The Effects Of Finfluencers On Investment Decisions Within An Online Community

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Abstract

The growth in technology has explored many investment options for individuals to invest their savings in various financial platforms to earn extra returns on them. The youth adults however lack financial literacy and portfolio management skills, hence to increase financial awareness their primary source of information turns out to be their social circles, financial influencers, social media, etc. The objective of the research study is to analyse the impact of finfluencers and the role of factors which influenced the investment decisions of individuals while investing their savings in securities and stock market. The study also investigates the satisfaction level among the respondents post considering the suggestions provided by finfluencers through their content posted by them in different platforms. Survey approach was adopted to collect primary data by sending questionnaire to respondents. The study uses frequency tables and graphs to represent the data collected from the respondents and provide conclusions post summarizing and testing the data gathered by respondents using chi-square test and Kruskal Wallis h-test. After analysing the data collected, it was concluded that although a majority number of respondents did not followed finfluencers actively on various social media platforms still, they considered their recommendations to conclude their investment decisions. The study also revealed that the advice provided by finfluencers motivated the respondents to learn more about different investment options and schemes which are available to them and better understand the working of financial markets and structures.

Keywords – Investment Decision, Finfluencers, Investment Behaviour, Finfluencers' Impact.

Introduction

Social media is a digital platform which connects people with each other from different corners of the world. Social networking sites have enabled people to create and share their content through wide spread communication tools to build long lasting relations among themselves. There are many social media platforms like Facebook, Instagram, WhatsApp, YouTube, Snapchat, LinkedIn, etc. As per the reports of Kepios Team, there were 5.22 billion active social media users in October, 2024 and daily spend about 143 minutes on social media. As per the study of Shopify, Facebook was the most used social platform, followed by YouTube and Instagram among citizens of India in 2024.

With the rapid development in technology social media has enabled users to perform a vast number of functions. One such function is influencing. Influencers refers to those groups of people who had a large number of followers and can influence their purchase decisions. Social media has given rise to many influencers in different fields. One such type of influencers is financial influencers, also known as finfluencers.

Finfluencers are referred to the people who have a large number of followers under them and provide a financial advice to them. The financial knowledge delivered by them increases the financial literacy among the young adults while the financial advice provided by them impacted their investment behaviour and helped them to frame their investment decisions. Social media positively impacted the investment decisions of the individual investors and concluded that a relationship existed between them. (Vasquez & Cross, 2024).

The increased market size of financial influencers alarmed the Securities Exchange Board of India, SEBI, to frame policies regarding investments in stock market to ensure the transparency and fairness of transactions under the board and ensure the safety of gullible investors from the clutches of fraud advisors. The individuals look for different attributes in the finfluencers content like performance of industry, maturity period of different securities, returns expectations as per current and upcoming scenarios, volatility/risks of the securities, etc. Hence, after analysing various contents posted by the finfluencers regarding their preferred securities, they finally conclude their investment decision.

The popularity of finfluencers drastically grew since the COVID-19 pandemic. Hence it becomes an interesting topic to study, what is the impact of finfluencers on investment decision of individuals and how well have they earned returns in their investment post considering the advice of finfluencers. Some of the leading finfluencers are Ankur Warikoo, Sharan Hegde, Neha Nagar, Pranjal Kamra and many others.

Literature Review

(Wanjari & Dhoke, 2024) in their study observed the impact of social media on investment decisions using quantitative method through questionnaires. The study revealed that financial influencers and social media positively correlated with the investment decision of investors. The research study advocated the role of finfluencers as transparent and credible source of information among the audience and concluded that investors should improve their financial literacy to encourage digital activities like investment. (Savithri & Rajakumari, 2025) in their study revealed the investment behaviour of Generation X as conservative investors who placed emphasis on stability and long-term growth, while, Generation Z investors are high risk takers. The study stated that financial institutions spread information among investors to educate them regarding investment. The study finally concluded that internet information significantly influenced the investment decisions of individuals.

(Investment Pattern & Impact of social media On Investment Decision of People on the Stock Submitted By, 2022) in their study observed that social media impacts investment decisions and bring more people into the stock market. The study signified the relationship between financial content on social

media and investment decisions and revealed that meeting the short-term financial goals was the primary objective for investment among investors.

