



THE IMPACT OF FINFLUENCER ON THE INVESTMENT DECISIONS OF YOUNG INVESTORS

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Abstract

This study investigates how young Indian investors' investment behavior is impacted by financial influencers, or 'finfluencers.' The study examines the relationship between financial literacy, trust in influencers, and actual investment behavior through a survey of 70 participants between the ages of 18 and 35. The results show a moderate influence on financial decisions, a preference for YouTube and Instagram content, and a high awareness of influencers with selective trust. Although finfluencers have an educational role, their impact is considerably mitigated by financial literacy, according to regression and correlation analyses. Significant negative correlation found between literacy and trust ($r = -0.36, p < .05$). The paper highlights the importance of critical financial education and improved risk communication in the digital age.

Keywords

Finfluencers, Financial Literacy, Investment Behavior, Social Media, Young Investors, Trust

1. Introduction

A new class of unofficial advisors known as 'finfluencers'—content producers who provide online investment and financial advice—has emerged as a result of the growth of social media. In order to obtain financial information, young investors (those between the ages of 18 and 35) are increasingly turning to websites like YouTube and Instagram, frequently eschewing traditional advisors. With an emphasis on awareness, trust, and literacy among young Indian investors, this study investigates how such influence impacts actual investment decisions.

2. Literature Review

Prior research indicates that influencer content can have both positive and negative effects. They democratize access to financial knowledge (Lusardi & Mitchell, 2017), but because they are unregulated, they can also propagate false information (Sinha & Kumar, 2021). Their efficacy is influenced by platform engagement, content format, and trust (Alves et al., 2021; Bergman & Noyes, 2020). This study expands on these findings by integrating real literacy assessment with trust metrics.

3. Methodology

Seventy young Indian investors were surveyed using Google Forms to gather primary data using a descriptive survey design. The survey asked about literacy, platform usage, investment behavior, and demographic information. In Excel and Python, responses were numerically encoded and subjected to descriptive statistics, regression, correlation, and moderation analysis.

4. Results

- 95.7% of the respondents know about finfluencers. Of them, 40% trust them moderately and 31.4% highly.

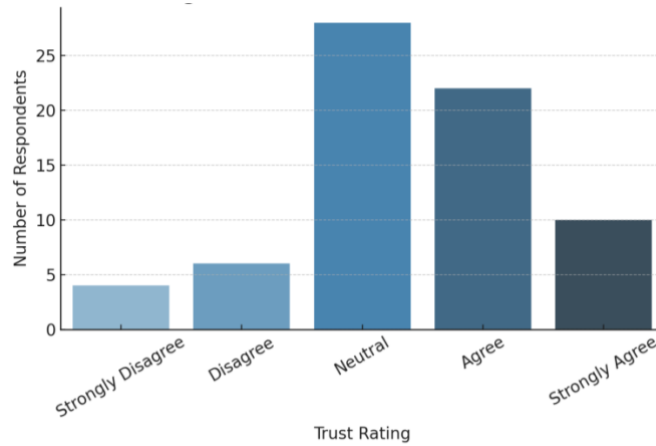


Figure 1: Distribution of trust levels in finfluencers among respondents.

- Most often used platforms are YouTube (69.3%) and Instagram (68.1%).

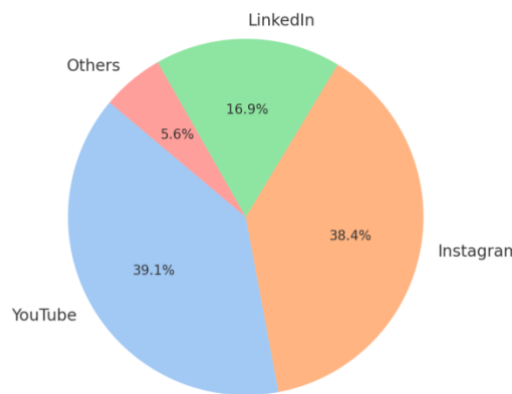


Figure 2: Preferred platforms for consuming financial content.

