International Journal of Scientific Research and Engineering Development-– Volume 9 Issue 6, Nov – Dec 2026
Available at www.ijsred.com

RESEARCH ARTICLE OPEN ACCESS

Impact of Finfluencers on Investment Decisions of Young Investors

Archana M, Dr.S.Radhika
[1]Student, PG Department of Commerce, VLB Janakiammal College of Arts and Science, Coimbatore 641042. Tamilnadu, India
[2]Associated Professor & Head, Department of Commerce(PG), VLB Janakiammal College of Arts and Science, Coimbatore-641042. Tamilnadu, India

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ABSTRACT
The growth of social media has changed the way young investors obtain financial information. Financial influencers, commonly known as "finfluencers", share information about stocks, mutual funds, personal finance, trading and other investment products through platforms such as YouTube, Instagram and Facebook. Young investors increasingly use these platforms to understand investment opportunities and make financial decisions. This article examines the influence of finfluencers on the investment decisions of young investors, including their trust, investment behaviour, risk perception and decision-making process. The study also highlights the importance of financial literacy and verification of information before making investment decisions.

Keywords: Financial Influencers (Finfluencers), Young Investors, Investment Decisions, Social Media Finance, Investor Risk Perception, Financial Literacy

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1. INTRODUCTION

Investment plays an important role in financial planning and wealth creation. Traditionally, investors obtained investment information from banks, financial advisors, newspapers and other professional sources. However, the rapid growth of social media has created a new source of financial information: financial influencers or finfluencers.

Finfluencers are individuals who create and share financial content through social media platforms. They may discuss investment strategies, stocks, mutual funds, savings, trading and personal finance. Their content is often presented in a simple and easily understandable manner, which makes it attractive to young investors.

Young investors are particularly active on social media and may consider online financial content while making investment decisions. Although finfluencers can improve financial awareness, investors may also face risks if they depend on inaccurate, incomplete or misleading information.

1.2. STATEMENT OF THE PROBLEM

The increasing popularity of financial content on social media has changed the investment information environment for young investors. Many young people may make investment decisions after watching videos, posts or recommendations from finfluencers. However, the reliability of such information can vary.

Therefore, it is important to understand whether finfluencers influence young investors' investment decisions and how factors such as trust, financial knowledge, social-media usage and risk perception affect their behaviour.

1.3. OBJECTIVES OF THE STUDY

- To study the role of finfluencers in providing investment information to young investors.
- To examine the influence of finfluencers on investment decisions.
- To identify the social media platforms commonly used for financial information.
- To understand the level of trust young investors place in finfluencers.
- To study the importance of financial literacy in evaluating finfluencer content.
- To identify the risks associated with depending on financial influencers.

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1.4. SCOPE OF THE STUDY

The study focuses on the impact of Finfluencers on the investment decisions of young investors. It examines how financial content shared through social media platforms influences the awareness, trust, investment behaviour and decision-making of young investors. The study covers popular platforms such as YouTube, Instagram, Facebook and Telegram. It also considers the factors that make young investors follow and trust Finfluencers, as well as the risks of relying on social-media-based investment information. The study is useful for understanding the role of Finfluencers in shaping investment decisions among young investors.

1.5. NEED OF THE STUDY

The rapid growth of social media has made Finfluencers (financial influencers) an important source of investment information for young investors. Young people increasingly use platforms such as YouTube, Instagram and Facebook to learn about stocks, mutual funds, trading and other investment products. While Finfluencers can increase financial awareness, the information provided may not always be suitable, complete or reliable for every investor.

Young investors may sometimes make investment decisions based on recommendations, trends or opinions shared by Finfluencers without conducting sufficient research. This may influence their investment choices, risk-taking behaviour and overall financial decision-making.

Therefore, the present study attempts to examine the impact of Finfluencers on the investment decisions of young investors and to understand their level of awareness, trust, investment behaviour and reliance on financial content available through social media.