(Geenen, 2023) in their study investigated the relationship between financial influencers and financial literacy. The study revealed that there is a positive relationship between financial knowledge and financial attitude and also between financial attitude and financial behaviour. The study concluded that individuals with a positive attitude towards financial behaviours were more inclined to invest their savings in stock market.

(V et al., 2023) in their study stated that Instagram and YouTube were most popular social media platforms to connect with their social circles and stocks and mutual funds were the most preferred investment options among the respondents. The study revealed that a strong correlation existed between investment options and social platforms usage. The study also revealed that a significant correlation existed between investment preferences and gender. **(Espeute & Preece, 2024)** in their reports revealed that factors like trustworthiness of finfluencers played a significant influence on investment decisions of Generation Z investors. The report revealed that intentions of finfluencers were not always transparent and were often inadequate. The report finally suggested investors to expose the risks imbibed in securities before investing their savings in stock market. **(S & Prerana, n.d.)** in their study revealed Instagram memes and posts significantly created awareness among individuals regarding stock market. The study observed that 92.4% of the respondents came across financial investment content on social media platforms out of which 32% of them were influenced to learn more about the stock market. The study also revealed that 10% of their respondents were directly influenced to invest according to the advice offered by the finfluencers.

(Hull & Qi, n.d.) In their study measured the impact of influencers on investment decisions of individuals. The study revealed that individuals were interested in safe and passive traded funds to cover up from the risky investment options. The study also observed the importance of regulations and policies set up by SEBI guidelines to protect the investors from fraud investment policies. **(The Impact of "finfluencers" on Millennial and Gen Z Investment Preferences, n.d.)** The article revealed that 80% of young adults have turned to social media platforms for financial advice. The article also covered the report published by Forbes that only 31% of Gen Z and millennial frequently analysed the experience and advice who provide source of information to them.

(The Decline of Finfluencers in India_ Impact of SEBI's New Rules, n.d.) The article states that SEBI considers finfluencers as an important source for spreading financial awareness, knowledge and literacy among the youth investors. The article explains that as per Section 12-A of the SEBI Act, use of any device, scheme, issue-sale-purchase of any securities or engage in any act, practice or course of action that have fraudulent intentions, are strictly prohibited by the SEBI and are punishable as per the terms mentioned in the act.

Significance of the study

The youth investors are influenced by many factors which affect their investment decision. The study is conducted to analyse the influence and impact of financial influencers on the investment decision of investors. The study will help to study what content posted by finfluencers' affects the investment decisions. The growth in investment sector has prompted the regulatory body i.e., SEBI to frame the policies to ensure that no gullible investors are victim of frauds or took participation in fraudulent activities hence, making ethical transactions. The investment market will continue to rise exponentially when the investors felt gratified.

Objectives

1. To analyse the impact of finfluencer on individual investment decision.
2. To examine the extent to which finfluencer influence an investor behaviour.
3. To determine the satisfaction level of investors post reviewing the content provided by finfluencers in social media platforms.

Research Methodology

Research Design

Descriptive and analytical research design was adopted to execute this research and reach to conclusions.

Sampling Method

The data for this study have been collected through convenience sampling which is a sub type of non-random sampling to collect the samples from the target population.

Sample Size

The research questionnaire was sent to 184 people out of which 150 respondents duly filled the forms.

Data Collection

The data for the research study have been collected using survey method by distributing a questionnaire (created using Google docs) among the respondents. A structured questionnaire was sent to collect the primary data through the respondents.

Analytical Tools

The research work used tabular tables and graphs to visually represent the data to represent the data derived through the questionnaire while the testing of hypothesis based on the data collected is done using chi-square and Kruskal Wallis h-test.

Data Analysis

Demographic Information of Respondents

Table 1: Demographic Profile of the Respondents

Demographic Variables	Levels	Counts
Age	18-20	31
	21-23	36
	24-26	37
	27-30	31
	30+	15
Gender	Male	82
	Female	68
Occupation	Student	88
	Salaried	43
	Self-Employed	14
	Freelancing	5
Amount Invested	Less than 50k	97
	50K-1 Lakh	24
	1-2 Lakh	14
	2-3 Lakh	4
	3-4 Lakh	4
	4 Lakh+	7
Total		150

Out of 150 respondent's majority of the respondents are male i.e., 54.7% and the remaining 45.3% are female. The data collected showed that majority of the respondents aged between 24-26 years which is 24.67% of the total respondents subsequently followed by 21-23 aged group people with 36 respondents. Since, largest portion of the respondents (58.67%) were students they did not had sufficient funds hence preferred to invest less than 50 thousand amounts in the investment market.

