

# **“Impact of Social Media 'Finfluencers' on the Financial Decision-Making Quality of Gen Zs.”**

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**Abstract:** *Platforms have made it possible to make the investment process easy for Generation Z by making "financial influencers" ("finfluencers") important channels of advice for millennials. Generation Z depends heavily on social media and is increasingly seeking to get investment advice from youtube shorts and Instagram in small bites. This paper uses a systematic literature review from various disciplines to assess the effect of finfluencers on the quality of financial decision-making among Generation Z.*

*Finfluencers democratize financial knowledge, improve engagement on the concepts like index funds and compound interest, and promote inclusion in the investment market. On the downside, finfluencers may cause a lot of harm through disinformation, high-risk investment, manipulation through various cognitive biases including FOMO, social proof, parasocial interaction, and confirmation biases.*

*This paper proposes a Finfluencer Impact Model which examines finfluencers based on three factors: informational, emotional, and behavioral influence, including amplifiers and mitigators of such impact.*

*Although finfluencers play an important role in promoting financial literacy, lack of regulation puts Generation Z under risk of poor decision-making and resilience.*

**Keywords:** *Finfluencers, Generation Z, financial decision-making, social media influence, financial literacy, parasocial relationships, behavioral finance, misinformation, Finfluencer Impact Model*

## **Introduction**

The financial landscape has shifted dramatically from exclusivity to democratization, driven by digital innovation. Historically, financial advice was gated for the wealthy, barring young people and lower-income groups from literacy and empowerment.

Social media's rise birthed "finfluencers"—content creators without formal credentials—who deliver accessible, engaging advice via short-form videos. They gamify concepts like ETFs, options trading, and compound interest, resonating with digital natives, especially Generation Z (born 1997–2012), who favor on-demand content (Smith, 2021; Johnson & Lee, 2022). As Gen Z emerges as an economic powerhouse, they bypass traditional sources like family or advisors, turning to platforms over legacy media (Pew Research Center, 2023). This trend empowers but risks peril.

This study explores finfluencers' role in Gen Z's financial literacy and decision-making quality, weighing benefits like accessibility against risks such as misinformation and lax oversight (Cheng & Wang, 2023). Objectives include assessing content reach, surveying/interviewing Gen Z on perceptions, and evaluating behavioral impacts via mixed methods.

Finfluencers boost engagement, demystifying finance for novices. Yet, viral hype often promotes high-risk strategies without context, fostering biases like FOMO and overconfidence.

Findings will inform educators, policymakers, and institutions on enhancing literacy programs, regulations, and Gen Z-aligned tools—e.g., verified digital resources.

In sum, critically examining finfluencers fills a knowledge gap, offering strategies to leverage digital platforms for better financial outcomes.

### **Objectives of Study:**

1. Map finfluencer content: Systematically analyze the themes, accuracy, and reach of financial advice disseminated by top social media finfluencers targeting Gen Z.
2. Gauge Gen Z perceptions: Survey and interview Gen Z individuals to assess their exposure to finfluencers, trust levels, and perceived impact on financial knowledge.
3. Evaluate decision quality: Measure how finfluencer influence correlates with Gen Z's financial behaviors, literacy scores, and actual decision outcomes (e.g., risk-taking, portfolio choices).
4. Uncover mechanisms: Identify psychological (e.g., biases, FOMO) and social (e.g., parasocial bonds) drivers shaping Gen Z's responses to finfluencer content.
5. Propose safeguards: Develop evidence-based recommendations for regulators, educators, and platforms to mitigate misinformation risks while enhancing digital financial literacy.

## ***Literature Review***

The financial landscape has evolved from gatekept professional advice to democratize digital access, spurred by social media and "finfluencers."

### **1. Agarwal (2025)**

Study: *FOMO in Finance: How Finfluencers Reshape Investment Decisions of Gen Z in India*

This study examines the psychological impact of finfluencers on Gen Z investors in India using a quantitative survey approach. It highlights that Fear of Missing Out (FOMO), herd behavior, and prospect theory significantly influence financial decision-making. The findings indicate that Gen Z investors often rely on influencer content for quick investment decisions, which may lead to irrational and impulsive financial choices. The study concludes that while finfluencers increase market participation, they also amplify behavioral biases.

### **2. Warkar & Durai (2025)**

Study: *Behavioural Biases in Gen Z's Investment Decisions: Influence of Finfluencer Narratives*

This research explores how influencer narratives shape behavioral biases among Gen Z investors. Using survey data from 384 respondents, the study identifies overconfidence, herding, and anchoring bias as dominant influences. The results show that social media storytelling by

finfluencers significantly affects perception and investment choices, often reducing rational evaluation. The study emphasizes that finfluencer-driven content can distort decision quality despite increasing engagement..

