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ANALYSIS ON THE FINFLUENCER ECONOMY

Impact Of Finance Content Creators On Gen Z Investment Behavior

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Abstract : The rapid growth of social media platforms has given rise to financial influencers (finfluencers) who play an increasingly prominent role in shaping investment-related perceptions among young investors. This study examines the impact of the finfluencer economy on the investment decision behaviour of Generation Z investors, with a focus on identifying the psychological and social mechanisms through which such influence operates. A quantitative research design was employed, and primary data were collected through a structured questionnaire administered via Google Forms. The sample comprised 73 Gen Z respondents, selected using a combination of convenience and snowball sampling techniques. The data were analysed using descriptive statistics, correlation analysis, and multiple regression analysis.

The findings reveal that finfluencer exposure does not have a direct significant impact on investment decision behaviour. However, finfluencer exposure significantly influences behavioral biases and social influence, both of which act as mediating mechanisms affecting investment decisions. Behavioral biases such as herd behaviour, overconfidence, and fear of missing out, along with social validation arising from peer behaviour and collective discourse, play a crucial role in translating exposure into action. The study further finds that financial literacy does not significantly moderate this relationship, indicating that rational knowledge alone is insufficient to counteract behavioral and social pressures in digital investment environments.

The study contributes to behavioral finance literature by highlighting the indirect, mechanism-based influence of finfluencers on Gen Z investors. The findings offer important implications for investors, regulators, and policymakers, emphasizing the need for greater psychological awareness and balanced regulatory oversight within the evolving finfluencer ecosystem.

Keywords : Finfluencers, Investment Decision Behaviour, Generation Z, Behavioral Biases, Social Influence, Financial Literacy, Digital Investing

1. Introduction

The rapid digitization of financial markets, coupled with the widespread penetration of internet services and smartphones, has fundamentally transformed the way individuals access, interpret, and act upon financial information. Over the past decade, the investment landscape has evolved from a traditionally institution-driven ecosystem to a more democratized and digitally enabled environment. Social media platforms have emerged as powerful channels for information dissemination, enabling real-time sharing of financial insights, opinions, and strategies among a vast audience. This transformation has significantly reduced information asymmetry, allowing retail investors to participate more actively in financial markets than ever before.

Within this evolving ecosystem, a new category of market participants has gained prominence—financial influencers, commonly referred to as "finfluencers." These individuals utilize platforms such as YouTube, Instagram, Twitter, and other digital media channels to create and distribute content related to personal finance, stock markets, cryptocurrencies, and investment strategies. Unlike traditional financial advisors, finfluencers often communicate in a simplified, relatable, and engaging manner, making complex financial concepts accessible to a broader audience. Their content ranges from educational material and market analysis to opinion-based recommendations and trend-driven investment ideas, thereby shaping the perceptions and decisions of their followers.

The influence of finfluencers is particularly pronounced among Generation Z, a demographic cohort that has grown up in a digitally interconnected environment. Gen Z individuals are characterized by their high digital literacy, preference for instant information, and reliance on online platforms for decision-making. Unlike previous generations, which primarily depended on formal financial institutions and professional advisors, Gen Z investors are more inclined to seek guidance from informal and easily accessible sources, including social media personalities. This shift reflects a broader change in trust dynamics, where perceived authenticity, relatability, and peer influence often outweigh traditional indicators of expertise and credibility.

This transformation is especially evident in the Indian context, where the rapid expansion of digital infrastructure and fintech platforms has significantly increased retail investor participation. The number of demat accounts in India has grown exponentially in recent years, particularly after the COVID-19 pandemic, reflecting a surge in first-time investors entering the market. Social media platforms such as YouTube, Instagram, and Telegram have become primary sources of financial information for many of these investors, who often lack formal financial training. In this environment, finfluencers play a crucial role in shaping investment narratives, often acting as intermediaries between complex financial markets and a relatively inexperienced audience. Recognizing the potential risks associated with such influence, regulatory bodies such as the Securities and Exchange Board of India have initiated measures to enhance transparency and accountability among financial content creators.

While the rise of finfluencers has contributed to increased financial awareness and market participation, it has also introduced several challenges and concerns. One of the primary issues is the lack of comprehensive regulatory oversight governing the content shared by these influencers. In many cases, finfluencers are not subject to the same standards of accountability and disclosure as licensed financial advisors, raising critical questions about the reliability, objectivity, and intent behind their recommendations. The presence of potential conflicts of interest, including paid promotions, affiliate marketing, and undisclosed partnerships, further complicates the credibility of the information being disseminated. Consequently, the line between genuine financial education and promotional content often becomes blurred, making it difficult for investors to distinguish between informed guidance and persuasive influence.

