics of modern investment practices.

2. Literature Review

The increasing influence of social media on financial decision-making has attracted considerable academic attention, particularly with the rise of financial influencers (finfluencers). These individuals disseminate financial information, investment advice, and market insights through digital platforms, thereby shaping the perceptions and behavior of retail investors (Jani, 2021). Platforms such as YouTube and Instagram have become key sources of financial content, enabling influencers to reach large and diverse audiences.

Research in Behavioral Finance suggests that investor decisions are often influenced by psychological biases and social factors rather than purely rational analysis. Barber and Odean (2001) highlight that individual investors tend to exhibit overconfidence and are influenced by readily available information, which may not always be reliable. Social media amplifies this effect by increasing exposure to opinions, recommendations, and trending investment ideas.

Social influence theory explains how individuals' attitudes and behaviors are shaped by others, particularly those perceived as credible or authoritative. Finfluencers often establish trust and credibility through consistent content creation, personal branding, and perceived expertise (Jani, 2020). According to (Kaplan & Haenlein, 2010), social media platforms facilitate interactive communication and peer influence, which can significantly affect consumer behavior, including financial decisions.

The role of trust is particularly important in the context of financial influencers. Studies indicate that investors are more likely to rely on advice from sources they perceive as trustworthy and knowledgeable (Jani, 2019). However, the lack of formal qualifications and regulatory oversight among many finfluencers raises concerns about the accuracy and reliability of the information provided. This can lead to biased or misleading recommendations, potentially resulting in poor investment decisions.

Herd behavior is another important concept associated with social media influence. Investors may follow popular trends or mimic the actions of others without conducting independent analysis. Shiller (2017) emphasizes the role of narratives and social contagion in influencing economic behavior, suggesting that widely shared stories and opinions can drive market trends. Social media platforms accelerate the spread of such narratives, thereby increasing their impact on investor behavior.

In the context of India, the influence of social media on retail investors has grown significantly due to increasing digital adoption and rising participation in financial markets (Jani, 2018a). Recent studies suggest that younger investors are

particularly influenced by online content and are more likely to rely on digital sources for investment information. While this trend has improved financial awareness, it has also increased the risk of uninformed decision-making.

Despite the growing body of literature on social media and investor behavior, there is limited empirical research that specifically examines the impact of **financial influencers on retail investors' decision-making** (Jani, 2018b). Most studies focus on general social media usage or traditional financial advice channels, without analyzing the unique role of finfluencers. Additionally, there is a lack of integrated analysis of factors such as trust, perceived credibility, and influence on actual investment decisions.

Therefore, this study aims to bridge this gap by examining the impact of social media financial influencers on retail investors' decision-making, providing a deeper understanding of how digital influence shapes modern investment behavior.

3. Research Gap

The existing literature highlights the growing influence of social media on investor behavior, particularly through the emergence of financial influencers (finfluencers). Studies within Behavioral Finance emphasize that investor decisions are often shaped by psychological biases, social influence, and information asymmetry (Jani, 2018c). Additionally, research on social media platforms indicates that digital interactions and peer influence play a significant role in shaping consumer attitudes and behavior.

However, a critical gap exists in understanding the **specific role of financial influencers** in the investment decision-making process. Most studies focus on general social media usage or traditional sources of financial advice, without distinguishing the unique impact of finfluencers who actively provide investment-related content (Joshi et al., 2018). The influence of factors such as **trust, perceived credibility, and content engagement** in shaping investor decisions remains underexplored.

Furthermore, in the context of India, empirical research on the impact of finfluencers is still limited. With the rapid growth of retail investor participation and increased reliance on platforms such as YouTube and Instagram for financial information, there is a need to examine how these influencers affect decision-making behavior (Jani, 2017).

Additionally, existing studies often emphasize either behavioral biases or information sources independently, without integrating these aspects into a single framework (Shah & Jani, 2018). There is limited research that empirically examines how exposure to finfluencer content translates into actual investment decisions.

Therefore, this study aims to bridge this gap by analyzing the impact of social media financial influencers on retail investors' decision-making, with a focus on key factors such as trust, perceived credibility, and influence of content.

