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Social Media and Retail Investment Decisions: Insights from Investor Perceptions in India

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ABSTRACT

The rise of social media has transformed the informational environment of retail investors, particularly in emerging markets such as India. This study investigates how social media exposure influences investment perceptions, behaviors, and confidence among Indian retail investors. A cross-sectional survey was conducted for 117 participants based in Mumbai using a structured questionnaire covering demographics, social media use, investment patterns, and perceptions of influence. Descriptive, correlational, and regression analyses were employed to examine differences across groups and predictors of investment confidence. Results show that younger, higher-income, and self-employed investors are significantly more influenced by social media, while gender, education, and financial training have little effect. Social media reliance is negatively associated with investment confidence and experience, whereas income, experience, and investment intensity positively predict confidence. YouTube and Instagram emerged as the most influential platforms, though investors emphasized the need to verify online information. The findings highlight a paradox in terms of how social media enhances accessibility and democratizes financial knowledge, yet it also heightens susceptibility to behavioral biases, herding, and reactive trading. The study contributes to behavioral finance literature by situating social media influence within the Indian retail investment context and provides implications for regulators, educators, and digital platforms.

Keywords: Digital platforms, India, Investment, Investor confidence, Social media.

1. Introduction

The evolution of global financial markets over the last two decades has been intertwined with the emergence of digital technology, most notably social media. The informational ecosystem that investors access today represents a significant shift from pre-digital days, when financial decisions were shaped by news sources that were regulated, analyst research reports, or in-person

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

meetings with advisors. As noted by Nobel laureate Robert Shiller [1], “The democratization of information using digital channels has reshaped the retail investing landscape, as there has been a rise in collective sentiment, viral news cycles, and a more democratized but not necessarily more accurate form of market signals.”

This seismic shift has delivered hard and profound impacts in emerging markets, with none more so than in India, where the democratization of financial information has taken place alongside a surge in retail participation. The Securities and Exchange Board of India (SEBI) reported that the number of dematerialized (demat) accounts reached 175 million by September 2024, up from just under 105 million in March 2020 a stunning growth propelled by the availability of the internet, low cost mobile brokerage apps, and the rise of finance oriented digital content.

A PwC India survey [2] indicates that more than 60% of urban retail investors have used information available from social media platforms before making investment decisions, while platforms like YouTube, Instagram, and Telegram have been regular sources for market updates and investment ideas.

Unlike the pre digital era, retail investors today must traverse a noisy and decentralized informational environment. Social media content creators, whether credentialed financial professionals or self proclaimed "finfluencers," have gained sizable audiences, rivaling some traditional news organizations. As Dolvin and Pyles [3] note, this "crowdsourced" environment allows rapid dissemination of information but also permits the unregulated spread of rumors, hype, and speculative narratives that meaningfully influence market participant sentiment. This information ecosystem strengthens herding behavior, panic selling, and speculative bubbles, as lay investors may place too much weight on opinion, endorsement, and virality on platforms.

Social media's impact on investor decision making is now an established topic of inquiry in both research and practice. Chen et al. [4] note that "messages on social media are significant forecasters of abnormal stock returns and trading volumes, suggesting that investors are increasingly influenced by the collective mood and shouts of opinion from social media." Similarly, in a meta analysis, Yoon, Zuo, and Tennant [5] found that "social media can facilitate and/or disrupt the investor decision making process, meaning it can increase the accessibility of information. Still, it also further blurs the line between trustworthy news and conjecture altogether." Meanwhile, Statman [6] contends that echo chambers enable cognitive biases to develop in community formed investing platforms like Reddit and Twitter, which enhance novices' susceptibility to misinformation and hysteria.

India illustrates this shift with remarkable clarity. Adoption of technology was faster than even the rosiest forecast could have imagined, and the finger on the pulse of innovation in India has

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

been the new sprawling technology ecosystem around smartphones, mobile internet, and fintech, with individual ownership of investment portfolios never before in sight. Brokerage firms like Zerodha, Groww, and Upstox have built tens of millions of users from investment for the masses apps that are now digitally spurting social shout outs to stocks in commentary, chat, and text threads with community based forums and leaderboards. SEBI has noted a tripling of the “finfluencers” in India who offer their thoughts, strategies, and analyses to the unadvised and inexperienced investor without any regulatory agency certification or review. This, along with the good democratization factors, creates regulatory nightmares. In a 2023 circular, SEBI alerted to "digital endorsements of unregulated products" and considerable "risks to investor protection and market stability" and put restrictions on unaccredited persons from promoting high risk investment assets like derivatives.

