



Role of Financial Influencers in Shaping Investment Perception of Generation Z Investors in India: An Empirical Study

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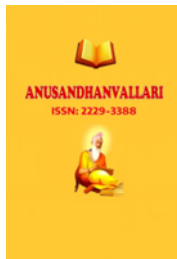
Abstract

The rapid adoption of digital platform and social media has transformed how financial information is disseminated, particularly among young investors. Gen-Z in India are highly dependent on financial influencers or “finfluencers”. This work examines the role of Financial Influencers in shaping investment perception of Gen-Z investors in India. Examination is done on how influencer’s credibility, content quality, engagement frequency, and perceived expertise impact confidence of investors, risk tolerance and decision-making process. It is revealed that financial influencers significantly influence investment perception and activate participation in market especially in equity, mutual funds, and digital assets. Credibility and authenticity emerged as a key determinant of influence, with younger investors showing preference for relatable content and transparent communication of risk. The study also highlights the concerns regarding misinformation, oversimplification of complex concepts, and the absence of regulatory oversight in social media driven financial content. The work highlights the need for improved digital financial education framework and suggests that policymakers, educators and platform designers should leverage influential voices responsibly to foster informed investment behavior. A sample of 223 was collected from the generation Z respondents and data were analysed with the help of mean and t-test.

Keywords: Gen-Z investment behavior, finfluencer, investment behavior, investment decision, social media, financial literacy

Introduction

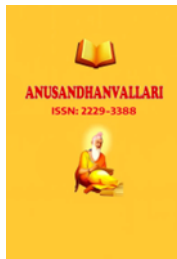
A significant role is played by financial influencers or finfluencers in shaping the investment decisions and investment perceptions of Gen Z in India. With the development of social media platforms and online communities, these financial influencers have appeared as a trusted sources for finance related advice, suggestions, recommendations and insights. These financial influencers turn to be a guide for Gen Z investors in



India. An influence of finfluencers of Gen Z for investment decisions represents a dynamic and evolving research area with some considerable implications for consumer behaviour, financial knowledge and long-term financial results. Broader effect of social media influencers on Gen Z investment decisions has been explored, a noticeable gap has remained in comprehensive studies basically concentrating on how finfluencers shape up the financial investment decisions of young generation of India, by analysing the preferred social media platform, preference of content and dynamics of trust related with financial influencers among young generation of India. In this dynamic landscape of India, a deep transformation has reshaped the way Gen Z are involved in financial market and making investment related decisions. According to Gomber et.al. (2018), the transformative flow of social media and digital platform has reshaped the access to financial literacy and financial knowledge basically; it has catalysed an extraordinary era where insights on investment are available readily. Such energetic shift has developed consequently the arrival of individual group of online guidance, called as financial influencers. Such online people who operate on digital platform like Instagram, YouTube, etc. are strong and powerful channels of communication to broadcast financial tips, guidance, recommendations on stocks, and strategies to build wealth. It is also highlighted that a vital role is played by finfluencers, though complicated role to shape up the financial attitude and perception of Indian Gen Z. They can democratise the financial knowledge effectively and develop involvement of young population of India, their credibility stays sensitive to transparency and ethical consideration. These findings of the study highlight the essential requirement for Gen Z to approach digital financial content with well-versed scepticism, conduct research and build strong financial knowledge. Nanda. (2019), mentioned investment decisions of investors are framed after processing all the information collected from distinct sources like suggestions from financial planners and guides and after reading statements of company, family and friend's advice, financial influencers of social media as well as information printed in newspapers and magazines. It is found that most of the young investors do not follow financial influencers of social media, but still, they consider their suggestions and later frame their investment decisions. A substantial relationship was found between financial influencers and investment decisions of young investors. A significant difference was also highlighted in the investment behavior of investors who consider suggestion of financial influencers compared to those who do not follow their suggestions. Majority of people were found who agree the recommendations of financial influencers who substantially helps new investors to understand the complicated financial system and its models that help the to make improved financial decisions. Thus, it is suggested that young investors must take part in financial programs to have better understanding about how financial market works that would help them to understand financial concepts to make better financial and investment decisions. The mechanism of social influence presented in online communities makes high influence on financial investment decisions in the digital era, it surpasses the impact of individual cognition alone. Rodiana. (2020), stated that it is also highlighted that motivation Gen Z to make better financial investment decisions require a coordinated strategies combined with governance of digital and social media platform, financial literacy and socially mediated behavioural support.

