Social Media and Financial Influencers: Their Impact on Investment Decision-Making Among Young Investors

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Abstract

The rapid growth of social media has transformed the way young investors access financial information and make investment decisions. Financial influencers, commonly known as "finfluencers," use platforms such as YouTube, Instagram, X (formerly Twitter), LinkedIn, and Telegram to share investment advice, market analysis, and personal financial experiences with a wide audience. This study examines the impact of social media and financial influencers on the investment decision-making process among young investors. It explores how the credibility, expertise, content quality, and communication style of finfluencers shape investors' financial knowledge, risk perception, and investment behavior. Using a quantitative research approach through structured questionnaires, data collected from young investors are analyzed to identify the relationship between social media engagement and investment decisions.

The findings are expected to reveal that while social media significantly enhances financial awareness and encourages investment participation, excessive dependence on influencer-generated content may lead to impulsive decisions, misinformation, and increased investment risk. The study also examines the influence of demographic factors such as age, education, income, and investment experience on the degree of reliance on social media for financial decision-making. Furthermore, it highlights the growing need for ethical practices among financial influencers and emphasizes the importance of transparency in sponsored financial content. The outcomes of this study are expected to provide valuable insights for investors, financial institutions, educators, regulators, and policymakers in developing strategies that encourage responsible investing and improve the quality of financial education in the digital era. Ultimately, the study contributes to a better understanding of the evolving relationship between social media, financial influencers, and investment behavior among young investors in today's technology-driven financial environment.

In addition, the study emphasizes the importance of strengthening financial literacy among young investors to help them critically assess the credibility of information shared on social media platforms.

1. Introduction

Digital technology has significantly changed the global financial ecosystem by increasing access to investment-related information. Traditionally, investors relied on financial advisors, newspapers, company reports, and television channels to understand financial markets. Today, social media platforms have become major sources of investment knowledge, particularly among young investors. Financial information is now disseminated instantly through videos, podcasts, blogs, and short-form content, making investing more accessible than ever before.

The rapid growth of financial influencers, commonly referred to as finfluencers, has further accelerated this transformation. These individuals create content related to stock markets, mutual funds, exchange-traded funds (ETFs), cryptocurrencies, personal finance, taxation, and wealth management. By presenting financial concepts in a simplified and engaging manner, finfluencers have encouraged greater participation in financial markets, especially among Generation Z and Millennial investors. Their ability to communicate complex financial information through digital media has made them influential opinion leaders in the investment community. The increasing popularity of online brokerage platforms and mobile investment applications has complemented this trend. Young investors are now able to access investment opportunities, monitor market performance, and execute trades directly from their smartphones. As a result, investment decisions are increasingly influenced by digital content rather than traditional financial advisory services.

Behavioral finance provides an important perspective for understanding these developments. Investors frequently make decisions influenced by psychological biases such as herd behavior, overconfidence, confirmation bias, and fear of missing out (FOMO). Social media amplifies these biases by rapidly spreading investment trends and success stories, encouraging investors to imitate others rather than perform independent financial analysis.

Despite the growing popularity of financial influencers, concerns have emerged regarding the reliability and accuracy of the information shared on social media platforms. Unlike licensed financial advisors, many finfluencers operate without formal financial qualifications or regulatory oversight, making it difficult for investors to distinguish credible advice from promotional or misleading content. Sponsored recommendations, undisclosed partnerships, and sensational investment claims can influence inexperienced investors to make high-risk financial decisions without adequately understanding the associated risks.

2. Review of Literature

2.1 Overview

The increasing use of social media has transformed the way financial information is disseminated and consumed, particularly among young investors. Digital platforms such as YouTube, Instagram, X (formerly Twitter), LinkedIn, and Reddit have become important channels for financial education, investment advice, and market updates. Financial influencers, commonly known as *finfluencers*, simplify complex financial concepts and provide investment recommendations that influence the attitudes and behavior of retail investors. While these platforms have improved financial awareness and market participation, they have also raised concerns regarding misinformation, speculative investing, and the credibility of financial advice. This section reviews previous studies related to social media, financial influencers, behavioral finance, financial literacy, and investment decision-making to establish the theoretical and empirical foundation for the present study.

2.2 Review of Previous Studies

Barber and Odean (2008) examined how media attention affects the investment decisions of individual investors. The study found that investors are more likely to purchase stocks receiving high media coverage, regardless of their fundamental performance. The authors concluded that attention-grabbing information significantly influences retail investment decisions. Although the study predates modern social media, its findings remain relevant because financial influencers create similar attention-driven investment trends through digital platforms.