Recent large-scale surveys highlight that a diverse range of Indian investors including young professionals, homemakers, and retirees are increasingly relying on digital communication apps such as WhatsApp, along with platforms like YouTube and Twitter, as core sources for financial news and investment information. According to the Reuters Institute Digital News Report 2024, more than half of Indians use YouTube for online news and nearly half use WhatsApp, reflecting a clear shift toward social media-driven information gathering for financial decisions.Recent studies show that for many young Indian investors, digital and social media platforms like YouTube, Instagram, and WhatsApp are now the primary sources of financial information and learning, often replacing traditional news channels in shaping both their financial literacy and risk-taking behavior. The intersection and confluence of peer influence and digital convenience has led to a scenario in which new investors are as likely to read a meme or influencer post as they are to consult a vox populi or professional analyst report.

The academic consensus holds that the primary value of social media in investing is accessibility. Notably, investors in distant and under served areas can absorb the market conversation as it develops, follow industry experts onscreen (almost as if participating in a panel), and join in discussions that benefit from collective knowledge. This type of participation can foster financial inclusion and financial literacy, particularly if digital content is integrated, accurate, and effectively managed.

That said, the risks are equally substantial. Digital discourse lacks the regulation imposed on traditional media, making it easier and faster for misinformation, pump and dump schemes, and over effusive recommendations to spread, frequently resulting in inexperienced investors being led astray. Dimpfl and Jank [7] show that peaks in the activity of finance related social media are associated with spikes in market volatility that are frequently disconnected from any fundamentals. The "echo chamber" experience described by Statman [6] highlights how online

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

communities can lead to groupthink (itself a manifestation of collective incorrectness), and thereby exacerbate untenable speculative or panicked trading behaviors.

The behavioral finance literature universally attests to the biases that investors are vulnerable to in digitized situations. Quite a few studies detail phenomena like burst speculation through viral rumors or organized campaigns, mainly on Reddit and Telegram, that result in extraordinary price movements and even regulatory action, with a very real threat and risk developing in India and other developing markets due to thin financial literacy and regulation.

Acknowledging these two positive prospects and threats, Indian authorities began to act on the opportunities and risks of social media in investing. SEBI's 2024 advisory [8] explicitly stated that there is a need to understand “the influence of uncontrolled digital commentary on retail sentiment and the resulting systemic risks.” The regulator urged enhanced scrutiny of digital investment advice and advised investors to verify the credentials of those they follow online. Restrictions on social media promotions of complex products represent the most significant recent guidance, and a number of public advisories have emerged that advocate for improved digital literacy and skepticism by investors.

The uneven impact that financial influencers have had has been documented in academic reviews [9], and media investigations have reported obstacles to better understanding the influence that online financial commentators are having on retail investors. Some influencers provide valuable educational resources and information for retail investors, while others operate primarily to hype unregulated products or short term trades. The challenge for any investor concerned about this behavior is how to distinguish legitimate sources of information from promotional influencers, particularly for first time investors.

This research will examine how investors determine trustworthiness, utility, and risk in the financial content accessed from social media. It questions the differential effect of platforms including YouTube, Reddit, Twitter, Telegram, and WhatsApp on the investment process. The research will consider issues such as behavioral biases and the role of information cascades that might impact investor behavior in the online space. The findings will contribute to a better understanding of India’s fiscal footprint of retail investors and provide actionable insights for policymakers, platform developers, and educators so they can better serve and protect investors operating and innovating in a digital financial environment.

2. Literature Review

The role of social media in investor behavior is important to behavioral finance. Researchers all over the world have studied how the online social media environment affects decision-making processes, risk perception, and emotional biases. The literature generally finds that while social

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

media enhances market participation and information retrieval (e.g., social media users save time managing portfolios, have better information than before, and have new ways to trade), social media also reinforces behavioral biases and promotes diseased behavior due to misinformation.

2.1 Social Media, Behavioral Biases, and Reactive Decision-Making

The literature shows us that the more we are exposed to social media, the greater our behavioral biases such as herding, overconfidence, and impulsive trading become. A study by Awad [10] discovered that using Facebook-based investor groups to engage with the Egyptian stock market increased herding and the number of trades, along with overconfidence in particular. The study used a multivariate regression analysis on 300 respondents, with their results showing that social media users were more reactive traders than non-social media users and often replicated their peers' behaviors rather than following a rational approach to trading.

Sathya and Prabhavathi [11] came to similar conclusions and noted that social media can also increase behavioral bias and susceptibility to distortions such as framing effects, gambler's fallacy, and confirmation bias. Their data supports that social media users often act on information that is emotion-laden and are more likely to discount objective sources of analysis.