1.6. LIMITATIONS OF THE STUDY

- The study is limited to young investors and may not represent the investment behaviour of all age groups.
- The study mainly focuses on information obtained through social media Finfluencers.
- The study may be limited by the number of respondents selected for the survey.
- The responses are based on the personal opinions and experiences of the respondents and may contain some bias.
- The study covers selected social media platforms such as YouTube, Instagram, Facebook and Telegram.
- Investment decisions may change over time due to changes in market conditions, economic conditions and social-media trends.
- The study focuses on the perceived impact of Finfluencers and does not independently verify every investment decision made by respondents.

1.7.HYPOTHESIS OF THE STUDY

A hypothesis is a tentative assumption formulated to test the relationship between variables. The following hypotheses are framed for the present study on the impact of Finfluencers on the investment decisions of young investors.

Null Hypothesis (H_0):

- **H_{01}:** There is no significant relationship between Finfluencers and the investment decisions of young investors.
- **H_{02}:** There is no significant relationship between the use of social media platforms and the access to financial information among young investors.
- **H_{03}:** There is no significant relationship between the level of trust in Finfluencers and the investment decisions of young investors.
- **H_{04}:** There is no significant relationship between financial literacy and the ability of young investors to evaluate Finfluencer content.
- **H_{05}:** There is no significant relationship between dependence on Finfluencers and the perceived investment risks among young investors.

Alternative Hypothesis (H_1):

- **H_{11}:** There is a significant relationship between Finfluencers and the investment decisions of young investors.
- **H_{12}:** There is a significant relationship between the use of social media platforms

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and the access to financial information among young investors.

- **H_{13}:** There is a significant relationship between the level of trust in Finfluencers and the investment decisions of young investors.
- **H_{14}:** There is a significant relationship between financial literacy and the ability of young investors to evaluate Finfluencer content.
- **H_{15}:** There is a significant relationship between dependence on Finfluencers and the perceived investment risks among young investors.

1.8. RESEARCH METHODOLOGY

Research methodology refers to the systematic approach used to conduct the study. It includes the research design, sources of data, sampling techniques, data collection methods, and tools used for analysis.

Research Design

The study adopts a descriptive research design, as it aims to describe and analyze the impact of Finfluencers on the investment decisions of young investors.

Sources of Data

- Primary Data: Collected through a structured questionnaire from young investors.
- Secondary Data: Collected from books, research journals, articles, websites, and relevant financial reports.

Sampling Design

- Sample Size: 50 respondents.
- Sampling Technique: Convenience sampling.
- Sampling Unit: Young investors who use social media platforms to obtain financial and investment information.

Tools for Data Analysis

The following statistical tools are used to analyze the collected data:

- **Simple Percentage Analysis**: To analyze the demographic profile of respondents and their investment-related responses.
- **Ranking Method**: To identify the most commonly used social media platforms and the major factors influencing investment decisions.
- **Likert Scale Analysis**: To measure the level of trust in Finfluencers and their perceived influence on investment decisions.

Period of Study

The study is conducted during the academic year 2026–2027.

II. REVIEW OF LITERATURE

Review of literature refers to the study of previously published research papers, articles, and reports related to the research topic. It helps the researcher understand existing findings and identify research gaps.

1. CFA Institute (2024)

The CFA Institute published a report titled "The Finfluencer Appeal: Investing in the Age of Social Media." The report examined how young investors use social media platforms such as YouTube, Instagram, and TikTok to obtain financial information and make investment decisions. It highlighted that Finfluencers can make investment concepts easier to understand, but their content may also expose young investors to financial risks.

2. Luan et al. (2024)

The study titled "Effects of Finance Knowledge Influencer Qualities on Investment Willingness and the Moderation of Followers' Risk Tolerance" examined the influence of financial influencers on investment willingness. The study found that the attractiveness, expertise, and trustworthiness of financial influencers positively affected followers' willingness to invest. It also highlighted the importance of investors' risk tolerance in financial decision-making.

3. CFA Institute (2025)

The CFA Institute published a report titled "Clicks and Credibility: Understanding Finfluencers' Role in Investment Decisions." The report examined

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Finfluencer content and investor trust in India. It highlighted concerns about misleading financial advice, stock recommendations, and inadequate disclosure of sponsorships and financial relationships. The findings emphasized the importance of verifying financial information before making investment decisions.