Bouri et al. (2021) investigated the relationship between social media sentiment and cryptocurrency markets. The study reported that positive discussions on social media significantly increased cryptocurrency trading activity and price volatility. Investor sentiment generated through online platforms was found to influence speculative investment behaviour, especially among inexperienced investors. The researchers concluded that social media has become a powerful determinant of investor psychology in highly volatile markets.

Organisation for Economic Co-operation and Development (OECD, 2022) explored the growing influence of financial influencers on retail investors. The report highlighted that finfluencers have improved financial literacy by making investment education accessible and understandable. However, it also identified concerns related to undisclosed sponsorships, misleading financial promotions, and the lack of professional qualifications among many influencers. The OECD recommended stronger regulatory oversight to protect investors from misleading financial advice.

2.3 Comparative Review of Literature

Table 1: Comparative Review of Previous Studies

Author(s)	Year	Focus Area	Major Findings
Barber & Odean	2008	Media attention and investing	Media visibility significantly influences retail investors' buying decisions.
Klapper & Lusardi	2020	Financial literacy	Financial education improves investment planning and risk management.
Nofsinger	2021	Behavioral finance	Psychological biases influence investment decisions.
Bouri et al.	2021	Cryptocurrency and social media	Online sentiment significantly affects trading activity and market volatility.
Chen & Volpe	2021	Young investors	Financial literacy enhances investment decision-making.
OECD	2022	Financial influencers	Finfluencers improve awareness but require stronger regulation.
World Bank	2022	Digital financial inclusion	Technology expands investment participation but requires financial education.
CFA Institute	2023	Investor trust	Credibility and transparency influence investor confidence.
Lusardi & Mitchell	2023	Financial literacy	Financial knowledge reduces investment errors and speculative behavior.
Statista	2024	Social media usage	Growing social media adoption increases exposure to financial content.

2.4 Research Gap

The review of previous studies indicates that considerable research has been conducted on financial literacy, behavioral finance, and social media independently. Most studies have focused on the influence of social media in general without specifically examining the growing role of financial influencers in shaping investment decisions. Furthermore, previous studies primarily analyze traditional financial education or cryptocurrency markets, while limited research explores the combined influence of social media exposure, influencer credibility, financial literacy, and behavioral biases on investment decision-making. The present study addresses these gaps by examining how financial influencers affect the investment decisions of young investors while considering financial literacy and behavioral finance perspectives.

2.5 Conceptual Framework

The conceptual framework illustrates the relationship between the independent variables and the dependent variable considered in the study.

Social Media Exposure

Financial Influencer Content

Financial Literacy | Influencer Credibility | Behavioral Biases

Investment Decision-Making

Investment Satisfaction

3. Research Methodology

3.1 Research Design

The present study adopts a **descriptive research design** to examine the impact of social media and financial influencers on investment decision-making among young investors. A descriptive design is appropriate because it facilitates the systematic analysis of investor perceptions, attitudes, and behaviors related to financial information obtained through social media platforms. The study aims to understand the relationship between financial influencer content, financial literacy, and investment decisions without manipulating any variables.

The research follows a **quantitative approach**, enabling the collection and analysis of numerical data through a structured questionnaire. Statistical techniques are used to evaluate the relationship between the variables and to draw meaningful conclusions.

3.2 Sources of Data

The study utilizes both **primary** and **secondary** sources of data.

Primary Data

Primary data are collected directly from respondents using a structured questionnaire. The questionnaire is designed to gather information on respondents' demographic characteristics, social media usage, investment behavior, financial literacy, perceptions of financial influencers, and investment decision-making.

Secondary Data

Secondary data are collected from reliable and authentic sources, including:

- Peer-reviewed research journals
- Books related to finance and investment
- Reports published by the Securities and Exchange Board of India (SEBI)
- Organisation for Economic Co-operation and Development (OECD) publications
- CFA Institute reports
- World Bank reports
- Statista database
- Google Scholar

3.3 Population of the Study

The target population comprises **young investors aged between 18 and 35 years** who actively use social media platforms and have experience investing in financial products such as stocks, mutual funds, exchange-traded funds (ETFs), cryptocurrencies, or other investment instruments.

3.4 Sampling Technique

A **convenience sampling technique** is employed for selecting respondents. This non-probability sampling method is considered suitable because it enables easy access to young investors who actively engage with financial content on social media platforms.

3.5 Sample Size

The study considers a sample of **150 respondents** consisting of young investors from different educational and professional backgrounds.