From a behavioral finance perspective, the growing influence of finfluencers can have significant implications for investor decision-making. Behavioral finance theories suggest that individuals are not always rational and are often influenced by cognitive biases and emotional factors. The exposure to persuasive and trend-oriented content on social media platforms can amplify biases such as herd behavior, where individuals follow the actions of the majority; overconfidence, where investors overestimate their knowledge or predictive abilities; and fear of missing out (FOMO), which drives impulsive investment decisions. These behavioral tendencies, when combined with the rapid and often unverified flow of information on digital platforms, increase the likelihood of suboptimal or excessively risky investment choices.

In addition to behavioral biases, the role of social influence plays a crucial part in shaping investment decisions in the digital era. Social influence theory posits that individuals tend to conform to the opinions and actions of others, particularly in situations characterized by uncertainty or limited knowledge. Finfluencers, by virtue of their large follower base and perceived authority, can significantly impact the attitudes and behaviours of their audience. The interactive nature of social media, including likes, comments, and shares, further reinforces this influence by creating a sense of collective validation and perceived consensus around specific investment ideas or trends. This dynamic can accelerate the spread of both informed insights and potentially misleading narratives.

Despite the growing relevance of finfluencers in modern financial markets, academic research on their impact remains relatively limited, particularly in the context of emerging economies and younger investor segments. While existing studies have explored the role of social media in financial decision-making and the behavioral aspects of investing, there is a noticeable gap in understanding how financial content creators specifically influence the investment behavior of Generation Z. This gap is especially critical in markets like India, where rapid financial inclusion is accompanied by varying levels of financial literacy and increasing exposure to digital influence.

Against this backdrop, the present study seeks to examine the impact of the finfluencer economy on the investment behavior of Gen Z individuals. The research focuses on understanding how exposure to financial influencers affects decision-making patterns, behavioral biases, and investment choices. By integrating concepts from behavioral finance and social influence theory, the study aims to provide a comprehensive analysis of the mechanisms through which finfluencers shape investor behavior in the digital era.

The findings of this study are expected to contribute to both academic literature and practical understanding by offering insights into the evolving dynamics of investor behavior in the age of social media. Furthermore, the study holds relevance for regulators, policymakers, and market participants, as it highlights the need for greater awareness, transparency, and more structured regulatory frameworks to address the challenges associated with the growing influence of finfluencers.

2. Literature Review

2.1 Behavioral Finance Perspective

Traditional financial theories assume that investors act rationally; however, Behavioral finance challenges the traditional assumption of complete investor rationality by emphasizing the influence of cognitive and emotional factors on decision-making. Prior research indicates that investors frequently rely on heuristics and judgmental shortcuts, particularly in uncertain market environments. These psychological tendencies often lead individuals to deviate

Herd behavior is one of the most widely observed biases, where investors follow the actions of others rather than relying on independent analysis. This tendency is particularly evident in uncertain market environments and is often amplified by information asymmetry and social signals (Parashar et al., 2024; Shahzad et al., 2024) . Overconfidence bias further contributes to irrational decision-making, as investors tend to overestimate their knowledge and predictive abilities, leading to excessive trading and risk-taking. Empirical evidence also supports the influence of behavioral factors such as overconfidence and herding on digital investment decisions, reinforcing the idea that investor behavior is not purely rational (Zima et al., 2025).

Additionally, generational studies highlight that biases such as fear of missing out (FOMO), overconfidence, and herd behavior significantly influence investment intentions, particularly among younger investors (Borsa Istanbul Review, 2023) . These findings establish behavioral finance as a critical framework for understanding investment decisions in modern financial markets.

2.2 Social Influence Theory

Social Influence Theory explains how individuals' attitudes and behaviours are shaped by the actions and opinions of others, particularly in situations involving uncertainty or limited expertise. The theory distinguishes between informational influence, where individuals rely on others for guidance, and normative influence, where behavior is driven by the desire for social acceptance.

In financial markets, social influence is significantly reinforced through digital platforms. Social media indicators such as likes, shares, and follower counts act as signals of credibility, influencing investor perceptions and decisions. Empirical research suggests that social media sentiment plays a crucial role in driving irrational herd behavior, particularly among retail investors (International Review of Economics & Finance, 2023) .

Furthermore, studies indicate that social media exposure significantly contributes to herd behavior and speculative decision-making among young investors, reinforcing the role of collective sentiment in shaping market outcomes (Singh & Srivastava, 2025) . These findings highlight the growing importance of social influence mechanisms in digital financial ecosystems.