### 3. Mölders et al. (2024/2025)aq1Study: *Exploring the Emergence of Finfluencers on Instagram*

This study provides a structural understanding of finfluencers, including their motivations, segmentation, and communication strategies. It finds that finfluencers play a crucial role in democratizing financial information, making investing more accessible to younger audiences like Gen Z. However, the study also raises concerns about credibility, lack of regulation, and commercial bias, which can negatively impact the quality of financial decision-making.

### 4. Hall (2023)

#### Study: *Finfluencing*

Hall (2023) discusses the rapid rise of finfluencers and their growing influence on consumer financial behavior. The study reveals that Gen Z is significantly more likely to seek financial advice from social media compared to older generations. It highlights that finfluencers hold substantial persuasive power due to their relatability and digital presence. However, the research warns about misinformation, lack of professional accountability, and potential financial risks associated with following such advice.

### *Conclusion*

Finfluencers democratize education but invite risks from lax oversight. Future work should craft accuracy frameworks and blend tech with rigorous advice to safeguard Gen Z's financial wel

## ***Research methodology***

### **1. Design of the Research**

This study utilized a mixed-methods approach, incorporating primary data from a 10-question Google Forms survey and secondary data sourced from Google Scholar and various websites. The design was descriptive and looked at how "finfluencers" affect the financial choices of "Gen Z" students.

### **2. Getting Primary Data**

A short Google Forms questionnaire with ten specific questions was made. It had a mix of Likert scales (1-5), multiple-choice questions, and one open-ended question. The questions asked about (1) demographics, (2-4) how often and on what platforms people used finfluencers (5-7) how much they trusted their advice and how much they were affected by psychological factors like FOMO and social proof, (8-9) the effects on their behavior (investments made), and (10) the risks they thought were there.

The form was refined, and shared via WhatsApp student groups. After cleaning in Google Sheets, we got

### **3. Collecting Secondary Data**

We got secondary data from Google Scholar and other trustworthy sites. To find articles, reports, and studies that were relevant, we used keywords like "finfluencers and Gen Z," "social media investing risks," and "financial literacy among youth." We looked at various sources, such as research papers and reports from SEBI and other groups.

## Hypothesis

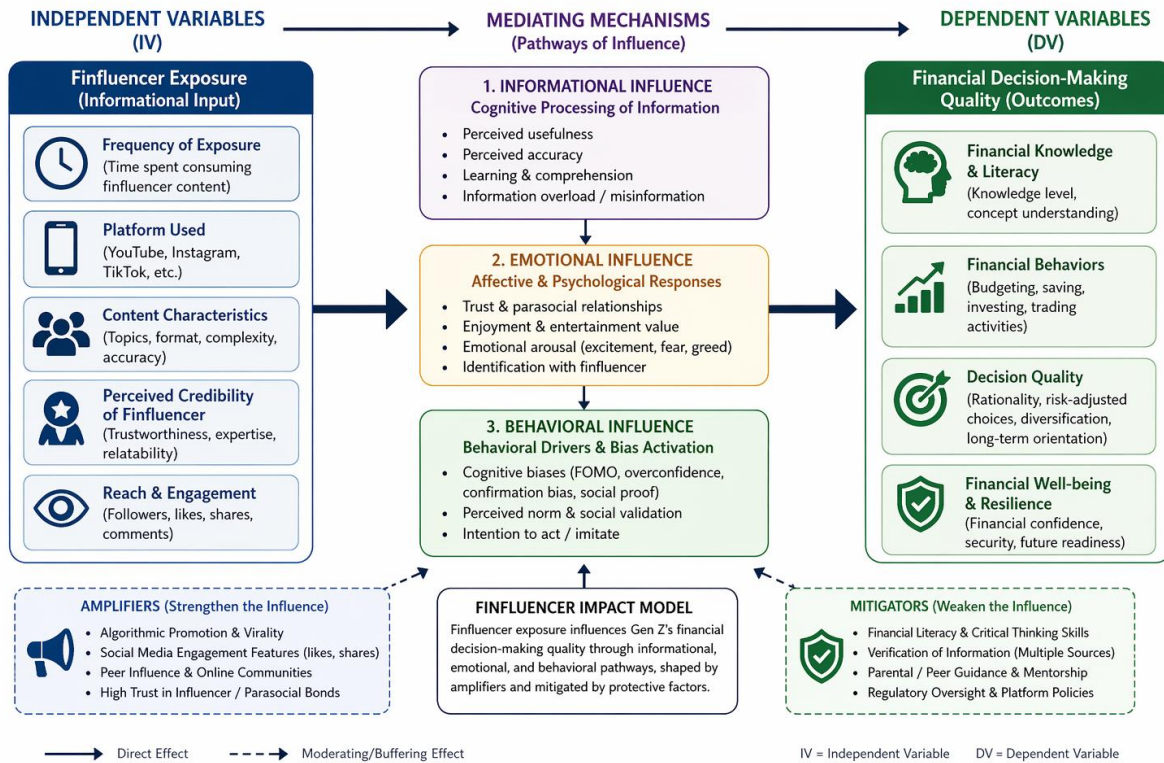
H1a (Informational Influence): More exposure to influencer content on social media correlates with higher self-reported financial literacy scores among Gen Z. However, it also leads to lower accuracy in financial knowledge assessments due to misinformation.