Warkulat [9] conducted a quantitative study involving trading data connected to a Reddit talk and found that retail investors exhibit more risky behavior with increased social media attention. The study noted more spontaneous and speculative trades and short-term, reactive behaviors anytime stocks were active on Reddit forums—particularly on WallStreetBets. These effects held true even when fundamentals were controlled for, suggesting that greater online attention by itself is able to impact risk, and investor welfare.

A recent widespread study published in the South Eastern European Journal of Public Health confirms that heavy social media usage would increase herd mentality and emotional trading, often at the expense of objective analysis. The authors argue that social media makes it easier to access market information and news, but it also leads to decision cascades, reduces the chances of the investor searching for independent verification, and exposes the investor to reactionary, sentiment-oriented trading behavior.

2.2 Investor awareness and subconscious influence

While many investors will probably think they are rational decision-makers, experimental research indicates otherwise. A study by Kadous ran control experiments where participants either consumed sentiment-based investment advice or fundamentals-based investment advice [12]. Despite self-reporting being neutral, the participants' behaviors were significantly affected

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

by any emotional signals from social content. The studies reveal the subconsciously significant role that social sentiment plays over rational processing.

Using another approach, Khan questioned how social media can affect the relationship between risk perception and behavior. The statistical outcomes verify that information mediates risk coordination in social spheres such as Twitter or Telegram, leading participants to make more aggressive or exploratory decisions related to risk perception.

2.3 Effects on Youth and Retail Investors

Several studies show that young, inexperienced investors are at greater risk with regard to social media influence. Krishnaprabha [14] found that social media had a notable impact on the preferred investment strategy of young adults, leading them to select short-term investments and increase the frequency of trading. Their findings revealed that participants were more influenced by following market "hype" and speculative trends rather than conducting fundamental analysis.

This assertion is supported by Rahmayati & Yoga [13], who found that, with respect to young equity investors, social media impacted risk perceptions that also influenced their decisions, with riskier behavior often initiated by visually well-articulated or viral content because especially in contexts lacking financial literacy. These authors advocated for the infusion of critical thinking skills and financial education in youth-facing content and platforms.

A study on young investors found that social media's impact on investment horizons and risk-taking was particularly significant in this group [15]. Based on the data from regression analysis, the researchers determined that for every increase in social media frequency, there was a corresponding increase in the frequency and preference for short-term high-frequency trading only among investors aged under 30. The authors concluded that young investors who place more reliance on social platforms for financial insights, are also more likely to rely on speculative non-fundamental investment decisions.

2.4 Platform or Perceived Credibility

There are many platforms available to investors, including Facebook, Twitter, Reddit, and YouTube. Although an investor’s platform preference should not be discounted, studies show that trust in the information is more important. In a quasi-experimental study by Shah [16], survey data were analyzed using ANOVA and showed that investors who used social media content frequently and trusted it were significantly more likely to use that content in their decision-making, regardless of the platform. When it came to perceived credibility and frequency of exposure, it didn't really matter whether it was Facebook or YouTube.

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

Likewise, Jankowski and Piotrowski [17] found that experienced investors do distinguish platforms based on utility. Social media investors consider Twitter to be better for breaking news, YouTube for tutorials, and Facebook for community discussion. These findings support the notion that using social media content is no longer just an ancillary approach to knowledge acquisition related to investing as it is a legitimate, socially mediated channel.

2.5 Social Media, Information Quality, and Credibility

Fresh evidence suggests that perceived credibility, or "verifiability" of social media content, also shapes investor reaction not just by frequency. Another SSRN paper [18] found that stock articles with more verifable claims (e.g., citing an SEC filing) led to larger price moves—largely more when those articles provided a skeptical or "sell" recommendation—suggesting investors consider content quality to an increasing extent when deciding trust in social media content such as SeekingAlpha.

Another case study of an online community [19] discovered that although social media allows investors to source diverse investment ideas, it can also expose investors to misinformation, especially for less-experienced online users. Participants in our research admitted to following prevalent online sentiment or “group thinking” while being aware that the source of that thinking was not necessarily financially authoritative. This lends more credence to the conclusion that social affirmation and the emotional tone of the content online usually outweigh factual accuracy or source expertise in most digital investment communities.

Though a growing body of research has examined social media and investment decisions, several gaps remain in the literature. Much of the existing work has focused on developed markets, meme-stock episodes, or case studies of social media, which limits understanding of emerging economies like India where retail participation is rapidly increasing. In addition, while many studies address behavioral biases such as herding and overconfidence, they often do not examine how perceptions differ across demographic factors like age, income, occupation, or financial education—factors that may provide critical insight into investment behavior. Finally, there is limited evidence connecting perceptions of social media influence with self-reported behavior and confidence in investing.

