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# Impact of Social Media Finfluencers on Investment Behavior among Indian Retail Investors

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**ABSTRACT:** This paper investigates the rising influence of financial influencers (“finfluencers”) on retail investment decisions in India’s rapidly transforming digital financial sector. It explores how these digital personalities impact young investors' financial literacy, trust, and susceptibility to behavioral biases, while highlighting the challenges posed by limited regulatory frameworks.

Preliminary results indicate that finfluencers significantly shape investment knowledge and confidence among Gen Z and millennial investors, blending relatable storytelling with technical market content to build trust and community. However, gaps in regulation leave retail investors exposed to risks including misinformation and herd behavior. Incorporating personality traits helps explain differential investor responses to finfluencer advice and behavioral biases.

This study contributes a unique interdisciplinary perspective, combining behavioral finance theory, personality assessment, and real-world digital finance trends in the Indian context. It provides timely insights for policymakers, regulators, and educators aiming to safeguard investor interests while enhancing financial inclusion through digital platforms.

### I. INTRODUCTION

The digital transformation of India’s financial sector has ushered in a new era of retail investing, changing how individuals seek advice, share experiences, and make financial decisions. A significant development in this shift is the rise of the “finfluencer,” a term for individuals who share financial advice through social media platforms like YouTube, Instagram, and Twitter (Deshpande, 2025; Business Today, 2025). Unlike traditional financial advisors, who are subject to strict regulations and professional standards, finfluencers often operate independently, building their trust and credibility through online engagement—like likes and shares—and by presenting relatable content (Boston Institute of Analytics, 2025). This allows them to create communities based on perceived success and authenticity.

Typically, a finfluencer focuses on creating engaging digital content related to financial education, offering investment tips, or providing market commentary. They often mix personal stories with technical analysis to engage both novice and experienced investors.

With the rapid increase in mobile internet access and user-friendly trading platforms in India, these influencers can reach young, first-time investors on a large scale (Vision IAS, 2024). This engagement addresses a gap in financial education but also raises important questions about the quality of the advice provided, potential conflicts of interest, and the need for regulatory oversight. Currently, regulations and governing bodies provide limited frameworks to monitor how these social media influencers affect retail investor behavior, highlighting a significant gap in policy (SEBI, 2025a; SEBI, 2025b).

Surveys indicate that many young Indian investors, particularly those from Gen Z and millennials, consider finfluencers as their primary or secondary source for investment decisions (Dinesh, 2017). This marks a substantial shift in how financial information is consumed. While this study mainly focuses on undergraduate students, it offers valuable insights into emerging trends that could lead to broader research. The findings could assist policymakers and regulatory bodies



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in creating tailored regulations for social media influencers and promoting collaboration with these platforms to minimize unethical practices like market manipulation (SEBI, 2025a).

As India's investment culture evolves, individual differences in investor behavior become increasingly important. This research recognizes that psychological factors, especially the OCEAN personality traits—Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism—may significantly shape how retail investors interact with digital financial content. These traits can influence susceptibility to influencer advice, risk tolerance, emotional responses to market movements, and willingness to seek out or avoid new financial information. Incorporating OCEAN traits as a key variable enables a more nuanced, personalized understanding of investment decisions and the potential impact of behavioral biases in the digital age.

While digital personalities can make complex market concepts more understandable and encourage market participation, their advice may not always be based on thorough analysis or fiduciary responsibility. As algorithm-based popularity and viral trends increasingly drive investment conversations, opportunities for democratizing financial knowledge are accompanied by risks of misinformation and group biases (SSRN, 2024; StockGro, 2025). By connecting behavioral finance theory, personality psychology, and real-world market dynamics, this study aims to advance understanding of investment behavior among young Indian retail investors. Innovative approaches—such as tracking social media indicators and evaluating OCEAN trait interactions—offer practical tools for examining the unique influence of online financial figures in today's fast-evolving finance environment.

### II. LITERATURE REVIEW

Investor sentiment, or the overall mood of investors toward the market or specific stocks, plays a critical role in financial market dynamics. It can lead to price deviations from fundamental values, affecting both market volatility and trading volume. Behavioral Finance Foundations: Established models suggest that noise traders, who act on sentiment rather than fundamentals, contribute to market volatility. Investor sentiment serves as a proxy for this noise trading and affects stock returns temporarily, often linked to increased trading volume and volatility (Zhao, 2025; Liu, 2025). Media and Sentiment: Research shows that media sentiment—especially negative sentiment—can predict stock market movements and volatility. Media content often reflects investor moods, influencing market behavior (Nyakurukwa, 2024; Yang, 2024).