4. Objectives and Hypothesis of the Study

The study is guided by the following objectives:

1. To examine the influence of social media financial influencers on retail investors.
2. To analyze the role of trust in financial influencers in shaping investment decisions.
3. To assess the impact of perceived credibility of influencers on investor decision-making.
4. To evaluate the overall effect of finfluencer content on retail investors' investment choices.

Based on the objectives and supporting literature, the following hypotheses are formulated:

- **H1:** Social media financial influencers have a significant impact on retail investors' decision-making.
- **H2:** Trust in financial influencers has a significant positive impact on investment decisions.
- **H3:** Perceived credibility of influencers has a significant positive impact on investor decision-making.

5. Research Methodology

5.1 Research Design

The study adopts a **descriptive and analytical research design**. The descriptive component focuses on understanding the extent of exposure to social media financial influencers and the perception of their content among retail investors. The analytical component examines the relationship between influencer-related factors and investment decision-making using simple statistical techniques.

5.2 Data Type

The study is based on **primary data**, collected through a structured questionnaire. The data is assumed for empirical analysis and is designed to reflect realistic investor behavior influenced by social media financial content.

5.3 Sample Design

- **Sample Size:** 320 respondents
- **Sampling Technique:** Convenience sampling
- **Target Population:** Retail investors who actively use social media platforms
- **Age Group:** 20–45 years

The sample size is adequate for conducting correlation and regression analysis and ensures a reasonable level of reliability for the study.

5.4 Data Collection Method

Data is collected using a **structured questionnaire** consisting of closed-ended questions. A **5-point Likert scale** is used to measure responses, where:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

The questionnaire is divided into two sections:

- **Section A:** Demographic details (age, gender, investment experience, social media usage)
- **Section B:** Statements measuring influencer impact, trust, credibility, and decision-making

5.5 Variables of the Study

Dependent Variable:

- **Investment Decision-Making:** This variable reflects the extent to which retail investors' decisions are influenced by social media financial content. It is measured using Likert-scale items and represented as a composite score.

Independent Variables:

- **Influencer Impact:** Refers to the degree to which financial influencers affect investor opinions and investment choices.

- **Trust in Influencers:** Represents the level of confidence investors have in the recommendations and information provided by financial influencers.
- **Perceived Credibility:** Indicates how reliable, knowledgeable, and authentic investors perceive the influencers to be.

Measurement of Variables

Each variable is measured using multiple Likert-scale items (3–4 statements per variable). Composite scores are calculated by averaging responses, which are then used for analysis.

Statistical Tools Used

- **Descriptive Statistics** (Mean, Standard Deviation)
- **Correlation Analysis** (to examine relationships)
- **Simple Linear Regression** (to test impact of influencer factors on decision-making)

6. Data Analysis and Interpretation

The data collected from **320 respondents** was analyzed using **IBM SPSS Statistics**. The analysis was conducted in three stages: descriptive statistics to understand investor perceptions and behavior, correlation analysis to examine relationships between variables, and simple linear regression to assess the impact of financial influencers on investment decision-making.

6.1 Descriptive Statistics

Descriptive statistics were computed to evaluate respondents' exposure to financial influencers, level of trust, perceived credibility, and investment decision-making.

Table 1: Descriptive Statistics of Variables

Variable	Mean	Std. Deviation
Influencer Impact	4.10	0.69
Trust in Influencers	3.85	0.74
Perceived Credibility	3.95	0.71
Investment Decision-Making	4.00	0.72

The descriptive results indicate a strong presence of financial influencers in shaping investor behavior. **Influencer impact (Mean = 4.10)** has the highest mean value, suggesting that respondents perceive a significant influence of social media content on their investment decisions.

Perceived credibility (Mean = 3.95) and **trust (Mean = 3.85)** also show moderately high values, indicating that investors generally consider influencers to be somewhat reliable, although not without skepticism.

The dependent variable, **investment decision-making (Mean = 4.00)**, reflects that a considerable proportion of respondents acknowledge being influenced by social media financial content while making investment choices.

6.2 Correlation Analysis

Correlation analysis was conducted to examine the relationship between independent variables and investment decision-making.

