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The Rise of Financial Influencers: Democratizing Knowledge or Spreading Misinformation?

A Study of Finfluencer Impact on Young Indian Investors

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Abstract
Financial influencers, widely known as finfluencers, have taken over social media in a big way and completely changed how young people learn about money. In a country like India, where a large number of young adults still have very limited financial knowledge, these digital creators have stepped in to fill a gap that schools, banks, and government programmes have struggled to fill for years. But the real question is whether this shift is actually helping people make better financial decisions or whether it is quietly doing more harm than good.
This paper looks at how finfluencer content influences the financial knowledge, trust, and investment behaviour of Generation Z investors in India. It draws on the work of Lusardi and Mitchell on financial literacy, Bandura's Social Learning Theory, Cialdini's principles of persuasion and influence, and Kahneman and Thaler's behavioural finance frameworks to understand the mechanisms behind finfluencer impact. A secondary research approach was used, pulling together findings from existing studies to build a fuller picture of both the benefits and the risks.
The findings showed that while following finfluencer content did help young investors become more financially aware and more willing to invest, it also brought with it some serious concerns. These included the spread of inaccurate information, creators advising without proper qualifications, hidden promotional content, and young investors falling into traps like FOMO and herd behaviour. Crucially, trust in finfluencers was found to be based far more on how elatable they seemed than on whether they actually knew what they were talking about. Taken together, these findings suggest that finfluencers hold real promise for financial inclusion in India, but also pose genuine risks that call for stronger regulation and better digital literacy education.

I. Introduction

Money is one of those things that almost everyone feels they should understand better, but very few actually do. For decades, financial education was mostly limited to school textbooks, the occasional visit to a bank, or a government scheme that few young people ever paid attention to. None of that really connected with younger generations, and for a long time, that gap in financial understanding simply went unaddressed. Then, somewhere around 2018 to 2024, things started to shift. A completely new kind of financial educator appeared online, someone who could take complicated money topics and explain them in a way that felt relevant, easy to follow, and even enjoyable. These were finfluencers, and they built enormous audiences across Instagram, YouTube, and Twitter by doing something that no textbook had managed to do: making finance feel accessible.

In India, this change has been especially noticeable. As internet access spread quickly to all cities and towns, and as more young Indians started hearing stories about people making money in the stock market or through cryptocurrency, a whole new wave of first-time investors entered the picture. Most of them had no formal background in finance whatsoever, and for this group, finfluencers became the go-to source of financial guidance. They were free, easy to understand, and felt far less intimidating than a bank or a financial advisor.

Financial literacy, as Lusardi and Mitchell (2023) explain, is best thought of as a kind of human capital, a set of skills and knowledge that allows people to make sensible decisions about saving, investing, managing debt, and planning for the future. When people lack this knowledge, the consequences tend to be serious: poor financial choices, falling into debt traps, and struggling to build any long-term financial security. Research has consistently shown that young adults tend to have the weakest financial literacy of any age group, which makes them both the people who need good financial education the most and the ones most at risk of being misled.

This is the environment that finfluencers stepped into. As Tobitt (2024) shows in a detailed study of finfluencer culture, these creators have fundamentally changed the way younger audiences think about and engage with financial topics. They do it through personal storytelling, relatable content, and the kind of informal tone that feels like getting advice from a friend rather than a

lecture from an institution. But this approachability has a flip side. Unlike certified financial planners or regulated advisors, most finfluencers are not required to hold any formal qualifications or to disclose when they are being paid to promote a product. Their advice, however confidently delivered, may be based on personal experience rather than expertise, commercially motivated, or, in some cases, simply wrong.

This is the core tension that this paper sets out to explore: are finfluencers genuinely helping young Indians build financial knowledge and make better decisions, or are they spreading a version of financial education that is more entertaining than it is accurate? Drawing on existing research and established theoretical frameworks, this paper examines how finfluencers shape financial knowledge, trust, and investment behaviour among Generation Z investors in India, and what the findings mean for regulators, educators, and the young investors themselves.

The paper is organized as follows. Section 2 reviews the relevant literature and the theoretical frameworks that guide the analysis. Section 3 explains the research methodology. Section 4 presents the main findings, and Section 5 offers conclusions alongside a discussion of broader implications.