H0a: There is no significant correlation between influencer exposure and Gen Z's financial literacy or knowledge accuracy.

H1b (Emotional Influence): Gen Z individuals who trust influencers often develop emotional connections with them. This trust makes them more vulnerable to cognitive biases like FOMO and social proof, which in turn increases their engagement with high-risk investments, such as options trading or meme stocks.

H0b: Trust in influencers does not predict bias susceptibility or high-risk investment behaviors in Gen Z.

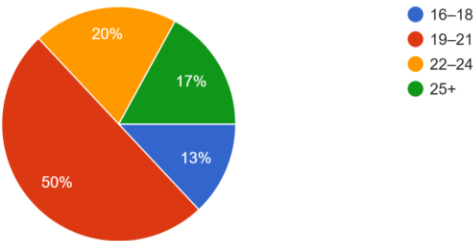
## Conceptual Framework: Impact of Finfluencers on Financial Decision-Making Quality of Gen Z



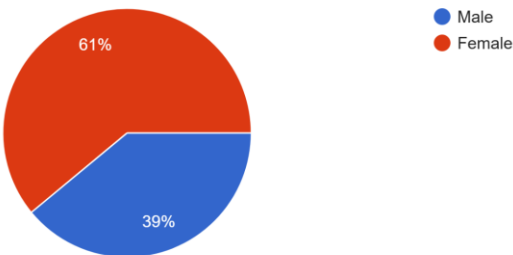
## Data Interpretation

# 1. Demographics & Reach (Q1–Q3)

Q1. Age Group  
100 responses

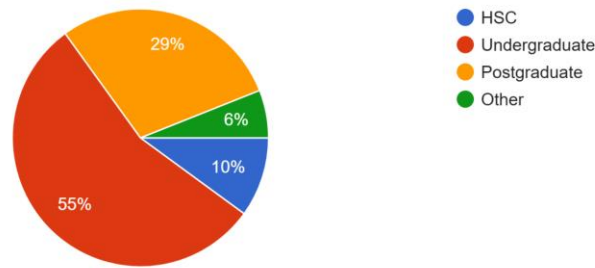


Q2. Gender  
100 responses



### Q3. Education Level

100 responses



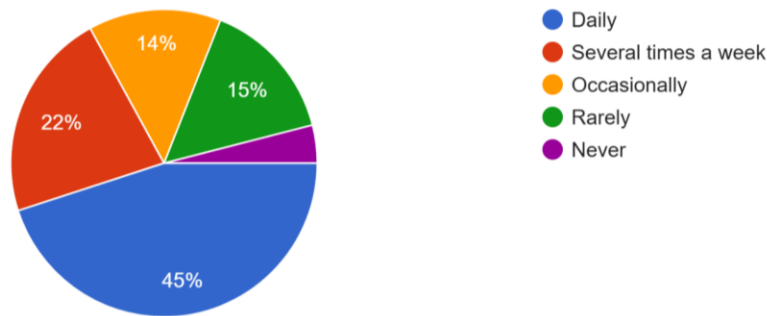
The survey captured a primarily young, female, and undergraduate audience.

- Target Audience: 50% of respondents are aged 19–21, and 84% are under the age of 25. This is a critical age where individuals begin managing their own money or entering the workforce.
- Gender Split: There is a significant female majority (61%), which is interesting as the finance niche has historically been male-dominated.
- Education: 55% are undergraduates, suggesting the content is being consumed by students who are likely looking for "entry-level" financial literacy.