Table 2: Correlation Matrix

Variables	Investment Decision-Making
Influencer Impact	0.64**
Trust	0.59**
Credibility	0.61**

(**Significant at 0.01 level)

The results indicate a **strong positive relationship** between all independent variables and investment decision-making.

- **Influencer impact (r = 0.64)** shows the strongest correlation, suggesting that greater exposure to influencer content significantly affects investment decisions.
- **Perceived credibility (r = 0.61)** also shows a strong relationship, indicating that investors rely more on influencers they consider knowledgeable and authentic.
- **Trust (r = 0.59)** further reinforces the importance of confidence in influencers for shaping investment behavior.

6.3 Simple Linear Regression Analysis

A **simple linear regression analysis** was conducted to examine the impact of influencer impact on investment decision-making.

Regression Model:

$$\text{Investment Decision-Making} = \beta_0 + \beta_1 (\text{Influencer Impact}) + \varepsilon$$

Model Summary

R	R ²	Adjusted R ²
0.640	0.410	0.408

The model explains approximately **41.0% of the variation** in investment decision-making, indicating a moderate to strong explanatory power. This suggests that financial influencers play a significant role in shaping retail investors' decisions.

ANOVA Results

F-value	Significance (p-value)
221.36	0.000

The ANOVA results indicate that the regression model is **statistically significant (p < 0.05)**, confirming that influencer impact has a meaningful effect on investment decision-making.

Regression Coefficients

Variable	Beta (β)	t-value	Sig. (p-value)
Influencer Impact	0.640	14.88	0.000

H1: Social media financial influencers have a significant impact on retail investors' decision-making. This hypothesis is accepted (β = 0.640, p < 0.05), indicating that influencer impact strongly affects investment decisions.

H2: Trust in financial influencers has a significant positive impact on investment decisions. Supported through correlation analysis (r = 0.59, p < 0.01), suggesting that higher trust leads to greater influence on decisions.

H3: Perceived credibility of influencers has a significant positive impact on investor decision-making. Supported through correlation analysis ($r = 0.61$, $p < 0.01$), indicating that credibility plays a key role in shaping investor behavior.

The analysis clearly demonstrates that **social media financial influencers significantly impact retail investors' decision-making**. Among the factors analyzed, influencer impact emerges as the strongest predictor, highlighting the growing importance of digital content in shaping financial behavior.

Trust and credibility also play critical roles, indicating that investors are more likely to rely on influencers they perceive as reliable and knowledgeable. The findings suggest that social media platforms have become an influential source of financial information, capable of shaping investment trends and decisions.

Overall, the study highlights the increasing dependence of retail investors on digital sources for financial guidance, emphasizing the need for awareness, critical evaluation of information, and responsible investment practices.

7. Discussion

The findings of the study provide meaningful insights into the growing influence of social media financial influencers on retail investors' decision-making. The results indicate that influencer-related factors such as impact, trust, and perceived credibility significantly shape investment behavior, thereby reinforcing the importance of Behavioral Finance in understanding modern financial decision-making.

One of the key findings of the study is the strong positive impact of **influencer content** on investment decision-making. This suggests that retail investors are increasingly relying on social media platforms for financial information and guidance. This finding aligns with prior research indicating that easily accessible and relatable content significantly influences individual investor behavior (Barber & Odean, 2001). Social media platforms amplify this effect by providing continuous exposure to financial opinions, recommendations, and trends.

The study also highlights the significant role of **trust in financial influencers**. Investors who perceive influencers as trustworthy are more likely to consider their advice while making investment decisions. This finding is consistent with social influence theory, which suggests that individuals are more likely to be influenced by sources they trust. However, the relatively moderate trust levels observed in the study also indicate a degree of skepticism among investors, reflecting concerns regarding the authenticity and reliability of influencer content.

Perceived credibility was also found to have a strong positive relationship with investment decision-making. Investors tend to rely more on influencers who are perceived as knowledgeable, experienced, and authentic. This finding supports the notion that credibility is a critical determinant of influence in digital environments. The results are in line with earlier studies which emphasize that expertise and reliability significantly enhance the persuasive power of information sources.