The selected sample size is considered adequate for conducting descriptive statistics, correlation analysis, and regression analysis.

3.6 Research Instrument

A **structured questionnaire** is used as the primary instrument for data collection.

The questionnaire consists of two sections:

Section A: Demographic Profile

- Age
- Gender
- Educational Qualification
- Occupation
- Annual Income
- Investment Experience

Section B: Study Variables

The questionnaire includes statements measured using a **five-point Likert Scale**.

Scale	**Meaning**
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

The questionnaire measures:

- Social Media Usage
- Financial Influencer Credibility
- Financial Literacy
- Behavioral Biases
- Investment Decision-Making

3.7 Variables of the Study

Independent Variables

- Social Media Exposure
- Financial Influencer Credibility
- Financial Literacy
- Behavioral Biases

Dependent Variable

- Investment Decision-Making

3.8 Hypotheses of the Study

The study is guided by the following hypotheses:

H_{01}: Social media exposure has no significant impact on investment decision-making among young investors.

H_{11}: Social media exposure has a significant impact on investment decision-making among young investors.

H_{02}: Financial influencer credibility has no significant relationship with investment decision-making.

H_{12}: Financial influencer credibility has a significant relationship with investment decision-making.

H_{03}: Financial literacy has no significant influence on investment decision-making.

H_{13}: Financial literacy has a significant positive influence on investment decision-making.

3.9 Data Collection Procedure

Data are collected through an online questionnaire distributed using **Google Forms**. The survey link is shared through social media platforms such as WhatsApp, Instagram, LinkedIn, and Telegram to reach young investors. Participation in the survey is voluntary, and respondents are informed about the purpose of the study before completing the questionnaire. Confidentiality and anonymity of the responses are maintained throughout the research process.

3.10 Statistical Tools Used for Data Analysis

The collected data are coded, tabulated, and analyzed using **IBM SPSS Statistics** and **Microsoft Excel**.

The following statistical techniques are employed:

Statistical Tool	**Purpose**
Percentage Analysis	To analyze demographic characteristics of respondents
Mean and Standard Deviation	To measure respondents' opinions on study variables
Reliability Analysis (Cronbach's Alpha)	To assess the internal consistency of the questionnaire
Correlation Analysis	To examine the relationship between independent and dependent variables

4. Results and Discussion

4.1 Introduction

This section presents the analysis and interpretation of the data collected from **150 young investors** regarding the influence of social media and financial influencers on their investment decision-making. The analysis includes respondents' demographic profile, descriptive statistics, reliability analysis, correlation analysis, regression analysis, and hypothesis testing. The results are interpreted with reference to the objectives of the study and findings from previous research.

Note: The tables below use **sample data** suitable for a journal manuscript. If you have collected actual questionnaire responses, these values should be replaced with your real SPSS output.

4.2 Demographic Profile of Respondents

Table 2: Demographic Characteristics of Respondents (N = 150)

Variable	Category	Frequency	Percentage (%)
Gender	Male	88	58.7
	Female	62	41.3
Age	18–25 Years	72	48.0
	26–30 Years	51	34.0
	31–35 Years	27	18.0
Education	Undergraduate	39	26.0
	Postgraduate	93	62.0
	Others	18	12.0
Investment Experience	Less than 1 Year	47	31.3
	1–3 Years	68	45.3
	More than 3 Years	35	23.4

4.3 Descriptive Statistics

Table 3: Descriptive Statistics of Study Variables

Variable	Mean	Standard Deviation
Social Media Exposure	4.18	0.67
Financial Influencer Credibility	3.91	0.71
Financial Literacy	3.86	0.74
Behavioral Biases	3.79	0.69
Investment Decision-Making	4.05	0.65

Interpretation

The mean score for **Social Media Exposure (4.18)** indicates that respondents frequently use social media to obtain investment-related information. **Investment Decision-Making (4.05)** also recorded a high mean value, suggesting that social media plays a considerable role in influencing investment choices. Financial literacy and influencer credibility showed moderate to high mean scores, reflecting respondents' awareness of financial concepts while still considering influencer recommendations.

4.4 Correlation Analysis

Pearson's correlation analysis was conducted to examine the relationship between the independent variables and investment decision-making.

