Impact of Social Media Financial Influencers ("Finfluencers") on Investment Decisions and Financial Literacy – A Study with Special Reference to Coimbatore District

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Abstract

The rapid growth of social media platforms has significantly transformed the dissemination of financial information among retail investors. Financial influencers, popularly known as finfluencers, play an increasingly influential role in shaping investment awareness, financial literacy, and investment decision-making, particularly among young and first-time investors. This study aims to examine the impact of social media finfluencers on investment decisions and financial literacy with special reference to Coimbatore (CBE) district, Tamil Nadu. A descriptive and analytical research design was adopted, and primary data were collected from 220 respondents using a structured questionnaire. Statistical tools such as percentage analysis, mean score analysis, correlation, chi-square test, and regression analysis were employed to analyse the data. The findings reveal that finfluencers significantly influence investment awareness, confidence, and participation among respondents. However, while exposure to finfluencer content enhances investment interest, its contribution to financial literacy remains moderate and uneven. The study concludes that finfluencers act as catalysts for market participation but should be complemented with formal financial education and regulatory oversight to ensure informed investment behaviour.

Keywords: Finfluencers, Investment Decisions, Financial Literacy, Social Media, Retail Investors

Introduction

The digital revolution has fundamentally transformed the way individuals access, interpret, and utilize financial information. Advances in internet connectivity, mobile technology, and social

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media have enabled real-time access to market updates, investment advice, and financial education, thereby reducing dependence on traditional financial intermediaries. Social media platforms such as YouTube, Instagram, Facebook, Twitter (X), and LinkedIn have emerged as influential channels for information dissemination, learning, and opinion formation, allowing individuals to engage with financial content in an interactive and accessible manner.

In recent years, social media has played a crucial role in shaping the financial behaviour of retail investors. The increasing popularity of online trading platforms, ease of account opening, and availability of digital financial tools have encouraged individuals to actively participate in investment activities. As a result, many investors rely on social media as a primary source of financial knowledge, particularly for understanding investment options, market trends, and personal finance management. This shift has been especially evident among young adults and first-time investors who prefer digital platforms for learning and decision-making.

Within this digital financial ecosystem, financial influencers, commonly referred to as finfluencers, have gained significant prominence. Finfluencers are individuals who share financial information, investment opinions, and money management strategies through social media platforms and possess the ability to influence the financial decisions of their followers. By using simplified language, visual explanations, and relatable examples, finfluencers make complex financial concepts easier to understand for a wider audience. Their content typically covers areas such as stock markets, mutual funds, cryptocurrencies, insurance, savings, budgeting, and wealth creation.

The growing influence of finfluencers can be attributed to their perceived authenticity, accessibility, and continuous engagement with followers. Unlike traditional financial advisors, finfluencers interact directly with their audience through comments, live sessions, and short-form videos, creating a sense of trust and relatability. This direct engagement often enhances investor confidence and motivates individuals to explore various investment opportunities. However, the informal nature of such content and the absence of standardized regulatory control raise concerns regarding the accuracy, reliability, and ethical aspects of financial advice shared on social media.

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The post-pandemic period has witnessed a substantial increase in retail investor participation in financial markets across India. Factors such as increased financial awareness, surplus savings, work-from-home culture, and exposure to digital content have contributed to this trend. In this context, finfluencers have emerged as key information intermediaries, influencing not only investment decisions but also shaping perceptions of risk, return, and market behaviour. While their role in promoting financial awareness is widely acknowledged, their impact on actual financial literacy and informed decision-making remains a subject of academic inquiry.

Understanding the influence of finfluencers on investment decisions and financial literacy is therefore essential in the current digital age. While finfluencers have the potential to democratize financial knowledge and encourage market participation, reliance on social media-based advice without adequate financial understanding may expose investors to increased risks. Consequently, it becomes important to examine the extent to which finfluencers influence investment behaviour and whether such influence contributes to meaningful improvements in financial literacy. This study attempts to explore these aspects by analysing the relationship between finfluencer engagement, investment decisions, and financial literacy among retail investors in a selected study region.

Literature Review

The growing influence of social media on financial decision-making has attracted considerable scholarly attention in recent years. Financial influencers, commonly known as finfluencers, have emerged as key intermediaries in disseminating investment-related information, particularly among retail investors and young adults.

Wanjari and Dhoke (2024) conducted a study on the impact of finfluencers on the investment behaviour of young investors in Nagpur city. Using a structured questionnaire and quantitative analysis, the study found a significant positive relationship between finfluencer engagement and investment participation. The authors concluded that finfluencers enhance market awareness and motivate first-time investors, although they stressed the need for improved financial literacy to avoid uninformed investment decisions.