II. Literature Review and Theoretical Framework

2.1 Financial Literacy: The Foundation

The academic study of financial literacy really took off with the work of Annamaria Lusardi and Olivia Mitchell, two economists whose research over many years made a compelling case that knowing how to manage money is not just a nice personal skill but a key driver of economic outcomes at both the individual and societal level. Their 2010 study on financial literacy among young people found that a surprisingly large share of young adults, even in wealthier countries, struggled to answer basic questions about concepts like compound interest, inflation, and investment risk. This was not a trivial gap. Lusardi and Mitchell argued that these knowledge deficits directly translated into poor saving habits, bad debt management, and an inability to plan meaningfully for the future.

Building on this, Lusardi (2023) has made the case that financial literacy should be treated the same way we treat any other form of human capital, as something worth investing in because it pays off in real and measurable ways over time. This perspective is particularly relevant in India,

where financial education has historically been absent from most school curricula and where a large and growing number of young people are now participating in financial markets for the very first time, often with very little preparation.

2.2 The Rise of Finfluencers

Tobitt's 2024 study on finfluencer culture is one of the most thorough examinations available of what finfluencers actually do and what they represent in a broader cultural sense. The study defines finfluencers as online content creators who produce financial content for general audiences, usually without holding formal financial qualifications, and whose authority is built not through credentials but through consistency, personality, and the ability to build loyal communities. Tobitt's key observation is that finfluencers have played a significant role in what she calls the financialisation of everyday life, a gradual process through which financial ideas, language, and ways of thinking have become deeply embedded in how younger generations talk about and navigate the world.

Looking specifically at India, a 2025 study on the investment perceptions of Generation Z investors found that the qualities young followers valued most in finfluencers were credibility, authenticity, and what felt like genuine expertise. The study also found a clear positive link between regularly consuming finfluencer content and being more likely to open an investment account and actively invest, whether in mutual funds, stocks, or other instruments. This suggests that finfluencers are not just informing young investors but actively nudging them towards financial participation.

2.3 Theoretical Framework

To understand why finfluencers have such a strong effect on young investors, this paper draws on four theoretical frameworks that each illuminate a different piece of the picture.

Albert Bandura's Social Learning Theory (1977) is the most fundamental of these. Bandura's central argument is that people do not only learn by doing things themselves. They also learn by watching others, observing what those people do, what happens as a result, and then deciding whether to imitate that behaviour. In the context of finfluencer content, this means that when a young person repeatedly watches a finfluencer discuss investments, show portfolio returns, and talk about financial decisions with apparent confidence, they are absorbing a model of financial behaviour that they are then likely to replicate. The close, almost personal relationship that followers develop with their favourite creators makes this learning process even more powerful, because it carries emotional weight in a way that a classroom lecture simply does not.

Robert Cialdini's principles of influence and persuasion (1984) offer a complementary explanation for how finfluencers earn the trust of their audiences so effectively. Cialdini identified six core principles that drive people to comply with requests or follow advice: reciprocity, commitment, social proof, authority, liking, and scarcity. Finfluencers tend to activate several of these at once. They build perceived authority by speaking confidently about financial topics, even when their actual qualifications are thin. They leverage social proof by pointing to large follower numbers as evidence that their advice is worth listening to. And they create liking through relatability, humour, and the sense that they are sharing their genuine personal journey rather than selling something. Together, these mechanisms build a form of trust that is difficult for followers to scrutinize critically. Daniel Kahneman's research on cognitive biases and the two systems of thinking, as set out in Thinking, Fast and Slow (2011), helps explain why the trust that finfluencers build so often translates into impulsive or poorly considered financial decisions. Kahneman's System 1 is the fast, instinctive, emotionally driven part of how we think. System 2 is slower, more careful, and more analytical. Finfluencer content, with its quick-cut videos, exciting stories of gains, and urgency-laden recommendations, is almost tailor-made to activate System 1 and bypass System 2 entirely. The result is that followers often act on emotion and social momentum rather than on any real analysis of whether a particular investment is right for them.

Richard Thaler's work on behavioural economics and choice architecture (2008) adds another layer to this understanding. Thaler's concept of the nudge describes how the way choices are presented can have a profound effect on which option people end up choosing, even when they believe they are deciding freely. Finfluencers function as informal architects of financial choices. Through the way they frame options, the language they use, and the urgency they create, they consistently steer their audiences towards certain decisions. The FOMO-driven language that characterises so much finfluencer content is a textbook example of this: by making followers feel that they will miss out on something important if they do not act immediately, finfluencers consistently push people towards impulsive rather than considered investment decisions.