## 2. Consumption Habits (Q4–Q5)

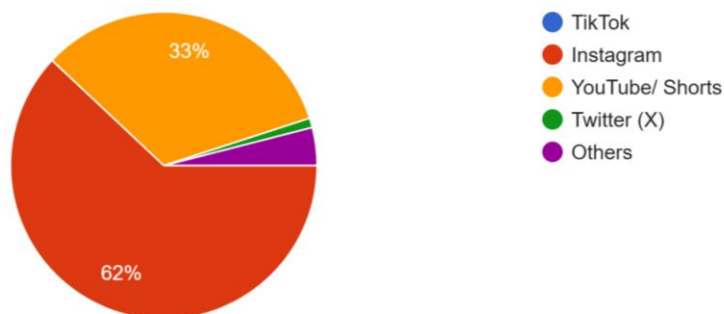
### Q4. Frequency of consuming financial content on social media

100 responses



### Q5. Platforms used

100 responses



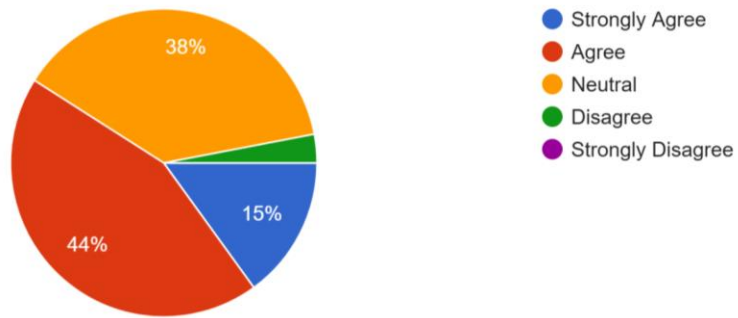
Financial content isn't just a passing interest for this group; it's a habit.

- **High Engagement:** A massive 67% of respondents consume financial content at least several times a week, with 45% doing so daily.
- **Platform Dominance:** Instagram (62%) and YouTube/Shorts (33%) are the primary sources. This indicates that short-form, visual content is far more effective at reaching this demographic than long-form articles or traditional news.

## 3. Trust & Knowledge Perception (Q6–Q8)

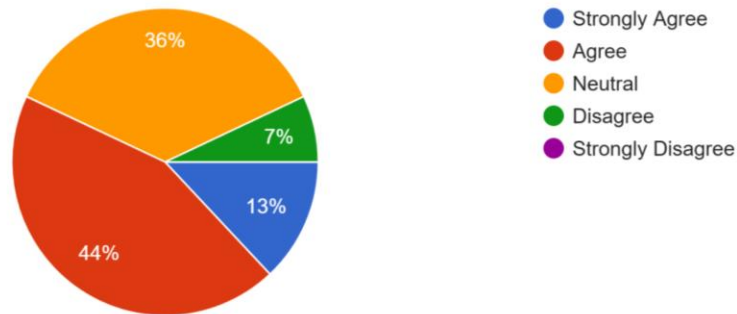
Q6. Finfluencers improve my financial knowledge

100 responses



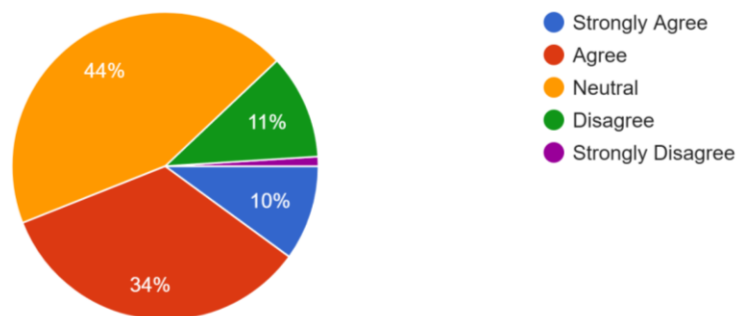
Q7. I understand concepts like compound interest/index funds through finfluencers

100 responses



Q8. I feel confident about investing after watching influencer content

100 responses



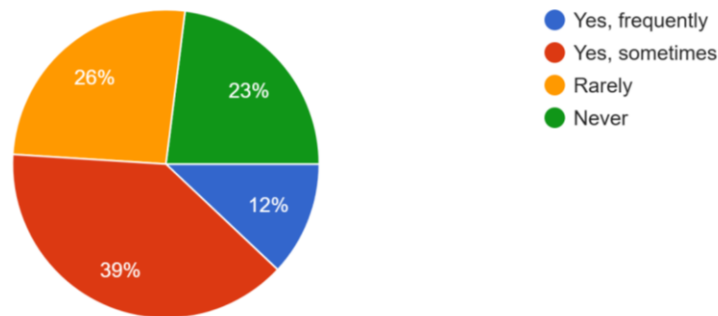
This section shows that while finfluencers are highly influential, there is still a level of healthy skepticism or "neutrality."