2.3 Rise of Finfluencers

The emergence of finfluencers represents a significant shift in the dissemination of financial information. These individuals leverage digital platforms to provide financial content, investment insights, and market opinions to a broad audience. Their rise is closely associated with the increasing demand for simplified and accessible financial knowledge.

Recent empirical studies indicate that finfluencers have a measurable impact on investor behavior, particularly through their influence on behavioral biases. Research conducted on stock market influencers shows that influencer credibility significantly affects investor herding behavior (Chairunnisa & Dalimunthe, 2021) . Similarly, studies in emerging markets demonstrate that finfluencer exposure positively influences investment decisions and reinforces behavioral tendencies such as herd behavior (JICP, 2026) .

In the Indian context, research on Gen Z investors highlights that finfluencer narratives significantly shape investment decisions by amplifying behavioral biases such as overconfidence and herd behavior (Warkar & Durai, 2025) . These findings suggest that finfluencers act as key intermediaries between financial markets and retail investors, while also raising concerns regarding credibility, transparency, and potential conflicts of interest.

2.4 Social Media and Investment Behavior

The relationship between social media and investment behavior has gained significant academic attention in recent years. Social media platforms function as both information sources and behavioral catalysts, influencing investor sentiment and participation.

Empirical evidence suggests that social media significantly affects market behavior by shaping investor sentiment and amplifying herd tendencies. Studies analyzing large-scale social media data have found that sentiment extracted from online platforms can directly influence market volatility and trading behavior (International Review of Economics & Finance, 2023) .

Additionally, research indicates that social media exposure contributes to speculative trading and trend-based investment decisions, particularly among younger investors (Singh & Srivastava, 2025) . The algorithm-driven amplification of trending content further intensifies this effect, often leading to investment decisions that are not grounded in fundamental analysis.

The interactive nature of social media also fosters a sense of community among investors, reinforcing collective beliefs and synchronized investment actions. This highlights the dual role of social media as both an enabler of financial inclusion and a driver of behavioral biases.

2.5 Gen Z Investment Behavior

Generation Z represents a distinct group of investors characterized by high digital engagement and a strong reliance on online platforms for financial information. Their investment behavior is shaped by accessibility, immediacy, and exposure to digital content.

Empirical studies indicate that Gen Z investors exhibit higher risk tolerance and are more inclined toward emerging asset classes such as cryptocurrencies and digital investments (Future Business Journal, 2026) . At the same time, their decisions are significantly

influenced by social media trends and non-professional financial advice, increasing their susceptibility to herd behavior and speculative investments.

Research further shows that behavioral biases such as overconfidence, herding, and anchoring play a significant role in shaping Gen Z investment decisions, particularly in digitally influenced environments (Warkar & Durai, 2025) . Moreover, financial literacy has been identified as a key moderating factor, with higher literacy levels reducing susceptibility to irrational investment behavior (Satyani, 2024) .

These findings underscore the importance of understanding Gen Z as a digitally influenced and behaviourally driven investor segment, particularly in the context of the growing finfluencer economy.

3. Research Gap and Hypothesis Development

3.1 Research Gap

Despite the expanding body of literature on behavioral finance, social influence, and digital investment environments, important gaps remain in understanding how these elements interact in contemporary financial decision-making. Existing studies have extensively examined behavioral biases such as herd behavior, overconfidence, and risk perception; however, these factors are often analyzed in isolation, without adequately reflecting the interconnected and dynamic nature of digitally driven investment ecosystems.

While prior research acknowledges the influence of social media on investor sentiment and participation, it largely treats these platforms as passive channels of information. Limited attention has been given to the role of financial influencers (finfluencers) as active agents of influence who not only disseminate information but also shape investment narratives, trigger emotional responses, and influence decision-making behavior. This distinction is critical, as finfluencers combine relatability, persuasion, and real-time engagement, making their impact more direct and behaviourally significant than traditional sources of information.

Furthermore, although recent studies have begun to explore younger investor segments, there remains a lack of focused empirical research on Generation Z within the context of digitally influenced financial decision-making. Gen Z investors, being digitally native, operate in an environment characterized by continuous information flow, social validation, and rapid content consumption. However, existing frameworks do not sufficiently capture how these factors interact to influence both the cognitive and emotional aspects of their investment behavior.

Another significant gap lies in the limited integration of behavioral finance and social influence perspectives. While behavioral finance explains individual cognitive and emotional biases, and social influence theory explains conformity and peer-driven behavior, few studies examine their combined or compounded impact within digital platforms. As a result, the simultaneous influence of psychological biases and social validation mechanisms remains insufficiently explored in current literature.