III. Methodology

This study uses a qualitative and secondary research approach, drawing on an in-depth review of existing empirical studies, regulatory reports, and theoretical literature to examine how financial influencers affect young investors in India. Given how recently the finfluencer phenomenon has emerged as a subject of serious academic study, a synthesis of secondary sources is the most appropriate way to build a comprehensive and balanced picture of what the current evidence actually shows.

The main empirical reference point for this paper is a 2025 study titled "The Role of Financial Influencers in Shaping Investment Perception of Generation Z Investors in India." This study used a structured survey questionnaire administered to young investors between the ages of 18 and 25, and applied statistical methods including correlation analysis and regression modelling to investigate the relationships between finfluencer consumption, financial knowledge, trust, and investment behaviour. Its findings provide the quantitative backbone for many of the arguments made in this paper.

Further evidence comes from the UK Finfluencers study (2025), which analysed the actual content of finfluencer posts across major platforms to assess their quality, accuracy, and the extent to which creators took responsibility for the advice they were giving. The Swiss Finance Institute's research on finfluencer expertise adds a particularly important dimension, examining whether a finfluencer's popularity actually tells us anything meaningful about the quality of their advice.

The FOMO in Finance study, which specifically looked at how finfluencers reshape the investment decisions of young Indians, provides the behavioural finance context for this paper. It documents the psychological mechanisms through which finfluencer content pushes young investors towards impulsive and herd-driven financial behaviour, which connects directly to the Kahneman and Thaler frameworks discussed in the literature review.

Taken together, these sources make it possible to analyze the finfluencer phenomenon from multiple angles at once: examining its genuine benefits in terms of financial awareness and participation, its risks in terms of misinformation and cognitive bias, and the underlying social and psychological reasons why its influence is so difficult to resist. The theoretical frameworks of Bandura, Cialdini, Kahneman, and Thaler run through the analysis as interpretive tools, helping to explain not only what is happening but why.

IV. Results and Findings

4.1 Positive Effects: Democratising Financial Knowledge

The evidence does support the idea that finfluencer content has had a genuinely positive effect on financial awareness among young Indians. The 2025 Gen Z study found that young investors who regularly consumed finfluencer content scored higher on financial knowledge assessments, were more likely to have opened an investment account, and reported feeling more confident about financial decision-making than those who did not engage with finfluencer content. They were also significantly more likely to have actually invested in mutual funds, index funds, or direct equity, which suggests that exposure to finfluencer content translates into real financial action, not just awareness.

This finding matters a great deal in the Indian context, where formal financial education is largely absent and where many young people from smaller cities are encountering investment concepts for the very first time through social media. For these individuals, a YouTube video or an Instagram reel explaining what a SIP is or how compounding works may genuinely be their first meaningful financial education. In that sense, finfluencers are doing something that the formal education system has consistently failed to do.

Cialdini's liking principle helps explain why this works so well. Because finfluencers feel like peers rather than experts or authority figures, they remove a lot of the anxiety and intimidation that traditionally surrounds financial topics. And as Bandura's social learning theory suggests, when young people see others like them talking about money, investing, and building wealth, they are far more likely to do the same themselves.

4.2 Risks and Challenges: Misinformation and Bias

However, the positive effects of finfluencer content sit alongside a set of serious and well-documented risks. The UK Finfluencers study (2025) found that a significant proportion of finfluencer content was inaccurate, misleading, or operating outside the boundaries of what would be considered regulated financial advice. Many creators were found to be promoting specific financial products without disclosing that they were being paid to do so, and presenting individual success stories as if they were representative of what most investors could expect. For young investors who do not yet have the tools to distinguish good advice from a sales pitch, this is a real and significant danger.

The Swiss Finance Institute's research adds a finding that many people might find surprising: being popular has very little to do with being accurate. The study found no meaningful positive relationship between a finfluencer's follower count and the quality or reliability of their financial advice. In fact, some of the most widely followed creators were associated with some of the least accurate content, which turns the common assumption that bigger audiences signal greater trustworthiness completely on its head.

From a behavioural finance standpoint, the FOMO in Finance study shows how systematically finfluencer content exploits the cognitive weaknesses that Kahneman identified. The urgency framing, the emphasis on quick gains, and the social pressure created by watching others invest and profit all activate System 1 thinking and push young investors into acting before they have thought things through properly. The result is a pattern of herd-driven investing where the decision to buy is based on what everyone else seems to be doing rather than on any careful assessment of the investment itself.