#### Information Sharing through Social Media and Online Platforms

##### Social media has changed the way information flows and how investors interact:

Internet Message Boards and Blogs: Early studies, like those by Antweiler and Frank (2004), found that the amount of messages on stock forums tends to relate to trading activity and market ups and downs, but their ability to predict returns is often weak or unclear. More advanced methods, like computational linguistics, help categorize messages into buy, sell, or hold sentiments, giving us a clearer picture of market mood (Chen et al., 2014).

Microblogging (Twitter): More recent research has linked Twitter messages about specific stocks to trends in market behavior. It shows that the sentiment of tweets and their volume can predict how the market will react. Unlike traditional discussion boards, Twitter provides a way to see how information spreads through retweets and follower networks. Users who consistently give good advice often gain more visibility, which helps create a more efficient market sentiment (Kolasani, 2020; Docas & Ray, 2024; VoxEU, 2017).

Seeking Alpha and Crowdsourced Analysis: Long analyses by users on platforms like Seeking Alpha suggest that both positive and negative sentiments in articles and comments can predict stock returns and surprises in earnings. This indicates that crowd-sourced opinions can offer valuable insights beyond what traditional analysts provide (Chen et al., 2014; ESMA, 2024).

#### The Role of Attention and News in Trading Behavior

Investor attention and news significantly influence how different types of investors trade: Attention-Driven Trading: Individual investors often trade stocks that catch their attention, whether due to news, big price movements, or unusual trading volume. This leads to predictable trading trends and contributes to higher trading activity in stocks that get more media and social media coverage (Barber, Odean, & Zhu, 2025).



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News and Sentiment: The tone of news (positive or negative) affects how investors react. Positive news tends to stabilize markets and increase trading volume steadily, while negative news can spread worry and lead to instability or sell-offs, especially among stocks sensitive to sentiment or environmental, social, and governance (ESG) factors (Salarin et al., 2024).

### Insights from Emerging Markets and ESG Contexts

Emerging markets, where information is less clear and market structures are still developing, tend to respond more strongly to investor sentiment and attention, leading to greater volatility and trading fluctuations (Karanasos, Yfanti, & Hunter, 2021).

ESG Stocks: Recent theories explain how news and ESG disclosures send signals to investors that affect trading volume and volatility. Positive news tends to enhance stability, while negative news can heighten volatility, particularly in ESG-sensitive markets (Salarin et al., 2024; Karanasos et al., 2021).

### III. PROBLEM STATEMENT

The way financial information is created, shared, and consumed in India has completely changed as a result of the quick development of digital technologies and widespread internet access. Social media sites like YouTube, Instagram, Twitter, and Telegram have changed over the last ten years from being tools for communication and entertainment to becoming powerful platforms for market commentary, investment advice, and financial education. Retail investor participation in the stock market has sharply increased in the Indian financial ecosystem at the same time, especially since brokerage services became digital and user-friendly trading apps like Zerodha, Groww, and Upstox became accessible. The influence of social media on investment behavior is particularly significant in India because of the demographic profile of new retail investors. Younger age groups make up a sizable portion of market participants, and they are more likely to look for financial information online than through more conventional channels like banks, brokerage houses, or expert advisors. They are also very active on social media. Influencers now play a larger role as middlemen between the public and financial markets due to this generational shift in information consumption habits. Influencers regularly produce instructional content that explains ideas like derivatives, mutual funds, cryptocurrency trading, and the fundamentals of the stock market. Even though social media influencers are becoming more and more prominent in financial discourse, little empirical research has been done to determine how much these influencers actually influence Indian retail investors' investment decisions. The literature that has already been written about investor behavior has typically concentrated on elements like risk tolerance, financial literacy, demographics, and macroeconomic circumstances.

However, new, poorly understood behavioral drivers have emerged as a result of the growing pervasiveness of digital media in daily life. Influencers' persuasive communication techniques, which include emotional appeals, simplified explanations, storytelling, and real-time market commentary, can have a big impact on how investors view financial opportunities and risks.

Furthermore, because social media platforms are algorithm-driven, exposure to similar content is frequently reinforced, which may result in echo chambers where investors are constantly exposed to the same investment narratives.