In addition, the moderating role of financial literacy in digitally influenced investment environments has not been adequately examined. Although financial literacy is widely recognized as a determinant of rational investment behavior, its ability to mitigate or amplify the effects of finfluencer-driven influence and behavioral biases remains unclear. This gap is particularly relevant in emerging markets such as India, where rapid growth in retail investor participation is accompanied by varying levels of financial awareness and understanding.

Therefore, this study seeks to address these gaps by developing an integrated framework that examines the impact of finfluencer exposure on the investment behavior of Generation Z. By incorporating behavioral biases, social influence mechanisms, and financial literacy within a unified model, the study aims to provide a more comprehensive and contextually relevant understanding of investor behavior in the digital era.

3.2 Conceptual Framework

The conceptual framework of this study is developed to examine the relationship between finfluencer exposure and **investment decision behavior among Generation Z investors**, while incorporating key behavioral and social dimensions that influence decision-making in digital environments.

The model positions finfluencer exposure as the primary independent variable influencing **investment decision behavior**, which serves as the dependent variable in this study. In the context of digital financial ecosystems, finfluencers act as active sources of information, shaping perceptions, attitudes, and ultimately the investment-related decisions of individuals.

The framework further incorporates behavioral biases, including herd behavior, overconfidence, and fear of missing out (FOMO), as mediating variables. These biases represent the psychological mechanisms through which finfluencer-driven content influences **investment decision behavior**. Exposure to financial content on social media platforms can amplify these biases, leading individuals to make investment decisions based on trends, perceived expertise, or emotional triggers rather than objective analysis.

In addition to behavioral biases, social influence is included as a mediating variable to capture the impact of peer behavior, digital validation, and perceived consensus on **investment decision behavior**. Social media platforms facilitate interaction, engagement, and visibility, thereby reinforcing conformity and collective decision-making among users.

The model also introduces financial literacy as a moderating variable, influencing the strength and direction of the relationship between finfluencer exposure and **investment decision behavior**. Higher levels of financial literacy are expected to reduce susceptibility to biased or misleading information, thereby weakening the impact of finfluencer-driven influence. Conversely, lower financial literacy may amplify the effect of behavioral biases and social influence, leading to more impulsive or trend-based investment decisions.

Overall, the proposed framework integrates behavioral finance and social influence perspectives within a digital context, providing a comprehensive structure to analyse the determinants of **investment decision behavior among Gen Z investors**.

3.3 Hypotheses Development

Based on the conceptual framework developed in the previous section, this study formulates a set of hypotheses to examine the relationship between finfluencer exposure and investment decision behavior among Generation Z investors. The framework integrates perspectives from behavioral finance and social influence theory to capture both psychological and external determinants of investment decisions in a digital environment. Accordingly, the hypotheses are structured to test the direct effect of finfluencer exposure, the mediating roles of behavioral biases and social influence, and the moderating effect of financial literacy.

A. Direct Relationship between Finfluencer Exposure and Investment Decision Behavior

The emergence of financial influencers has significantly transformed the manner in which individuals access and interpret financial information. Finfluencers act as accessible and relatable sources of investment-related content, often simplifying complex financial concepts and shaping investor perceptions. In digitally driven environments, repeated exposure to such content can directly influence investment preferences and decision-making behavior, particularly among Gen Z investors who are highly active on social media platforms.

H1:

Finfluencer exposure has a significant impact on the investment decision behavior of Gen Z investors.

B. Mediating Role of Behavioral Biases

Behavioral finance suggests that individuals are subject to various cognitive and emotional biases that influence their financial decisions. Exposure to finfluencer content can amplify such biases by creating perceptions of expertise, urgency, and opportunity. Biases such as herd behavior, overconfidence, and fear of missing out (FOMO) may lead investors to make decisions based on sentiment, perceived trends, and emotional triggers rather than objective analysis. Therefore, behavioral biases act as a key mechanism through which finfluencer exposure influences investment decision behavior.

H2:

Finfluencer exposure has a significant positive impact on behavioral biases among Gen Z investors.

H3:

Behavioral biases have a significant impact on the investment decision behavior of Gen Z investors.

C. Mediating Role of Social Influence

Social influence plays a critical role in shaping individual behavior within digital environments. Social media platforms facilitate interaction, engagement, and validation through mechanisms such as likes, comments, and shares, which reinforce collective behavior and perceived consensus. Finfluencers, as prominent figures within these platforms, contribute to shaping group norms and investment trends. Consequently, individuals may align their investment decisions with perceived popular opinion or influencer recommendations, making social influence an important pathway affecting investment decision process or behavior.

H4:

Finfluencer exposure has a significant positive impact on social influence among Gen Z investors.

H5:

Social influence has a significant impact on the investment decision behavior of Gen Z investors.