Literature Review

Dapp et.al. (2014), stated that retail investing has been revolutionised by rising financial influencers by utilising the power of strong social media platform to reach young generation and investors and tech-savvy population. Some of the critical factors are their expertise, perceived behavioral control and their attitude. It is highlighted that the value placed by investors on knowledge and actionable guidance provided by financial influencers. Particularly, Millennials depend very much on these influencers for simplification of complicated financial

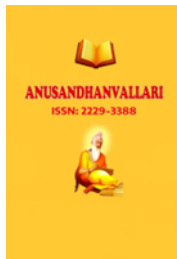


concepts and development of improved financial investment decisions. It is highlighted by the findings how these influencers shape up the risk perceptions and investment strategies. They prioritize alignment with financial goals over trustworthiness and social influencers. It is indicated by the results that investor's attitude towards financial influencers, expertise and perceived behavioural attitude make high influence on investment choices of young investors. Young and new investors usually find it attractive as it is highly different from traditional financial institutes.

Kilgour et.al. (2015), revealed that, it is undoubtful that financial influencers play important role in spreading financial knowledge to people through digital platform. There are several factors that drive financial investors and young population towards financial influencers like lacking regulations, limited exposure to formal financial education system, attraction of young generation towards digital and social media, creative, informative and education content provided by these influencers on social media. Therefore, regulations have become a necessity ensuring that investors do not get scammed by fraudulent advice of financial influencers. It has become highly essential to improve the level of financial education among young generations basically so that they do not trap in misleading financial advice by tech savvy financial influencers. Engagement by professional investment advisors must be prompted. Such financial influencers having good numbers of followers as well as subscribers generating and uploading content in distinct domains capturing the imagination and user's mind of such social media platforms. Financial influencers are type of social media influencers acting as financial advisers posting content on social media regarding financial investment, personal finance, mutual funds, etc.

Kapoor. (2014), highlighted that, young generation these days are highly dependent and rely on social media platforms not just for entertainment but also to learn new things including financial investment, cryptocurrency, budgeting, and stock marketing knowledge. Trust on financial influencers have appeared as a vital mediator between influencers and audience. The high level of trust substantially translated engagement on social media into actionable financial decisions. According to Warren et.al. (2014), trust emerged as to be bridging the gap between exposure to financial content on social media and its adoption, it indicates that belief of followers in transparency, honesty, and expertise of influencer can supersede platform-based limitations. In the same way, perceived financial literacy works as a mediator, recommending that people who are financially competent are more likely to be acting on advice received through social media. Such perception can be improved with recurrent exposure to relatable, digestible content, mainly on YouTube. Metacognitive aspect of financial behaviour is also highlighted, where users do not just require information, but they also need to be feeling empowered and capable of applying it. Perceived financial knowledge and trust on financial influencers have appeared as a considerable mediator, which shows that social media creates a wide reach, the deepness of influence is dependent on trust of users and self-assessed knowledge.

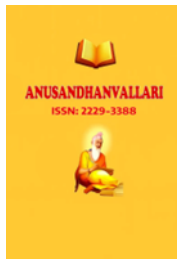
West. (2012), suggested that although; individual biases administer the decisions of investment inherently, the influence of financial influencers being significant changes and make amendments like biases determining definitive results on investment. With the rising digital and socially networked nature, investors are no longer acting in a vacuum but rather influenced by views, and stories communicated through digital influencers. The findings are adding to present knowledge base by showing the requirement to approach investment decisions through two lenses of digital social media influence and behavioural finance. Moreover, they demand more attention towards responsible distribution of digital content and the requirement for evaluation of digital information to be included with financial literacy program. To summarize, as financial landscape keeps growing, knowledge of communication between mental dispositions and online influence would be critical to develop healthy investment habits. Future strategies must focus to improve performance of investors thus striking a balance



between conservative education on financial concept and modern training about how to deal with details of online financial data. Naga & Ken (2013) studied that financial influencers are known to be making significant influencer on investment choices and decisions of Gen Z. The trusted channels of social media to gather financial information, which is easier to understand as well as relevant for young population. The simple style of interaction and understanding between influencer and audience make influencer's recommendations acceptable compared to formal sources. Social communication between influencers and followers creating a sense of trust that would motivate Gen Z for making investment decisions on the basis of narratives gathered personally as well as visually. As an outcome, financial decisions are not just based on rational considerations, but also on trust and mental attachments developed by such digital figures. Financial knowledge and literacy also play important role and impact on investment decisions of Gen Z. Knowledge of finance stays an essential foundation to make investment decisions as it is more objective and measurable. Young individuals with high level of financial knowledge are tend to recognize risks and returns, understand the concept, and able to evaluate investment opportunities in a better way. Financial knowledge makes positive influence on herding behavior. Good financial literacy does not completely ensure removal of tendency of following the crowd. In some cases, financial knowledge can also make some people more confident in following investment trends which they consider to be validated by many other people. Mental biases like FOMO can still make influence on their decisions.