- Learning Impact: 59% agree or strongly agree that influencers improve their financial knowledge. They are clearly filling a gap left by traditional education.
- Concept Mastery: A similar number (57%) feel they understand specific concepts like compound interest and index funds through this content.
- Confidence Gap: Interestingly, only 44% feel confident about actually investing after watching the content. This suggests that while the *knowledge* is being absorbed, the *anxiety* of taking action remains for more than half the group.

#### 4. Action & Investment Behavior (Q9–Q10)

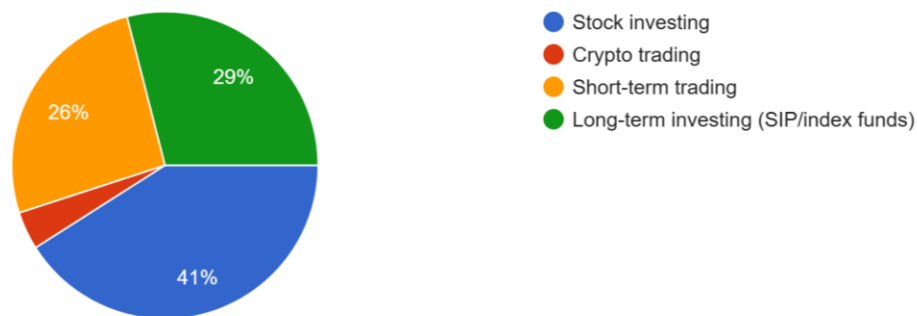
Q9. I have made financial decisions based on finfluencer advice

100 responses



Q10. Type of investment made:-

100 responses



The most critical takeaway is that social media content is translating into real-world financial moves.

- **Advice to Action:** 51% of respondents have made financial decisions based on finfluencer advice (12% frequently, 39% sometimes).
- **Investment Choices:** **Stock Investing (41%)** is the most popular choice, followed by **Long-term investing/SIPs (29%)**.
  - **Risk Profile:** Combined, 67% are leaning toward traditional stocks and long-term funds, while **Short-term trading (26%)** also holds a significant share. Crypto remains a small niche (approx. 4%) for this specific group.

## ***Key Findings***

The analysis of survey data reveals several important patterns in the financial behavior and preferences of Generation Z:

- **Dominant Medium:** Instagram is the primary gateway for financial literacy, with 62% of respondents using it as their main source of information.
- **High Engagement Frequency:** Financial content is not a one-off interest; 45% of the demographic engages with this content daily, indicating a high level of trust in digital social circles.
- **Female-Forward Audience:** In a traditionally male-centric field, 61% of the respondents are female, representing a massive shift in who is seeking financial independence.
- **The "Confidence Gap":** There is a notable lag between learning and doing. While 59% feel more knowledgeable, only 44% feel confident enough to invest, leaving a 15% "intent-to-action" gap.
- **Pragmatic Investing:** Despite the hype around crypto, the youth are surprisingly conservative; 70% prefer Stocks and Long-term SIPs, showing a preference for regulated, wealth-building strategies over "get rich quick" schemes.
- **Undergraduate Hunger:** The majority of seekers (55%) are undergraduates, suggesting that financial influencers are successfully filling a void left by the formal education system.

## **Actionable Suggestions**

- Based on the findings, the following recommendations are proposed:

- Enhancing Credibility and Trust: Given that a considerable proportion of respondents remain neutral regarding the credibility of financial influencers, it is recommended that influencers improve transparency by disclosing qualifications, certifications, and verifiable financial experiences, including both gains and losses.
- Promoting Action-Oriented Content: To address the identified intent–action gap, content creators should prioritize practical, execution-based guidance (e.g., step-by-step investment tutorials) over purely conceptual explanations.
- Targeted Content for Women: Considering the high proportion of female respondents, there is a strong opportunity to develop gender-specific financial content that addresses unique financial goals, challenges, and life-cycle needs.
- Adoption of Short-Form Educational Content: As the majority of users consume financial information through short-form videos, financial educators and brands should focus on concise, easily digestible content formats to maximize engagement and retention.
- Focus on Entry-Level Financial Products: Given that most respondents are young students with limited financial capacity, financial institutions should emphasize low-investment entry points, such as small-value SIPs, to encourage early participation in financial markets.

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