### IV. ANALYSIS & DISCUSSION

Digital platforms are now a major source of financial information and advice for making decisions, according to an analysis of the impact of social media influencers on the investment behavior of Indian retail investors. Retail investors are increasingly looking for investment-related content on social media sites like YouTube, Instagram, and Twitter as investment apps like Zerodha, Groww, and Upstox become more widely available. According to the analysis, influencers are essential in helping the general public—especially younger investors who might not have much formal financial knowledge—understand complicated financial concepts and make market-related information more accessible. In order to help novices grasp concepts like equity investments, mutual funds, and portfolio diversification, numerous influencers offer instructional videos, stock market updates, and investment strategies. This accessibility has encouraged many people to begin investing in the stock market and has positively impacted financial awareness. Additionally, influencers frequently develop close bonds with their followers by sharing personal narratives and producing regular content, which boosts credibility and trust. Because of this, rather than seeing influencers as remote



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financial experts, retail investors might see them as relatable mentors. The analysis does, however, also imply that this trust may result in behavioral biases when making investment decisions. Investors may start to rely too much on the influencer's advice and follow recommendations without doing their own independent research. Herd behavior, in which big groups of investors concurrently purchase popular stocks or industries based more on viral social media content than on fundamental analysis, may result from this.

The conversation goes on to show that although social media influencers can help raise financial literacy, the retail investment ecosystem faces risks and difficulties as a result of their influence. Many influencers are not subject to stringent regulatory oversight, in contrast to licensed financial advisors who are governed by the Securities and Exchange Board of India. Because of this, some content might contain recommendations for promotional stocks, unreported sponsorships, or speculative trading techniques that might not be in line with retail investors' risk tolerance or financial objectives. Influencers may inadvertently encourage high-risk investment strategies or short-term trading practices, which can put novice investors at risk of losing money. Furthermore, popular or trending content is frequently amplified by the algorithm-driven nature of social media platforms, which may result in information bubbles where investors frequently come across similar investment narratives. Confirmation bias may be strengthened in this setting, and the critical assessment of opposing views may be diminished. Authorities like the Securities and Exchange Board of India have taken notice of the increasing power of financial content producers from a regulatory and policy standpoint. In an effort to safeguard investors, the board has started looking into ways to monitor and control financial influencers. In order to guarantee that social media continues to be a useful tool for financial education rather than a source of false information, the conversation highlights the necessity of greater investor awareness, stricter disclosure procedures, and more precise regulatory guidelines. In an increasingly digital financial environment, protecting the interests of Indian retail investors and encouraging responsible investment behavior require an understanding of these dynamics.

### V. CONCLUSION

Social media's increasing pervasiveness in daily life has drastically changed how Indian retail investors obtain financial data and make investment choices. Financial influencers now share market insights, investment strategies, and instructional content on platforms like YouTube, Instagram, and Twitter. The general public can now participate in the stock market more easily thanks to the growth of user-friendly investment platforms like Zerodha, Groww, and Upstox. Because of this, social media influencers have become crucial middlemen who influence the attitudes, perceptions, and investment practices of a large number of retail investors, especially younger ones who mainly rely on online resources for financial advice. The way Indian retail investors gather financial information and make investment decisions has been significantly altered by social media's growing ubiquity in daily life.

These days, financial influencers use social media sites like YouTube, Instagram, and Twitter to share market insights, investment strategies, and educational content. The rise of user-friendly investment platforms like Zerodha, Groww, and Upstox has made it easier for the general

public to participate in the stock market. As a result, social media influencers have emerged as important intermediaries that shape the attitudes, perceptions, and investment strategies of many retail investors, particularly younger ones who primarily rely on online sources for financial guidance. The way Indian retail investors gather financial information and make investment

decisions has been significantly altered by social media's growing ubiquity in daily life. These days, financial influencers use social media sites like YouTube, Instagram, and Twitter to share market insights, investment strategies, and educational content. The rise of user-friendly investment platforms like Zerodha, Groww, and Upstox has made it easier for the general

public to participate in the stock market. As a result, social media influencers have emerged as important intermediaries that shape the attitudes, perceptions, and investment strategies of many retail investors, particularly younger ones who primarily rely on online sources for financial guidance. In conclusion, social media influencers have become a powerful force in changing



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how people in India invest. So, to make sure that social media stays a useful tool for teaching investors while lowering the risks that come with unverified financial information, we need to improve financial literacy, encourage independent research, and make the rules for social media clearer.

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