Jain et.al. (2015), revealed that in the world of finance, where young investors are chasing for different source of finance for personal investment, a potential growth can be seen in nearly formed industry of financial influencers. An individual who is a social media influencer using social media platform for the promotion of themselves has attained trust in some particular industry. The focus of social media financial influencer is to provide advice on finance. The rising use of social media to gather financial advice and knowledge might be attributed partly for the rise in financial influencers. Social media is a popular and effective platform for influencers to upload their content as well as for young and new investors to attain easy and good source of financial literacy. In the growing industry of financial influencers, the creators are increasing with a view to make it easy and simple to understand for followers helping them to attain proper financial knowledge. The main purpose must be to protect capital of investors and not expect high returns just because influencers were talking regarding it in the video.

Gómez. (2019), highlighted that digital revolution has transformed the financial landscape, it has given rise to new category of social media influencers, these are financial influencers or finfluencers, they share their financial, knowledge, and advice through social media platforms, it include tips on personal finance, and investment insights. Earlier, financial guidance, and recommendations use to come from licensed financial advisors, financial institutions and banks who work within regulated framework. However, today, the boundaries of financial expertise have become highly blurred. Digital financial communication is shaped up in decentralised digital space where trust, relatability and peer authentication usually carry much weight compared to formal qualification. Shift towards digital media has made financial literacy and information more accessible, it has risen vital concerns about credibility, accuracy and probable influence of emotionally driven and simple advice. The psychology of investment has been reshaped by this new landscape, mainly for Gen Z and Millennials. This young generation rely highly on digital communities; they value recommendations of peer incorporating social validation into financial decision-making. As an outcome, financial influencers can strengthen behaviors, which is usually discussed in behavioral finance like social proofs, herd mentality, availability bias, and overconfidence. Such patterns motivate short-term theory and increased level of risk-taking, but they also inspire Gen Z investors to attain knowledge about personal finance and start making financial investments.



Subramanian. (2021), stated that most of the young investors, learn regarding new financial products and investment opportunities by guidance of their family and friends or relatives as advertisements and education platforms are limited. Social media influencers have become the main source of attaining knowledge and information for Gen Z and Millennials. An important issue has been raised over here like reliability of these social media channels and if they are providing complete and accurate information to their followers. Awareness do not just guide their followers, but it also makes impact on how it satisfies investors after following the content. Young investors do not just look after the return on investment, but they also look for perceived safety, tax efficacy, liquidity, transparency and diversity. If any recommendation of investment fails to fulfil these requirements, many followers would not stay committed to the channel and influencer, and move on to another channel. This shows why financial products require clear and feasible information where they can attain easy and complete knowledge, that would guide them to make improved investment choices (Ng et al., 2022).

Ketkar et.al. (2012), studied that in the past few years, financial influencers have appeared as a main opinion leaders in digital financial eco-system, they influence investors through their content posted on social media. Usefulness of content and its credibility were found to be strong predictors, whereas financial literacy moderates the influence positively. No significant impact of risk perception was found. Financial influencers are people sharing financial recommendations and advice on personal finance and investment through social media platforms. A contribution is made by this work towards digital behavioural finance as it examines how financial influencers are shaping investment decisions of young and new investors. It is revealed that credibility of investors and perceived usefulness of financial content on social media channel have increased the likelihood of investor influence significantly. Financial knowledge and literacy work as a main moderator, it enables more discriminating involvement with online financial recommendations (Nag & Shah, 2022).

Angulo-Ruiz & Pergelova (2015), highlighted that; rising numbers of financial influencers on social media has transformed significantly the methods an individual's make financial investment decisions, particularly young generation, and the way they are getting involved in financial knowledge. As financial influencers are shaping financial investment decisions of investors, there is a requirement for greater regulatory oversight ensuring the credibility as well as accuracy of financial recommendations to be distributed on online platform. Moreover, programs of financial knowledge and literacy might be advantageous by integrating content which is influencer-driven for enhancing involvement as well as accessibility. It is shown that though influencers can impact financial choices of investors, an individual level of financial literacy working as a moderator. Moreover, difference in financial behavior is highly influenced by demographic variables like gender, age, and level of income, with young population and high level of income group showing different patterns.