Vasquez and Cross (2024) examined the role of social media platforms in shaping investor sentiment and decision-making. Their findings revealed that financial content shared by influencers significantly affects risk perception and confidence among retail investors. The

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study emphasized that investors often rely on influencer credibility rather than objective financial analysis, which may lead to behavioural biases.

Geenen (2023) explored the relationship between finfluencers and financial literacy among young adults. The study identified a positive association between financial attitude and investment behaviour, but only a moderate relationship between influencer exposure and actual financial knowledge. The author concluded that while finfluencers increase interest in financial markets, they do not necessarily ensure comprehensive financial literacy.

Espeute and Preece (2024) investigated the trustworthiness of finfluencers and its impact on investment decisions among Generation Z investors. Their research highlighted that perceived authenticity and transparency significantly influence investor trust. However, the study warned that sponsored content and undisclosed affiliations may mislead investors, calling for stricter regulatory oversight.

Savithri and Rajakumari (2025) analysed investment behaviour across Generation X and Generation Z in the Indian capital market. The study revealed that Generation Z investors are more inclined towards high-risk investments and are strongly influenced by internet-based financial information, including finfluencers. The research concluded that digital financial content plays a critical role in shaping modern investment patterns in India.

Hull and Qi (2023) studied the influence of finfluencers on retail investors' risk tolerance and portfolio choices. Their findings indicated that investors exposed to finfluencer content displayed higher investment confidence but also exhibited herd behaviour. The authors recommended investor education initiatives and regulatory interventions to ensure responsible financial communication on social media platforms.

Significance of the Study

This study is significant as it examines the growing influence of social media financial influencers on investment decisions and financial literacy in the digital era. By analysing investor responses, the research highlights how finfluencers shape investment awareness, confidence, and participation, while also identifying limitations in financial knowledge gained through social media. The findings offer valuable insights for investors, financial educators, and regulators in understanding the benefits and risks of finfluencer-driven financial content and emphasize the need for informed and responsible financial communication.

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Objectives of the Study

1. To examine the level of exposure to social media finfluencers among investors in Coimbatore district.
2. To analyse the impact of finfluencers on investment decisions of respondents.
3. To assess the financial literacy level of respondents influenced by finfluencers.
4. To study the relationship between finfluencer influence and investment behaviour.
5. To suggest measures for improving responsible financial communication on social media.

Research Methodology

Research Design

The study adopts a descriptive and analytical research design.

Sampling Technique

Convenience sampling method was used.

Sample Size

A total of 220 respondents from Coimbatore district.

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.

Tools of Analysis

Percentage analysis

Mean score analysis

Chi-square test

Correlation analysis

Regression analysis

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Data Analysis

Demographic Information of Respondents

Table 1: Demographic Profile of the Respondents

Particulars	Category	No. of Respondents	Percentage
Age	18–25	72	32.7
	26–35	88	40.0
	36–45	42	19.1
	Above 45	18	8.2
Gender	Male	126	57.3
	Female	94	42.7
Occupation	Student	68	30.9
	Salaried	82	37.3
	Self-employed	44	20.0
	Others	26	11.8
Amount of Investment	Less than ₹50,000	84	38.2
	₹50,000 – ₹1,00,000	56	25.5
	₹1,00,001 - ₹3,00,000	44	20.0
	Above ₹3,00,000	36	16.3

The majority of respondents belong to the 26–35 age group (40%), followed by 18–25 years (32.7%). Male respondents (57.3%) are higher than female respondents (42.7%). In terms of occupation, salaried employees constitute 37.3%, followed by students at 30.9%. Most respondents have invested less than ₹50,000 (38.2%), indicating a preference for low-level investments.

Objective 1

To examine the level of exposure to social media finfluencers among investors

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Table 2: Mean Score Analysis of Finfluencer Exposure

Exposure Level	Frequency	Mean Score
Very high exposure	25	4.8
High exposure	60	4.2
Moderate exposure	80	3.5
Low exposure	40	2.8
Very low exposure	15	2.1

The mean score analysis indicates that a majority of respondents have moderate to high exposure to social media finfluencers. Very high exposure is seen in 25 respondents, and the overall mean score of 3.8 suggests that finfluencers play a significant role in providing investment information to investors in Coimbatore district.

Objective 2

To analyse the impact of finfluencers on investment decisions

• **Null Hypothesis (H_{01}):** Finfluencers do not have a significant impact on investors' investment decisions.

• **Alternative Hypothesis (H_{02}):** Finfluencers have a significant impact on investors' investment decisions.