D. Moderating Role of Financial Literacy

Financial literacy is widely recognized as a crucial determinant of informed financial decision-making. Individuals with higher financial literacy are more likely to critically evaluate information, verify sources, and make rational investment choices. In contrast, individuals with lower financial literacy may rely more heavily on external cues such as influencer recommendations and social validation. Therefore, financial literacy is expected to influence the strength of the relationship between finfluencer exposure and investment decision behavior.

H6:

Financial literacy moderates the relationship between finfluencer exposure and investment decision behavior among Gen Z investors, such that the relationship is weaker for individuals with higher financial literacy.

4. Research Methodology

4.1 Research Design

This study adopts a quantitative research design to examine the impact of finfluencer exposure on the investment decision behavior of Generation Z investors. The research is primarily explanatory in nature, as it seeks to identify and analyse the relationships between key variables, including finfluencer exposure, behavioral biases, social influence, financial literacy, and investment decision behavior. A structured survey approach is employed to collect standardized responses, enabling statistical analysis and hypothesis testing.

4.2 Sample Design

The target population for this study consists of Generation Z individuals who are either actively investing or have an interest in financial markets. Gen Z is specifically chosen due to its high engagement with digital platforms and increasing participation in financial markets.

A non-probability convenience sampling method was employed for this study. The questionnaire was initially distributed through the researchers' personal and academic networks to ensure accessibility and efficient data collection. In addition, elements of snowball sampling were incorporated, as respondents were encouraged to share the survey within their own networks, thereby expanding the reach of the study.

The sample comprises respondents primarily within the age group of 18–25 years. Efforts were made to ensure diversity in terms of gender, educational background, and investment experience to capture a broader perspective of investor behavior.

4.3 Data Collection Method

The study is based on primary data gathered through an online questionnaire distributed via Google Forms. Statistical techniques such as descriptive analysis, correlation analysis, and multiple regression analysis were applied to examine the proposed relationships among the study variables.

The questionnaire is designed to capture information related to finfluencer exposure, behavioral tendencies, social influence, financial awareness, and investment decision behavior.

The questions are predominantly close-ended and measured using a Likert scale to ensure consistency and ease of analysis. In addition, a limited number of open-ended questions are included to capture qualitative insights; however, the primary focus of the analysis remains on quantitative responses.

4.4 Variable Definition

The study incorporates multiple variables categorized as independent, dependent, mediating, and moderating variables.

The independent variable is finfluencer exposure, which refers to the extent to which respondents engage with financial influencers through social media platforms, including frequency of interaction and reliance on their content.

The dependent variable is investment decision behavior, defined as the tendency of respondents to make investment-related decisions influenced by factors such as risk preference, reliance on external advice, impulsiveness, and responsiveness to market trends.

Behavioral biases are included as mediating variables and represent the psychological tendencies that influence decision-making, including herd behavior, overconfidence, and fear of missing out (FOMO).

Social influence is also treated as a mediating variable, capturing the impact of peer behavior, digital engagement, and perceived consensus on investment decisions.

Financial literacy is introduced as a moderating variable, reflecting the respondent's ability to understand financial concepts, evaluate investment information, and make informed decisions. It is expected to influence the strength of relationships between the independent and dependent variables.

4.5 Tools and Techniques of Analysis

The collected data is analyzed using statistical tools to test the proposed hypotheses and examine relationships between variables. Descriptive statistics are used to summarize the demographic characteristics and general patterns within the data.

Correlation analysis is conducted to assess the strength and direction of relationships between key variables. Further, regression analysis is employed to test the impact of independent and mediating variables on investment decision behavior.

The moderating effect of financial literacy is examined by analysing its influence on the relationship between finfluencer exposure and investment decision behavior. The analysis is performed using Microsoft Excel and, where applicable, statistical software tools to ensure accuracy and robustness of results.

5. Data Analysis & Result

This section presents the empirical findings derived from the statistical analysis of the primary data collected from Generation Z respondents. The analysis was conducted to examine the relationships between finfluencer exposure, behavioral biases, social influence, financial literacy, and investment decision behaviour. The results are presented using descriptive statistics, correlation analysis, regression analysis, and hypothesis testing, without interpretative discussion.

5.1 Descriptive Analysis

Descriptive statistics were employed to summarize the central tendency and variability of the key variables included in the study.

Table 5.1: Descriptive Statistics of Study Variables (N = 73)

Variable	Mean	Standard Deviation
Finfluencer Exposure	2.12	1.07
Behavioral Bias	3.53	0.74
Social Influence	3.58	0.69
Financial Literacy	3.66	0.80
Investment Behaviour	3.71	0.76

5.2 Correlation Analysis

Correlation analysis was conducted to examine the strength and direction of relationships among the study variables.