Aggarwal & Singh. (2013), stated that rising level of financial influencers have changed the way of, making financial investment decision-making of Gen Z, social media has appeared as a main source for guidance and financial knowledge. The concept of authenticity has appeared a vital factor to understand the success of influencers, mainly within context where credibility and trust play important role to shape behavior results of investors. For financial influencers, authenticity include match between content and value, transparency in communication, and integrity to show financial practices.

Objective

To examine the Role of Financial Influencers in Shaping Investment Perception of Generation Z Investors in India.



Methodology

Study survey was conducted among 223 people from Gen Z with different income level. “Random sampling method” along with “T-test” were used to collect and analyse the data.

Data Analysis

In the total population of study survey males are 52.02% and females are 47.98%. 36.32% of them are 18 to 22 years of age, 28.25% are between 22 to 24 years, and 35.43% are between 24 to 28 years. Looking at the income level, 30.94% are Less than 1 lacs, 31.84% are 1 lac to 5 lac, and 37.22% are More than 5 lacs.

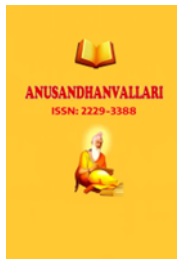
“Table 1 General Details”

“Variables”	“Respondents”	“Percentage”
Male	116	52.02
Female	107	47.98
Total	223	100
Age (years)		
18 to 22	81	36.32
22 to 24	63	28.25
24 to 28	79	35.43
Total	223	100
Income level		
Less than 1 lacs	69	30.94
1 lac to 5 lac	71	31.84
More than 5 lacs	83	37.22
Total	223	100

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“S. No.”	“Statements”	“Mean Value”	“t-value”	“Sig.”
1.	finfluencers introduce investment concepts to Gen-Z investors	4.23	18.691	0.000
2.	Gen-Z trust investment advice shared by financial influencers on social media platform	4.29	19.727	0.000
3.	Finfluencers provide transparent and unbiased information credible for Gen Z investors	4.17	18.177	0.000
4.	FI positively shape investment perception of Gen-Z as a necessary activity for financial security	4.13	17.201	0.000
5.	Help in bridging the gap between financial education and practical investing	4.30	20.114	0.000
6.	Young investors feel more confident with personal advice of financial influencers	4.15	17.493	0.000
7.	finfluencers motivate Gen Z to learn more about financial investments	4.00	15.355	0.000
8.	Provide recommendations before making any investment decisions	3.19	2.930	0.002
9.	finfluencers encourage to start making investment at early age	4.11	16.914	0.000
10.	Improves awareness of Gen Z about investment risks and returns	4.21	18.760	0.000

Above table shows the statements examining the Role of Financial Influencers in Shaping Investment Perception of Generation Z Investors in India, the first statement, finfluencers introduce investment concepts to Gen-Z investors (4.23), Gen-Z trust investment advice shared by financial influencers on social media platform (4.29), Finfluencers provide transparent and unbiased information credible for Gen Z investors (4.17), FI positively shape investment perception of Gen-Z as a necessary activity for financial security (4.13), Help in bridging the gap between financial education and practical investing (4.30), Young investors feel more confident with personal advice of financial influencers (4.15), finfluencers motivate Gen Z to learn more about financial investments



(4.00), Provide recommendations before making any investment decisions (3.19), influencers encourage to start making investment at early age (4.11), Improves awareness of Gen Z about investment risks and returns (4.21). All statements pertaining to Role of Financial Influencers in Shaping Investment Perception of Generation Z Investors in India are found to be significance, with p-values below 0.05 following the application of a t-test.

Conclusion

The findings reveal that financial influencers have appeared as a significant and credible source of financial information for Gen Z investors, a cohort featured with high level of digital engagement, preference for peer-driven content, and limited exposure to traditional financial advisory services. It is indicated that Gen Z investors are highly dependent on financial influencers on digital platform for knowledge, awareness, guidance about complicated financial concepts. The study establishes credibility, content transparency, expertise, and perceived authenticity of financial influencer strongly influence investment perceptions of Gen Z. Financial influencers provide simplified explanations, practical examples, and financial education. They are proved to be more effective to understand by new and young investors. Trust have appeared as a critical mediator factor between influencer communication and investment perception, reinforcing the significance of ethical content and disclosure practices. Additionally, the outcome suggests that financial influencers affect perception of risk and return, and investment confidence of Gen Z significantly. All statements pertaining to Role of Financial Influencers in Shaping Investment Perception of Generation Z Investors in India are found to be significance, with p-values below 0.05 following the application of a t-test.

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