Objective 1

To analyse the impact of finfluencer on individual investment decision.

Hypothesis Ho1: - Finfluencers do not significantly influence decision making.

The objective was to analyse the association between the influence of finfluencers and individual's investment decision making. For this the influence of finfluencer was taken as an independent variable while investment decision taken was taken as dependent variable. The data was analysed with the help of 2*5 chi square test and the results derived are given in the following Table 2.

Table 2: Chi square value of impact of finfluencer on individual investment decision.

2*5 crosstabulation

Investment decision	Invest and learn more	No influence	Influence to learn more	Influence to invest	Total	Chi-square value
No	4	34	19	3	60	61.639
Yes	42	5	24	19	90	
Total	46	39	43	22	150	

Interpretation

The chi square test was conducted to examine the association between the influence of finfluencer and individual investment decision making. The result revealed a chi square value of 61.639 with 3 degrees of freedom (df = 3) and a p- value of 0.000.

Given that the p- value is below the conventional level of 0.05, the null hypothesis (stating that finfluencer do not significantly influence investment decision making) is not supported. This indicates a statistically significant relationship is present between the influence of finfluencer and the investment decision of individual.

These finding suggest that exposure to finfluencer play a crucial role in shaping investment behaviour. Individual who engages with finfluencer may be more inclined to invest, seek further financial knowledge or modify their investment approach based on the information provided. This challenges the assumption that finfluencer have no substantial impact on decision making and highlight their potential influence on retail investors.

Objective 2

To examine the extent to which finfluencer influence an investor behaviour.

Hypothesis Ho2: - There is no significant difference in investment behaviour between investors who follow finfluencer and those who do not follow finfluencers.

To examine the extent to which finfluencer influence an investor behaviour risk tolerance and following finfluensers were taken as independent variables while investment behaviour was taken as dependent variable for the study. The data was analysed with the help of Kruskal Wallish H test and the result are given in table no. 3.

Table 3: Risk tolerance level wise mean rank, N, and chi square value of investment behaviour of investor.

Risk tolerance level	Frequency	Mean Rank	Chi square value	Significant error (p-value)
High risk taker	10	102.00		
Opportunistic risk taker	48	80.11		
Moderate risk taker	53	75.80	14.391	0.006
Low risk taker	30	56.32		
Not like taking risk	9	83.61		

Interpretation

The Kruskal Wallis H test was conducted to examine whether there is significant difference in investment behaviour between investors who follow financial influencer and those who do not the investment behaviour was assessed using two key variable risk tolerance level and invested amount.
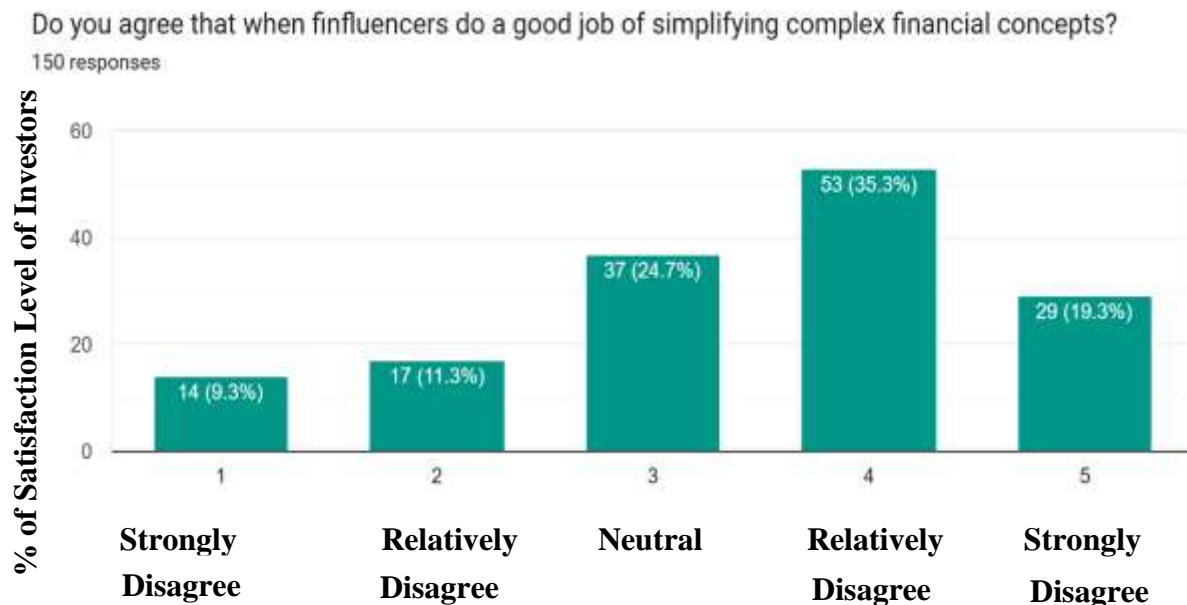
The test results indicate a chi square value of 14.39 with p- value is 0.006 which is less than the conventional significant level of 0.05, the null hypothesis, which stated that there is no significant difference in investment behaviour between two groups.