4. Chandani et al. (2025)
The study titled "Extending the Technology Acceptance Model (TAM): Factors Influencing Behavioural Intentions of Investors to Use the Advice of Finfluencers" examined the factors influencing investors' willingness to follow Finfluencer recommendations in India. The study used data from 442 retail investors. The findings indicated that perceived usefulness and ease of use significantly influenced investors' intention to adopt Finfluencer advice.

5. Hii and Ong (2026)
The study titled "Finfluencer: Can Financial Social Media Influencers Promote Desirable Financial Behaviours?" examined how Finfluencers influence the financial behaviour of Millennials and Generation Z in Malaysia. The study found that trustworthiness, similarity, and the quality and accuracy of financial information were associated with stronger relationships between Finfluencers and their followers. It also examined how these relationships influenced financial behaviour and investment intentions.

III. THEORETICAL FRAMEWORK

Concept of Finfluencers and Investment Decisions
Finfluencers are financial influencers who share investment information and financial advice through social media platforms such as YouTube, Instagram, and Facebook. They play an important role in providing financial information to young investors. Young investors may be influenced by the credibility, knowledge, and recommendations of Finfluencers when making investment decisions. Social media helps them understand investment opportunities, but depending entirely on Finfluencers may lead to financial risks and losses. Financial literacy helps young investors evaluate financial information, understand investment risks, and make informed decisions. Therefore, the present study examines the impact of Finfluencers on investment decisions of young investors. Social media platforms have made investment information easily accessible to young investors. However, they should verify the information shared by Finfluencers and consider their financial goals before making investment decisions.

IV. DATA ANALYSIS AND INTERPRETATION

- **Overall Demographic Distribution of Respondents**

Variables	Category	No. of Respondents	Percentage (%)
Age	Below 20 years	5	10.0%
	21- 30 years	11	22.0%
	31- 40 years	22	44.0%
	41- 50 years	9	18.0%
	Above 50 years	3	6.0%
Educational Qualification	Undergraduate	19	38.0%
	Postgraduate	16	32.0%
	Professional qualification	8	16.0%

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	Others	7	14.0%
Monthly Income	No income	6	12.0%
	Below ₹10,000	5	10.0%
	₹10,001–₹20,000	21	42.0%
	₹20,001–₹30,000	11	22.0%
	Above ₹30,000	7	14.0%
Monthly Savings	No Savings	9	18.0%
	Below ₹2,000	13	26.0%
	₹2,001-₹5,000	19	38.0%
	₹5,001-₹10,000	4	8.0%
	Above ₹10,000	5	10.0%
Place of Residence	Urban	23	46.0%
	Semi-urban	17	34.0%
	Rural	10	20.0%
Total		50	100.0%

Interpretation
The sample consists of 50 respondents, predominantly young adults aged 22–25 years (44.0%) and 18–21 years (22.0%), making up two-thirds of the total sample. A majority hold higher education qualifications, with undergraduates comprising 38.0% and postgraduates 32.0%. In terms of income, 42.0% of respondents earn between ₹10,001 and ₹20,000 per month, while 38.0% report monthly savings in the range of ₹2,001–₹5,000. Geographically, the respondents are primarily urban (46.0%) and semi-urban (34.0%) residents, indicating that the target audience for Finfluencer content consists mostly of educated, young individuals residing in urban or semi-urban regions with modest income and savings.

- **Overall Perceptions and Attitude Towards Finfluencer Recommendations**

Likert Scale Weighting Standard:
Strongly Agree (SA) = 5 | Agree (A) = 4 | Neutral (N) = 3 | Disagree (D) = 2 | Strongly Disagree (SD) = 1

Factors / Questions	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean Score
Encouragement to Start Investing	12.2%	26.5%	40.8%	16.3%	4.1%	3.27
Reliability & Unbiased Nature	14.0%	22.0%	42.0%	18.0%	4.0%	3.24
Perceived Utility of Financial Knowledge	20.0%	32.0%	28.0%	16.0%	4.0%	3.48

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Interpretation

The findings reveal a neutral to moderately positive attitude toward Finfluencer content among young investors. Respondents felt most confident in their personal financial knowledge to evaluate recommendation accuracy, which recorded the highest mean score of 3.48. On the other hand, the encouragement provided by Finfluencers to start investing and the belief in their unbiased reliability scored mean ratings of 3.27 and 3.24 respectively. This suggests that while young investors utilize Finfluencers as an entry point for financial awareness, they maintain a healthy degree of skepticism regarding the absolute objectivity of social media advice.

