

Impact of Social Media on Impulsive Investment Behavior Among Young Retail Investors

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Abstract: Social media platforms have experienced rapid growth which has caused major changes in how young retail investors obtain financial information and make investment choices. The research investigates how social media platforms spread financial information which results in impulsive investment behaviour among investors through their various exposure levels and their investment decisions. Researchers conducted primary data collection through a structured questionnaire which included 131 respondents and they performed statistical analysis using descriptive statistics and regression techniques with Microsoft Excel. The results demonstrate that investors find moderate exposure to financial content on social media platforms but they exhibit higher rates of behavioural bias together with impulsive investment behaviour. The study demonstrates that social media exposure leads to increased behavioural bias which results in higher rates of impulsive investment behaviour. The findings demonstrate that psychological factors determine how investors respond to financial information which they find on social media platforms. The research establishes three requirements which include better understanding of human behaviour through research studies and enhanced financial knowledge and responsible management of online financial resources which enables investors to make better investment decisions based on rational thinking.

Keyword: *Impulsive Investment Behaviour, Behavioural Bias, Social Media Exposure, Investment Decision Making, Young Retail Investors, Financial Literacy.*

1.1 Introduction:

The contemporary financial landscape has undergone fundamental changes due to digital technology progress and internet-based communication platform expansion. Digital information sources have become the primary research method for young retail investors who base their investment decisions on online digital resources. Social media platforms function as critical financial news distribution platforms which allow users to share investment ideas while they watch stock market trends and investment discussions. Investors now use online financial platforms to make investment choices because they can access financial information through online communities and influencer content and trending financial videos instead of traditional financial advisory services and printed financial resources. Social media platforms enable investors to acquire financial information more quickly yet these platforms introduce investment behaviour problems. The probability of individuals making rapid financial choices without sufficient assessment increases when they continuously encounter popular investment opportunities and success stories. Investors' decision-making processes become increasingly affected by psychological biases which include fear of missing out (FOMO) and herd behaviour and overconfidence according to the principles of behavioral finance. Young investors who use digital platforms frequently exhibit behavioral patterns which increase their chances of making impulsive investment choices. The Indian financial market has experienced a surge in young retail investor activity during the past few years which makes it essential to study how social media affects their investment decisions. The study aims to analyze social media impact on investment behavior among young retail investors in Indian financial markets.

1.2 Review of Literature:

Social media has developed into a crucial source which provides financial data that affects how investors make their investment decisions. The CFA Institute (2025) conducted a survey among 1,615 retail investors in India to examine the credibility and influence of financial influencers (finfluencers). The study showed that approximately 33% of influencers give stock recommendations while only 2% of them hold official registration which creates doubts about their compliance with regulations and protection of investors. The study found that 63% of influencers fail to reveal their sponsorships which leads to financial information that has a tendency to be biased. The Securities and Exchange Board of India (SEBI) conducted an investor awareness survey which found that 63% of Indian households know about stock market investments but only 9.5% of them actually invest which creates a large difference between knowledge and investment behavior. The report established that young investors use digital platforms together with social media to access financial markets. International research found that 70% of retail investors access social media platforms every week to obtain investment information while 64% of them track popular investment trends at least sometimes which shows how online communities impact their investment decisions. Social interactions help create groupthink which makes people stop doing their own financial assessments and start trusting what others think. Behavioral finance research demonstrates that young investors who receive continuous financial updates from digital platforms tend to develop two psychological biases which include fear of missing out and overconfidence.

Investor behavior research demonstrates that emotional responses lead to immediate trading activity which increases the chances of investors making unplanned trading decisions. The research results demonstrate that social media platforms together with digital financial content have become powerful forces that shape how contemporary investors think and make decisions.

1.3 Objective of the study:

The primary goal of the study aims to evaluate how social media financial content affects young retail investors tendency to make impulsive investment decisions. The researchers will investigate four main objectives which include measuring how much social media content reaches investors and studying their behavioral patterns and determining how social media contact affects their tendency to invest impulsively and assessing which behavioral elements predict their investment choices.

1.4 Research Techniques

The research employed primary data which researchers collected through structured questionnaires to conduct their quantitative research study. Young retail investors sent 131 responses in all. The questionnaire measured social media exposure and behavioral bias and impulsive investing behavior through a five-point Likert scale. The researchers used convenience sampling because it provided accessible methods to study digital investment behavior.

The researchers used Microsoft Excel to perform data analysis. The study used regression analysis to determine how exposure and behavioral bias affected impulsive investing behavior while correlation analysis studied the relationship between different variables and descriptive statistics described the patterns in participant's responses.