These finding suggest that following finfluencers has a measurable impact on investment behaviour. Investors who engaged with finfluencers on different platforms, significantly exhibited different risk tolerance level compared to those who do not. This implies that financial influencer played a substantial role in shaping investors' decision-making process regarding investments, possibly by influencing their risk perception, investment confidence, or exposure to new financial opportunities.

Objective 3

To determine the satisfaction level of investors post reviewing the content provided by finfluencers in social media platforms.

In order to determine the satisfaction level of mutual fund investors who view the content, they were asked to review the content provided by finfluencers on different social media platforms on a scale of 1 to 5 wherein, 1 was taken as highly disagree and 5 was taken as highly agree.

Do you agree that when finfluencers do a good job of simplifying complex financial concepts?

150 responses

Graph 8: Respondents Satisfaction Level Post Considering Finfluencers' Content

The researchers through this question investigates to know whether the respondents agreed that finfluencers performed a suitable job in simplifying the complex financial concepts or not. Majority of the respondents (35.3%), i.e., 53 respondents relatively agreed that finfluencers simplified the complex financial concepts while 24.67% of the respondents, i.e., 37 respondents were at neutral stage to accept or deny the statement. However, 9.33% of the respondents completely disagreed to above statement.

Findings

The researchers in this study collected sample from 150 respondents to seek the answers related to impact of finfluencers on the investment decision of the individual investors and determine the satisfaction level of individual investors post reviewing the content posted by finfluencer. for questions asked by them. The collected data was analysed using chi-square test and it helps the researchers to observe that:

- The null hypothesis was considered that finfluencer did not impact the decision making of individual investors but when the chi-square test was performed to test the association between them, the p-value turned out to be 0.00, which concluded that the data collected through respondents was insufficient to accept the null hypothesis and hence, it should be rejected.
- In order to determine the difference in behaviour of individual investors who consider the recommendations provided by finfluencers while making investment decisions and those who don't consider their recommendations, Kruskal Wallish test was conducted. The test revealed that there is a significant difference in investment behaviour between two groups as the p-value was much lower than the conventional significant value of 0.05.
- Majority of the respondents 35.3% relatively agreed that finfluencers performed a significant job to solve complex financial problems raised in the minds of individual investors, while 11.33% of respondents stated they relatively disagreed to the above statement.

Conclusion

Investors frame their investment decisions after processing the information collected from different sources like recommendations from certified financial planners and reading company statements, advise from family members, finfluencers and information printed on newspapers and magazines. The data collected, it was revealed that although majority of respondents did not followed finfluencers on social media yet they considered the recommendations given by them and hence reframe their decisions. The study revealed that there was a significant association between finfluencers and investment decision making of retail

investors. The work highlighted that there is a significant difference in the behaviour of investors who considered the recommendations of finfluencers in comparison to people who don't followed their recommendations. The researchers also observed that majority of their respondents agreed that finfluencers significantly helped novice investors to decode the complex financial systems and models which in turn helped them to take financial decisions. Hence, it is suggested that individual investors should take part in different financial programs to understand the working of market forces and financial concepts which could help them to take efficient financial decisions.

Limitations

- The results concluded by the study cannot be adapted to wider areas as the respondents collected for the study is very limited for generalization.
- The time factor was limited due to which data could only be collected from limited sources and the researchers could not apply statistical tools on the data.

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