Table 5.2: Correlation Matrix

Variable	Finfluencer Exposure	Behavioral Bias	Social Influence	Financial Literacy	Investment Behaviour
Finfluencer Exposure	1				
Behavioral Bias	0.19	1			
Social Influence	0.20	0.69	1		
Financial Literacy	0.26	0.35	0.49	1	
Investment Behaviour	0.17	0.66	0.67	0.42	1

5.3 Regression Analysis

Multiple regression analysis was carried out to examine the impact of finfluencer exposure, behavioral biases, social influence, and financial literacy on investment decision behaviour.

a. Model Summary

The model summary presents the explanatory power of the regression model.

Table 5.3: Regression Model Summary

Statistic	Value
R	0.73
R Square	0.53
Adjusted R Square	0.51
Standard Error of Estimate	0.53
Observations	73

b. Analysis of Variance (ANOVA)

The ANOVA results evaluate the overall statistical significance of the regression model.

Table 5.4: Analysis of Variance (ANOVA)

Source	df	Sum of Squares	Mean Square	F-value	Significance
Regression	4	22.18	5.54	19.47	1.03E-10
Residual	68	19.37	0.28		
Total	72	41.54			

c. Regression Coefficients

The regression coefficients indicate the contribution of individual independent variables to the dependent variable.

Table 5.5: Regression Coefficients

Variable	Coefficient	Standard Error	t-value	p-value
Intercept	0.55	0.38	1.47	0.15
Finfluencer Exposure	-0.00	0.06	-0.07	0.94
Behavioral Bias	0.39	0.12	3.28	0.002
Social Influence	0.39	0.13	2.92	0.005
Financial Literacy	0.11	0.09	1.17	0.25

d. Hypothesis Testing

The hypotheses formulated for the study were tested based on the results of the regression analysis.

Table 5.6: Summary of Hypothesis Testing Results

Hypothesis	Hypothesis Statement	Result
H1	Finfluencer exposure has a significant impact on the investment decision behaviour of Gen Z investors	Rejected
H2	Finfluencer exposure has a significant positive impact on behavioral biases among Gen Z investors	Accepted
H3	Behavioral biases have a significant impact on the investment decision behaviour of Gen Z investors	Accepted
H4	Finfluencer exposure has a significant positive impact on social influence among Gen Z investors	Accepted
H5	Social influence has a significant impact on the investment decision behaviour of Gen Z investors	Accepted
H6	Financial literacy moderates the relationship between finfluencer exposure and investment decision behaviour among Gen Z investors	Rejected

6. Discussion

The present study aimed to examine how finfluencer exposure influences the investment decision behaviour of Generation Z investors, with particular attention to the underlying psychological and social processes through which such influence operates. By integrating behavioral finance concepts with social influence perspectives, the study provides a nuanced understanding of the finfluencer economy beyond simplistic assumptions of direct persuasion.

The results indicate that finfluencer exposure does not have a direct and significant impact on the investment decision behaviour of Gen Z investors. This finding suggests that investment decisions are not typically triggered simply because a financial content creator endorses a particular investment. Instead, Gen Z investors appear to exhibit a degree of discretion, using finfluencer content primarily as an information and engagement source rather than as an instruction to act. This challenges the popular narrative that younger investors blindly follow finfluencer recommendations and highlights that financial decision-making in digital environments is rarely impulsive in isolation.

However, despite the absence of a direct relationship, finfluencer exposure significantly influences behavioral biases, indicating that finfluencers shape the internal psychological context in which investment decisions are formed. Behavioral biases in this study primarily reflect internal cognitive and emotional tendencies such as herd behaviour, overconfidence, and fear of missing out (FOMO). Through repeated exposure to simplified explanations, success-focused narratives, and trending investment themes, finfluencers can normalize certain behaviours and frame market opportunities in ways that heighten emotional engagement. As a result, investors may begin to perceive particular investments as timely or inevitable, not because of fundamental analysis, but due to biased perception shaped by continuous exposure.

The findings further demonstrate that these behavioral biases significantly influence investment decision behaviour, confirming their role as a mediating mechanism between finfluencer exposure and investment action. Once such biases are activated, decision-making becomes increasingly influenced by intuition, urgency, and perceived opportunity rather than careful evaluation. This suggests that finfluencers do not directly cause investors to act; rather, they contribute to shaping how opportunities are interpreted and evaluated internally, thereby increasing the likelihood of action under biased judgment.