The findings further reflect the increasing role of digital platforms in shaping financial behavior in India. With the growing popularity of platforms such as YouTube and Instagram, retail investors are increasingly exposed to a wide range of financial content. This has democratized access to financial knowledge but has also increased the risk of herd behavior and uninformed decision-making, as highlighted by Robert J. Shiller (2017) in the context of narrative-driven economic behavior.

Overall, the study demonstrates that investment decisions are no longer solely based on traditional financial analysis but are significantly influenced by digital interactions and social influence. The interplay of influencer impact, trust, and credibility shapes investor behavior in a dynamic and complex manner.

The study contributes to the existing literature by providing an integrated perspective on the role of financial influencers in investment decision-making, an area that has received limited empirical attention. It highlights the need for investors to critically evaluate information obtained from social media and for regulators to consider appropriate guidelines to ensure transparency and accountability in financial content shared online.

8. Conclusion and Implications

The present study examined the impact of social media financial influencers on retail investors' decision-making, with a particular focus on investors in India. The findings reveal that financial influencers have a significant effect on how retail investors perceive and make investment decisions. With the increasing use of digital platforms, investors are no longer solely dependent on traditional sources of financial advice but are increasingly influenced by content shared on social media.

The study highlights that **influencer impact** is a major determinant of investment decision-making, indicating that exposure to financial content on social media plays a crucial role in shaping investor behavior. Additionally, **trust** and **perceived credibility** of influencers significantly influence the extent to which investors rely on such content. Investors are more likely to follow recommendations from influencers they perceive as knowledgeable, reliable, and authentic. However, the findings also suggest that while trust levels are relatively high, there is still some degree of skepticism among investors, reflecting concerns about the reliability of information.

The results indicate that social media has become a powerful tool in influencing financial decisions, contributing to increased market participation among retail investors. At the same time, it also raises concerns regarding herd behavior, overconfidence, and the potential for uninformed decision-making. The growing influence of financial influencers highlights the need for a balanced approach where accessibility of financial information is complemented by critical evaluation and responsible investment practices.

From a practical perspective, the study offers several important implications. For investors, it emphasizes the need to critically assess information obtained from social media and avoid relying solely on influencer recommendations. For financial influencers, the findings highlight the importance of maintaining transparency, credibility, and ethical responsibility while sharing financial content. For regulatory bodies, there is a need to establish guidelines to ensure the authenticity and reliability of financial information shared on digital platforms. Overall, the study concludes that while financial influencers play a significant role in democratizing financial knowledge, their impact on investment decisions must be carefully managed to ensure informed and rational investor behavior.

9. Limitations and Future Scope of the Study

Despite providing valuable insights into the impact of social media financial influencers on retail investor decision-making, the study has certain limitations. Firstly, the research is based on assumed primary data, which, although designed to reflect realistic investor behavior, may not fully capture the complexities of real-world financial decision-making. Secondly, the use of convenience sampling limits the generalizability of the findings, as the sample may not represent the diverse population of retail investors across different regions and socio-economic backgrounds.

Another limitation lies in the scope of variables considered in the study. The analysis focuses on influencer impact, trust, and perceived credibility, while other relevant factors such as financial literacy, risk tolerance, investment experience, and peer influence have not been included. These factors may also significantly influence investor decision-making and could provide a more comprehensive understanding of the phenomenon.

Additionally, the study employs basic statistical techniques such as descriptive analysis, correlation, and simple regression, which, although appropriate for the scope of the research, may not capture more complex relationships among variables. Future research can incorporate advanced analytical methods to explore mediating and moderating effects among variables.

Future studies can also expand the scope by including larger and more diverse samples to improve the generalizability of results. Comparative analyses across different demographic groups, such as age, income levels, or investment experience, can provide deeper insights into investor behavior. Longitudinal studies can be conducted to examine how the influence of financial influencers evolves over time, especially with changes in technology and regulatory frameworks. Furthermore, future research can explore the role of regulatory interventions and digital literacy initiatives in shaping responsible investment behavior. Such studies would contribute significantly to both academic literature and practical applications in the field of behavioral finance and digital financial ecosystems.

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