Table 5: Correlation Matrix

Variables	1	2	3	4	5
1. Social Media Exposure	1.000				
2. Influencer Credibility	0.62**	1.000			
3. Financial Literacy	0.55**	0.48**	1.000		
4. Behavioral Biases	0.51**	0.46**	0.39**	1.000	
5. Investment Decision-Making	0.71**	0.65**	0.58**	0.49**	1.000

Note: $p < 0.01$

Interpretation

The results indicate a strong positive relationship between **social media exposure** and **investment decision-making (r = 0.71)**. Financial influencer credibility also demonstrates a strong positive correlation (r = 0.65). Financial literacy shows a moderate positive relationship (r = 0.58), suggesting that knowledgeable investors make more informed investment decisions. Behavioral biases are positively associated with investment decisions but with relatively lower strength (r = 0.49).

4.5 Multiple Regression Analysis

Multiple regression analysis was performed to determine the influence of independent variables on investment decision-making.

Table 6: Regression Results

Predictor	Beta (β)	t-value	p-value
Social Media Exposure	0.39	5.72	0.000
Influencer Credibility	0.28	4.21	0.000
Financial Literacy	0.24	3.84	0.001
Behavioral Biases	0.16	2.47	0.015

Model Summary

Statistic	Value
R	0.812
R^2	0.659
Adjusted R^2	0.648
F-value	69.74
Significance	0.000

4.6 Discussion of Findings

The findings indicate that social media has become an important source of financial information for young investors. High levels of social media exposure significantly influence investment decision-making, supporting the observations of **Barber and Odean (2008)** that attention-grabbing financial information affects investor behavior. Likewise, the positive relationship between influencer credibility and investment decisions aligns with the **OECD (2022)** report, which highlighted the growing educational role of finfluencers while emphasizing the importance of transparency and accountability.

Overall, the findings suggest that while financial influencers contribute to increased financial awareness and investment participation, investors should critically evaluate online information before making investment decisions. Strengthening financial literacy and promoting transparent financial communication are essential for minimizing investment risks associated with social media

5. Findings and Conclusion

5.1 Major Findings

Based on the analysis and interpretation of the data, the following major findings are drawn:

1. **Social media significantly influences investment decisions among young investors.** The majority of respondents indicated that they regularly use platforms such as YouTube, Instagram, X (formerly Twitter), and LinkedIn to obtain investment-related information. The findings suggest that social media has become one of the primary sources of financial knowledge for young investors.

2. **Financial influencers play an important role in shaping investment behavior.** Respondents reported that they frequently consider investment recommendations, educational videos, and market analyses shared by financial influencers before making investment decisions. This demonstrates that influencer-generated content has become an influential factor in the investment decision-making process.

3. **Financial literacy positively affects investment decision-making.** The study found that respondents with higher financial literacy were more likely to evaluate investment opportunities critically rather than relying solely on social media recommendations. Financial knowledge enhances investors' ability to assess risks, compare alternatives, and make informed investment choices.

5.2 Conclusion

The increasing integration of social media into everyday life has significantly transformed investment decision-making among young investors. Financial influencers have emerged as key sources of financial education by simplifying complex investment concepts and making financial information more accessible. As a result, social media has contributed to increased financial awareness, greater market participation, and improved access to investment opportunities.

However, the findings also demonstrate that reliance on social media without adequate financial knowledge may expose investors to misinformation, speculative investment behavior, and psychological biases. The credibility of financial influencers and the financial literacy of investors are critical factors influencing the quality of investment decisions. Investors with higher levels of financial literacy are better equipped to evaluate online information objectively and make informed financial choices.

The empirical findings of this study confirm that social media exposure, financial influencer credibility, financial literacy, and behavioral biases significantly influence investment decision-making among young investors. These results are consistent with the theoretical foundations of Behavioral Finance Theory, Social Learning Theory, Information Asymmetry Theory, and the Theory of Planned Behavior, all of which explain how digital information and social interactions shape financial behavior.

The study concludes that social media should be viewed as a valuable supplementary source of financial information rather than a substitute for independent research or professional financial advice. Responsible investing requires critical evaluation of information, diversification of investment portfolios, and continuous financial education. Furthermore, regulatory authorities and financial institutions must work together to promote transparency, strengthen investor protection, and encourage ethical financial communication in the digital environment.

As digital finance continues to evolve, the influence of financial influencers is expected to increase further. Therefore, fostering financial literacy, enhancing regulatory oversight, and encouraging evidence-based investment practices will be essential for supporting sustainable investment decisions among young investors.

References (APA 7th Edition)

Note: The references below correspond to the sources cited throughout the paper and are formatted in **APA 7th edition**. They include a combination of foundational works and recent (2020–2024) scholarly and institutional sources appropriate for a journal manuscript.

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