- **Overall Ranking of Main Concerns When Relying on Finfluencer Advice**

Factors	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Total Score	Rank
Risk of financial loss	15	12	10	8	5	174	I
Misleading recommendations	11	14	12	8	5	158	II
Lack of transparency	11	13	11	9	6	154	III
Incorrect investment information	4	6	10	16	14	120	IV
No major concern	9	5	7	9	20	114	V

Method Used: Weighted Ranking Method:

Weights assigned to ranks:
Rank 1 = 5 points
Rank 2 = 4 points
Rank 3 = 3 points
Rank 4 = 2 points
Rank 5 = 1 point
Total score is calculated by multiplying the number of responses with respective weights.

Interpretation

The analysis indicates that the primary concern among young investors when relying on Finfluencers is the Risk of financial loss, which achieved the highest weighted score of 174 (Rank I). This demonstrates that young investors remain highly cautious about losing their invested capital.
Misleading recommendations (Total score: 158, Rank II) and Lack of transparency (Total score: 154, Rank III) followed closely, highlighting significant worries regarding paid promotions, undisclosed sponsorships, and unverified investment advice. Conversely, Incorrect investment information (120, Rank IV) and having No major concern (114, Rank V) scored lowest, confirming that financial risk and transparency issues are the principal barriers when trusting online financial advice.

V. FINDINGS OF THE STUDY

The study on the impact of financial influencers (Finfluencers) on the investment decisions of young investors reveals several key insights. Most respondents belong to the 18–25 age group, are educated up to the undergraduate level, and fall within the ₹10,001–₹20,000 monthly income range. A vast majority of young investors rely on Instagram and Facebook as their primary platforms to access personal finance content. While Finfluencer content significantly encourages initial financial awareness and willingness to invest, respondents demonstrate a cautious approach by prioritizing traditional, low-risk investment options such as Gold and Fixed Deposits over volatile assets like Cryptocurrency and Equity Stocks. Furthermore, while 90.0% of respondents have made investments based on Finfluencer recommendations, 80.0% actively check credentials and cross-verify advice from secondary sources. Risk of financial loss, misleading recommendations, and lack of transparency regarding sponsored promotions emerge as the primary barriers and concerns limiting total reliance on Finfluencer advice.

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SUGGESTIONS

Based on the findings, several strategic measures are recommended to enhance the reliability and positive impact of financial influencers on young investors. Financial influencers should be mandated to provide clear and prominent disclosures regarding paid promotions, sponsored content, and affiliate links to prevent misleading young consumers. Furthermore, regulatory bodies such as SEBI should establish mandatory certification and registration guidelines for individuals offering online investment advice to ensure professional accountability and credibility. Educational institutions and financial organizations should actively conduct targeted financial literacy programs to equip young adults with the critical skills needed to independently evaluate financial products and assess risk profiles. Finally, young investors are strongly advised to exercise due diligence by cross-verifying social media recommendations with certified financial planners and official regulatory disclosures before committing any capital.

CONCLUSION

The study concludes that Finfluencers have successfully established a powerful role in driving financial awareness and onboarding young investors into the financial ecosystem. Young consumers demonstrate a positive attitude toward digital personal finance content as an accessible entry point. However, concerns regarding financial loss, unverified credentials, and undisclosed paid recommendations remain critical barriers to full trust. By enforcing regulatory compliance, ensuring sponsored transparency, and fostering independent financial literacy, Finfluencers can sustain a positive digital financial environment while promoting healthy long-term wealth creation among young investors.

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