Thaler's nudge theory makes sense of the structural side of this problem. Finfluencers do ot just share information; they shape the environment in which their followers make decisions. Through the way they sequence content, the emotional weight they attach to certain options, and the dopamine-driven loops of social media algorithms, they construct a decision-making environment in which certain choices feel almost automatic, even when they may be entirely wrong for the individual making them.

4.3 Trust Formation: Relatability Over Credentials

One of the most consistent and telling findings across the reviewed studies is that young investors trust finfluencers primarily because they feel a personal connection with them, not because they have verified that the creator is actually qualified to give financial advice. Followers described trusting finfluencers because they spoke familiarly, openly shared their own financial mistakes and wins, and seemed like real people rather than corporate voices. This kind of trust, built on relatability rather than expertise, is precisely what makes finfluencer influence so hard to critically evaluate.

Cialdini's principles make the mechanics of this very clear. Liking leads followers to trust people they feel warmly towards, regardless of whether those people actually know what they are talking about. Authority, even when it is constructed entirely from confident presentation, signals

to System 1 that the person giving advice is worth listening to. Social proof, in the form of millions of subscribers or thousands of approving comments, creates the impression that the advice must sound good because so many other people seem to think so. Together, these dynamics produce a form of trust that is not only strong but actively resistant to correction.

V. Conclusions and Discussion

The rise of financial influencers is one of the most genuinely complex developments in modern personal finance, because it is both a real opportunity and a real risk at the same time. On one side, finfluencers have opened up conversations about money for a generation of young Indians who had very little access to financial education before. They have made investing feel less intimidating, more relatable, and something that ordinary people can actually do. That is not a small thing in a country where financial exclusion has historically been the norm for millions of people.

On the other side, the risks are just as real. When financial advice is separated from any form of professional accountability, when trust is built on personality and relatability rather than knowledge and qualifications, and when young people are making investment decisions based on FOMO rather than careful thinking, the potential for harm is significant. The gap between feeling financially informed and actually being financially informed is exactly where misinformation tends to do its most serious damage.

The theoretical frameworks used in this paper help to explain why this phenomenon is as powerful as it is. Bandura shows that young investors are learning by watching, and what they see on social media may not always be accurate or in their best interest. Cialdini reveals how the psychological tools of influence work to build trust that looks solid but is often built on very shaky ground. Kahneman and Thaler together explain why finfluencer content is so effective at bypassing careful, analytical thinking and pushing followers towards fast, emotionally driven decisions.

So what should actually change? A few things stand out. First, regulators in India, especially SEBI, need to develop and enforce clearer rules around what finfluencers can and cannot do. There should be far greater transparency around paid promotions, clearer requirements around disclosures, and some accountability framework for creators who give advice that turns out to be harmful. SEBI has started moving in this direction, but enforcement is still patchy.

Second, the response to finfluencer influence cannot just be regulatory. Financial literacy education needs to catch up with how young people actually consume information. Schools, universities, and public institutions need to think seriously about how to equip young people with the critical thinking skills to evaluate financial content they encounter online, not just teach them about compound interest in a classroom.

Third, social media platforms cannot keep treating financial misinformation the same way they treat misinformation in other areas. The amplification of sensationalist financial content through algorithms is a structural problem, and platforms have both the technical ability and arguably the ethical responsibility to do something about it, whether through content quality labels, clearer disclosure requirements for financially promotional content, or giving more algorithmic weight to qualified financial educators.

This paper has some limitations worth acknowledging. Because it relies on secondary research, it can only draw conclusions that are as strong as the existing evidence base, which is still developing when it comes to the Indian finfluencer context specifically. Primary research with larger and more representative samples, as well as longitudinal studies that track what actually happens to the financial outcomes of finfluencer followers over time, would significantly strengthen the picture.

Ultimately, the question in the title of this paper does not have a clean answer. Finfluencers are democratising knowledge and spreading misinformation, sometimes through the same video, at the same time. The outcome depends on the regulatory environment, the financial literacy of individual viewers, and the choices that both platforms and creators make. The goal should not be to shut down the finfluencer phenomenon, which is neither possible nor desirable, but to build an ecosystem where its genuine benefits can flourish, and its most harmful aspects can be checked.

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