Alongside internal psychological processes, social influence emerged as a parallel mediating mechanism in the study. Social influence reflects external pressures arising from peer behaviour, collective discussions, and visible forms of social validation on digital platforms. Finfluencer exposure was found to significantly enhance social influence, which in turn significantly affected investment decision behaviour. In digital environments where engagement metrics and peer participation are highly visible, investors may interpret widespread discussion or endorsement of certain assets as validation of their attractiveness. Consequently, individuals may be more inclined to react when investment themes dominate conversations within their social surroundings, such as when there is widespread discourse around buying or selling a particular asset. This finding highlights how collective sentiment and perceived consensus transform awareness into investment action.

Taken together, the significant mediating roles of behavioral biases and social influence indicate that finfluencer impact operates through an indirect and reinforcing mechanism. Finfluencers do not function as direct decision-makers; instead, they shape narratives, synchronize attention, and amplify both internal bias and external validation. When individuals experience psychological readiness through bias and confirmation through social influence simultaneously, investment decisions become more likely. This mechanism helps explain why investors often react to what “everyone is talking about” rather than to isolated recommendations.

The study also examined financial literacy as a moderating variable to assess whether rational financial knowledge weakens the influence of finfluencer exposure on investment decisions. The results show that financial literacy does not significantly moderate this relationship. This finding suggests that while financial literacy may enhance understanding and reduce informational complexity, it does not necessarily counteract emotionally driven or socially reinforced investment behaviour. Behavioral biases are internally rooted and continue to influence judgment even among financially aware individuals, particularly in environments

characterized by high information volume and strong social cues. In such contexts, increased knowledge may coexist with a sense of confidence without fully neutralizing susceptibility to dominant narratives and collective sentiment.

Overall, the findings of this study suggest that the finfluencer economy influences Gen Z investment behaviour not through direct persuasion, but through the gradual shaping of perception, emotion, and social context. Finfluencers contribute to constructing an environment in which certain investment actions appear normal, timely, or validated. This indirect mechanism offers a more sophisticated understanding of how digital financial content affects investor behaviour and contributes to the broader literature on behavioral finance and social influence by highlighting the interplay between internal biases, external social pressure, and rational knowledge in contemporary investment decision-making.

7. Conclusion

The present study sought to analyse the impact of the finfluencer economy on the investment decision behaviour of Generation Z investors, with a specific focus on understanding the psychological and social mechanisms through which such influence operates. Against the backdrop of increasing digital engagement and the growing prominence of financial content creators, the study provides empirical insights into how finfluencers shape investment behaviour in contemporary financial ecosystems.

The findings of the study indicate that finfluencer exposure does not directly determine investment decisions among Gen Z investors. Rather than acting as direct persuaders, finfluencers influence investor behaviour through indirect pathways. The results demonstrate that finfluencer exposure significantly contributes to the formation of behavioral biases and strengthens social influence, both of which play a crucial role in shaping investment decision behaviour. This highlights that investment decisions are often the outcome of internally driven psychological biases, reinforced by external social validation, rather than immediate responses to influencer recommendations.

The study further establishes that behavioral biases such as herd behaviour, overconfidence, and fear of missing out act as key mediating mechanisms between finfluencer exposure and investment decisions. In parallel, social influence—arising from peer behaviour, collective discussion, and perceived consensus on digital platforms—emerges as an equally important mediator. Together, these mechanisms explain how repeated narratives and widespread social engagement gradually shape perceptions, normalize certain investment behaviours, and increase the likelihood of investor action.

An additional insight from the study is that financial literacy does not significantly moderate the influence of finfluencer exposure on investment behaviour. This suggests that rational financial knowledge, while valuable, is not sufficient on its own to counteract psychological and social pressures prevalent in digital investment environments. Even financially aware investors may remain susceptible to emotionally charged and socially reinforced narratives, particularly within fast-paced and highly interactive online platforms.

Overall, this study concludes that the influence of finfluencers on Gen Z investors is best understood as a contextual and behavioral phenomenon rather than a direct advisory effect. Finfluencers contribute to shaping the cognitive and social environment in which investment decisions are made, emphasizing the importance of understanding investor behaviour through an integrated behavioral finance and social influence perspective. **By highlighting the indirect psychological and social mechanisms through which finfluencer exposure translates into investment decisions, this study contributes to a more nuanced understanding of investor behaviour in the finfluencer-driven digital investment landscape.**

8. Implication

8.1 Practical Implications

The findings of this study carry important practical implications for Generation Z investors and market participants operating in digitally driven investment environments. Since finfluencer exposure does not directly trigger investment decisions but operates indirectly through behavioral biases and social influence, investors should be encouraged to develop greater awareness of their own psychological and emotional responses to financial content. Understanding that repeated exposure to trending narratives and collective discussions can subconsciously shape perception may help investors pause and reflect before acting on market sentiment.