1.4.1 Descriptive Statistics

<i>Exposure_Score</i>	<i>Result</i>	<i>Bias_Score</i>	<i>Result</i>	<i>Impulsive_Score</i>	<i>Result</i>
Mean	2.95	Mean	3.29	Mean	3.22
Standard Error	0.05	Standard Error	0.06	Standard Error	0.07
Median	3.00	Median	3.33	Median	3.17
Mode	2.70	Mode	3.00	Mode	3.00
Standard Deviation	0.60	Standard Deviation	0.73	Standard Deviation	0.76
Sample Variance	0.36	Sample Variance	0.53	Sample Variance	0.57
Kurtosis	0.83	Kurtosis	1.34	Kurtosis	0.86
Skewness	-0.53	Skewness	-0.61	Skewness	-0.49
Range	3.40	Range	4.00	Range	4.00
Minimum	1.10	Minimum	1.00	Minimum	1.00
Maximum	4.50	Maximum	5.00	Maximum	5.00
Sum	386.10	Sum	430.50	Sum	421.50
Count	131.00	Count	131.00	Count	131.00

Descriptive Statistics Interpretation

The descriptive analysis showed that users spent an average of 2.95 hours daily on social media platforms which demonstrated their minimal engagement with online financial content. The psychological effects on investors were proven through behavioral bias assessments which produced a higher average score of 3.29. The mean value of impulsive investment behaviour showed a 3.22 score which demonstrated users had a slight tendency to make decisions based on their current emotional state. The study results showed that people react through their behavior patterns more than they respond according to their exposure to different situations.

1.4.2 Correlation Analysis

<i>Basis</i>	<i>Exposure_Score</i>	<i>Bias_Score</i>	<i>Impulsive_Score</i>
<i>Exposure_Score</i>	1		
<i>Bias_Score</i>	0.673505184	1	
<i>Impulsive_Score</i>	0.764524116	0.75945424	1

Interpretation Of Correlation Analysis

The correlation research found a strong positive relationship between social media usage and their social connections through their research. The researchers discovered a strong positive relationship between social media usage and their impulsive financial spending patterns that reached a correlation value of 0.76. The research showed that behavioral bias had a strong positive connection with impulsive actions which reached a correlation value of 0.76. The results showed that people who spend more time on social media financial material display increased emotional responses which drive them to make unplanned investment decisions.

1.4.3 Regression Analysis

SUMMARY OUTPUT									
<i>Regression Statistics</i>									
Multiple R		0.833033733							
R Square		0.6939452							
Adjusted R Square		0.689163094							
Standard Error		0.421096478							
Observations		131							
<i>ANOVA</i>									
		<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression		2	51.46348225	25.73174112	145.1128781	1.23353E-33			
Residual		128	22.69724718	0.177322244					
Total		130	74.16072943						
		<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept		-0.029699615	0.194764525	-0.152489856	0.8790407	-0.415074504	0.355675275	-0.415074504	0.355675275
X Variable 1		0.582160069	0.083161162	7.000383984	1.28331E-10	0.417611501	0.746708636	0.417611501	0.746708636
X Variable 2		0.466013117	0.068879294	6.765648846	4.27255E-10	0.329723666	0.602302569	0.329723666	0.602302569

Regression Analysis Interpretation

The predictive effects of exposure and behavioural bias on impulsive investment behaviour were investigated using regression analysis. The independent variables account for around 69% of the variance in impulsive conduct according to the model's R Square value of 0.69. Social media exposure showed a substantial advantage with a beta value of 0.582 and behavioural bias showed a substantial advantage with a beta value of 0.466. The results demonstrate that social media exposure together with behavioural bias acts as a strong predictor for investors who make impulsive investment decisions.

1.5 Study Findings

Young retail investors use social media to obtain financial information with moderate frequency while their impulsive investing behavior and behavioral bias show higher levels of their instability. The three elements which include exposure and behavioural bias and impulsive investing decisions create a strong relationship in their effects on the market. The findings of the regression show that behavioural bias and exposure both have a substantial impact on investing behaviour, indicating that psychological reactions are important in influencing choices. The results show that social media influences investors through behavioural factors in addition to knowledge exchange.

1.6 Suggestions and recommendations

Investors need to assess financial data which they obtain from social media platforms because they should not make decisions based on news articles that people commonly believe. The complete financial education program needs to incorporate behavioural finance concepts which help investors learn to identify their emotional response triggers. Social media platforms and their influencers need to promote ethical financial communication through their provision of unbiased financial information. Financial organizations and regulators should initiate awareness campaigns which educate people about long-term investment strategies and methods to evaluate risks. The improvement of financial literacy together with the understanding of human behaviour will enable investors to make better choices in digital financial environments.

1.7 Conclusion

The research examined how social media financial information affects young retail investors through its impact on their social media usage and their tendency to exhibit impulsive investment behavior. The results demonstrate that

social media usage reaches moderate levels while users display strong behavioral bias together with high tendencies for impulsive investment. The statistical analysis established strong correlations which demonstrate that psychological responses function as essential elements that connect social media usage with investment patterns. The results demonstrate that social media presents both informative content and behavioral influence, which establishes the importance of teaching people to practice responsible online financial conduct. The research findings demonstrate how modern internet platforms affect both investor mental processes and their subsequent investment decisions within the current financial systems that rely on advanced technology.

1.8 Limitations of the Study

The study restricted its research to investigate young retail investors because this group does not represent all investor types. The study results face bias challenges because participants used self-reported questionnaire answers. The study examines social media exposure and behavioral bias but fails to consider other economic factors and market-related elements that influence investment choices.

1.9 Study's Future Scope

Future studies should expand their research scope by including participants from different demographic groups and collecting more data samples. Social media platforms and financial experience levels should be studied together to provide deeper research insights. Research should use longitudinal studies together with advanced statistical techniques to study how digital financial environments affect changes in behavior patterns over time.

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