- Preferred material includes live sessions and brief videos.
- Literacy and trust showed a moderate negative correlation ($r = -0.36, p < .05$), indicating that higher financial literacy tends to reduce blind trust in finfluencers.

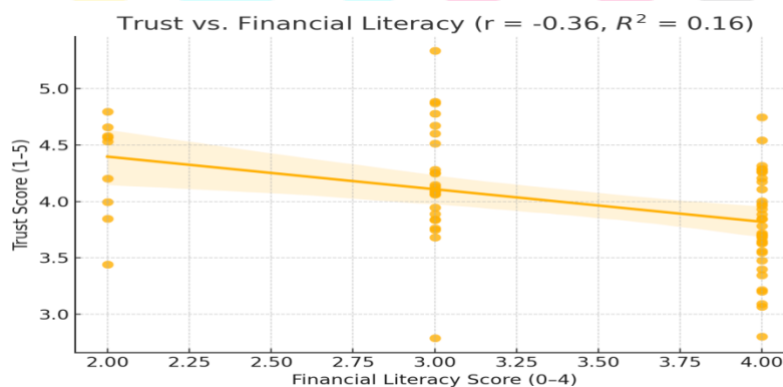


Figure 3: Scatter plot showing correlation between financial literacy and trust in finfluencers.

- Higher literacy has shown in regression to lower blind trust and impulsive investing behavior.

5. Discussion

According to the results, financial literacy moderates the influence of finfluencers even if they are rather well known. Most investors add their own research to complement advice rather than follow it mindlessly. The poor disclosure of hazards raises serious issues since it might mislead less financially conscious followers. For instance, only 51.4% of respondents felt finfluencers adequately disclosed financial risks. This supports the negative correlation found in our results and contrasts Alves et al. (2021), who reported a positive but weaker correlation ($r = +0.12$).

Improved financial literacy decreased the chance of making impulsive financial choices. Respondents with greater financial literacy were more likely to cross-check finfluencer advice. This trend is supported by the distribution of financial literacy scores among respondents, where a majority scored at the higher end.

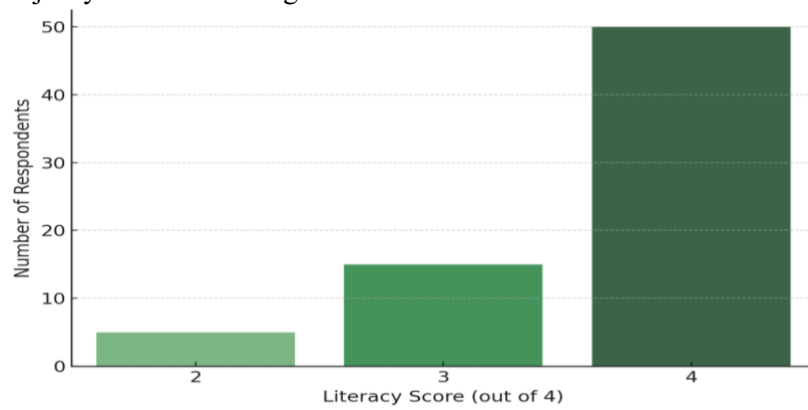


Figure 4: Distribution of Financial Literacy Scores Among Respondents (Score out of 4)

6. Conclusion and Recommendations

Finfluencers are quite important for education; hence, finance becomes more approachable and understandable to younger viewers. Strong financial knowledge and ethical content policies must, however, balance their influence.

Recommendations:

1. For investors: Check recommendations and develop independent knowledge.
2. For finfluencers: Be more open and risk transparent.
3. For platforms and regulators: Set ethical policies and support certified content.
4. For policy makers: Implement SEBI's 2024 'Verified Advisor' badge initiative to help audiences identify credible financial advisors.

7. References

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