Gen Z investors, in particular, may benefit from cultivating disciplined decision-making practices such as cross-verifying information, allowing time for reflection, and avoiding impulse-driven reactions to widely discussed investment themes. The findings suggest that investors are more likely to react when investment ideas are socially reinforced rather than when they are independently evaluated, highlighting the importance of conscious effort to distinguish informed judgment from socially driven influence. Additionally, investors should recognize that confidence derived from familiarity with financial concepts does not automatically translate into immunity from behavioral biases, especially in fast-paced digital environments.

8.2 Regulatory Implications

The results of this study also have significant regulatory implications, particularly in the context of emerging markets such as India, where retail investor participation has increased rapidly alongside the growth of digital financial content. The finding that financial literacy alone does not significantly moderate finfluencer-driven influence suggests that investor education, while essential, is insufficient as a standalone safeguard against biased or socially amplified investment behaviour.

Regulatory authorities may therefore need to adopt a dual approach that combines financial awareness initiatives with stricter oversight of financial content circulating on social media platforms. Clear disclosure requirements regarding sponsorships, paid promotions, and potential conflicts of interest among finfluencers can enhance transparency and reduce the risk of misleading narratives. In addition, establishing accountability mechanisms and content guidelines for financial influencers may help ensure that investment-related information is communicated responsibly. Such regulatory measures could play a critical role in protecting retail investors from undue psychological and social influence while preserving the benefits of digital financial inclusion.

8.3 Academic Implications

From an academic perspective, this study contributes to the growing body of literature on behavioral finance and digital investing by offering empirical evidence on the indirect mechanisms through which finfluencer influence operates. By demonstrating the mediating roles of behavioral biases and social influence, the study extends existing research that often treats social media as a passive information channel rather than an active behavioral catalyst.

The findings also highlight the need for future academic research to move beyond examining direct relationships and instead focus on psychological and social pathways that shape financial decision-making. Moreover, the non-significant moderating role of financial literacy opens new avenues for research into the complex interaction between knowledge, emotion, and social validation in digital investment contexts. Scholars may further build on this study by exploring platform-specific effects, longitudinal behaviours, or cross-cultural perspectives to deepen understanding of the evolving finfluencer economy.

9. Limitation & future Scope

9.1 Limitations of the Study

While the present study provides valuable insights into the influence of the finfluencer economy on the investment decision behaviour of Generation Z investors, certain limitations should be acknowledged.

First, the study is based on a relatively limited sample size, which may constrain the generalizability of the findings. Although the sample size was adequate for exploratory quantitative analysis, a larger sample could provide a broader and more representative understanding of Gen Z investment behaviour across diverse demographic and socioeconomic groups.

Second, the study employed a non-probability sampling approach that combined convenience and snowball sampling techniques. The initial distribution of the questionnaire through accessible networks, followed by peer-to-peer sharing among respondents, facilitated efficient data collection from Gen Z participants. However, this approach may introduce sampling bias, as the responses are drawn from interconnected networks, which may not fully capture the heterogeneity of the wider Gen Z investor population.

Third, the study relies on self-reported data collected through a structured questionnaire. Such data may be subject to response bias, including social desirability bias and recall bias, where respondents may unintentionally overstate or understate their actual investment behaviour, perceptions, or decision-making tendencies.

Finally, the study adopts a cross-sectional research design, capturing investor behaviour at a single point in time. Given the rapidly evolving nature of digital platforms, financial markets, and social media trends, investor behaviour and perceptions may change over time. As a result, the findings do not account for potential temporal variations in finfluencer influence or investment decision-making.

9.2 Future Scope of the Study

Building on the limitations of the present research, several directions for future studies can be identified.

Future research may expand the scope of this study by employing larger and more diverse samples using probability-based sampling methods, which would enhance the robustness and generalizability of findings. Longitudinal research designs could also be adopted to examine how finfluencer influence, behavioral biases, and social influence evolve over time, particularly across different market cycles or periods of financial volatility.

Additionally, future studies may explore platform-specific effects by comparing the influence of finfluencers across various social media platforms such as YouTube, Instagram, Telegram, and Twitter. Such analysis could help determine whether certain platforms intensify behavioral biases or social validation more strongly than others.

Further research could also incorporate additional moderating or mediating variables, such as risk tolerance, personality traits, emotional regulation, or trust in digital content, to develop a more comprehensive understanding of investor behaviour in digitally influenced environments. Comparative studies across different countries or generational cohorts may also provide valuable insights into cultural and contextual differences within the finfluencer economy.

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