Table 3: Chi-square & Regression Analysis of Finfluencer Impact

Impact Level	Frequency	Mean Rank	Chi-Square Value	p-value
Strongly influenced	30	100.5	20.315	0.002
Moderately influenced	70	81.4	–	–
Slightly influenced	85	74.1	–	–
Not influenced	35	55.8	–	–

Regression Analysis

Dependent Variable: Investment Decision

Independent Variable: Finfluencer Influence

$\beta = 0.63$, $R^2 = 0.42$, $p < 0.01$

The chi-square test indicates a significant association between finfluencer influence and investment decisions ($p < 0.01$). Regression analysis further confirms that finfluencer influence

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significantly predicts investment decisions. This rejects H_{01} and shows that investors are influenced by finfluencers when making financial decisions.

Objective 3

To assess financial literacy of respondents influenced by finfluencers

• **Null Hypothesis (**H_{01}**):** There is no significant relationship between exposure to finfluencers and financial literacy levels.

• **Alternative Hypothesis (**H_{02}**):** There is a significant relationship between exposure to finfluencers and financial literacy levels.

Table 4: Mean Score & Correlation Analysis of Financial Literacy

Financial Literacy Level	Frequency	Mean Score
High literacy	40	4.5
Moderate literacy	100	3.7
Low literacy	60	3.0
Very low literacy	20	2.2

Correlation Analysis

Finfluencer Exposure vs Financial Literacy: $r = 0.48$, $p < 0.05$

The mean score analysis shows that respondents influenced by finfluencers generally have moderate financial literacy. Correlation analysis indicates a positive and significant relationship between exposure to finfluencers and financial literacy. This means that finfluencers may help improve the financial knowledge of investors, rejecting H_{02}.

Objective 4

To study relationship between finfluencer influence and investment behaviour

Table 5: Chi-square & Correlation Analysis of Influence vs Investment Behaviour

Influence Level	Frequency	Mean Rank	Chi-Square Value	p-value
Strong influence	35	101.2	22.157	0.001
Moderate influence	80	79.5	–	–
Slight influence	70	71.8	–	–
No influence	35	55.9	–	–

Correlation Analysis

Influence of finfluencers vs Investment Behaviour: $r = 0.65$, $p < 0.01$

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Chi-square analysis shows a significant association between finfluencer influence and investment behaviour ($p < 0.01$). Correlation analysis confirms a strong positive relationship, suggesting that investors' behaviour is highly influenced by finfluencers, especially among highly engaged respondents.

Objective 5

To suggest measures for improving responsible financial communication

Table 6: Mean Score Analysis of Suggested Measures

Measure Preference	Frequency	Mean Score
Verified financial advice	90	4.7
Transparency in promotions	60	4.2
Financial literacy campaigns	50	3.9
Reporting misleading content	20	3.1

Mean score analysis indicates that respondents highly value **verified financial advice** and **transparency in promotions** as measures to improve responsible communication. This emphasizes the need for finfluencers to provide **accurate and transparent financial information.**

Findings

❖ Social media finfluencers have **high visibility and influence** among investors in Coimbatore.

❖ Exposure to finfluencers is **positively associated with investment decisions and financial literacy.**

❖ Investors' **investment behaviour is strongly influenced** by finfluencer content.

❖ There is a **strong demand for verified, transparent, and responsible financial communication** on social media**.**

❖ The study highlights the **critical role of finfluencers** in shaping investment awareness and behaviour, while also emphasizing the need for **ethical and accurate financial guidance**.

Conclusion

The study provides valuable insights into the role of social media finfluencers in shaping investment behaviour and financial literacy among investors in Coimbatore district. The findings reveal that a significant portion of investors are moderately to highly exposed to finfluencers, highlighting the growing influence of social media in financial decision-making. Analysis of investment decisions shows that finfluencers have a strong and significant impact, influencing both the choice and timing of investments. Furthermore, respondents exposed to

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finfluencers demonstrate moderate to high financial literacy, indicating that these influencers can play a positive role in enhancing financial awareness when the information shared is accurate and reliable.

The study also finds a strong relationship between finfluencer influence and investment behaviour, suggesting that investors tend to follow recommendations and advice provided by these online experts. Additionally, respondents emphasize the importance of verified advice, transparency in promotions, and financial literacy campaigns, reflecting a demand for responsible financial communication on social media.

Overall, the study concludes that social media finfluencers are a powerful tool in shaping investor behaviour and knowledge, but their influence must be guided by ethical practices and accurate information to ensure investors make informed and responsible financial decisions.

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