In response to these omissions, this study investigates how Indian retail investors, specifically those based in Mumbai, the country’s financial hub, perceive social media’s influence on their investment decisions. Focusing on Mumbai provides contextual depth, as it represents a diverse and active investor base highly exposed to digital platforms.

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

3. Methodology

This section elaborates on the study's methodological framework, detailing the research hypotheses, design, and sampling strategy. It further describes the data collection period, the validated survey instruments employed, ethical considerations, and the analytical techniques used for hypothesis testing.

3.1 Hypotheses

Based on the research objectives, following hypotheses have been formulated:

H1: There are significant differences in the perception of social media's impact on investment decisions across demographic groups such as age, education, income, gender, and occupation.

H2: There is a significant relationship between social media influence and investor characteristics, including investment experience, confidence, and platform usage.

H3: Investor confidence is significantly predicted by demographic factors (experience, income, proportion of income invested) and reliance on social media.

3.2 Research Design

This study adopts a quantitative, cross-sectional survey design to examine social media exposure and its impact on decisions, risk perception and resource allocation by individual investors based in Mumbai, India. The validity of using structured questionnaires and statistical modeling to illustrate the relationship between retail investors' engagement with social media and their investment decision making has been well established within markets in Western Europe. This study will build upon these methodologies while also capturing direct effects of social media, in addition to the moderating effects of dynamics within online communities and the credibility of the sources of information.

3.3 Sampling and Sample Participants

In accordance with the procedures followed by both studies, nonprobability sampling method was followed. The population of interest consists of Indian retail investors who are available on one or more social media platforms (YouTube, Twitter, WhatsApp, Instagram, Telegram and Facebook). The data collection involved convenience and snowball sampling techniques. Snowball sampling was particularly useful because investors are often connected within online communities, allowing existing participants to identify others with similar characteristics and thereby extend the reach of the survey. The final sample was 117, and consisted of a diverse sample in terms of age, education and experience with investing. Participants were not required

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

to hold a complicated investment portfolio but reported using social media as an information source relevant to investing at least once during the last year.

3.4 Data Collection

The data collection period extended over two months, from May to July 2025, to ensure an adequate and representative sample of the target population was obtained. The survey was distributed online predominately through investment forums, WhatsApp group, Telegram Channel and finance-specific social media pages within social media to help optimize reach of the respondents and to account for different additional demographic variations. Respondents were able to distribute the link to the survey within their own circle, which also extends the reach and reduces sample bias.

3.5 Survey Instrument

The data instrument, which was a self-administered online survey, was developed following assessments of previous validated instruments, including those used by Riefel in 2023 [20] and Khalil & Nilsson in 2021 [21] . The specific survey was organized into four areas i.e. demographic information, Social Media Exposure, Investment Decision- making, Moderating factors in terms of perception regarding influence of social media on investment decisions.

The demographic profile was catered through questions such as age, gender, education, level of investment experience, and primary platforms used. Social media exposure was based on items from Riefel (2023). This section measured social media exposure to financial content with items categorizing the frequency and purpose of exposure (intentional vs. incidental). Matched items were constructed as a 5-point Likert scale (1 = never, 5 = very rarely). Investment decision-making questions used the approach for analyzing the investment decisions in Khalil & Nilsson (2021). Key items focused on the type of investment, length of time horizon, frequency of trades and factors influencing the investment objectives. The last section aimed to explore perceptions of the credibility of content, the extent to which individuals feel they have been influenced by community pressure, and how financial influencers, often referred to as ‘finfluencers’, shaped their investment decisions.

3.6 Ethical Considerations

Ethical standards framed the practices outlined by both source papers. All participants received an information sheet that described the purpose of the study, the voluntary nature of participation, data will be anonymized, and the participant had the right to withdraw from the study at any time. No data that could identify individual participants was collected. Participants provided informed consent between agreeing to participate and completing the questionnaire.

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

3.7 Analytical Framework

The data analysis followed a structured process to examine how social media influences investment decisions. Survey responses were screened for completeness, and categorical variables (e.g., gender, education, occupation, income) were coded, while Likert-scale items were aggregated into three constructs: information and awareness, behavioral and emotional influence, and caution and market impact. Descriptive statistics summarize demographic profiles, investment backgrounds, and perception scores. Independent samples t-tests and one-way ANOVAs were conducted to assess demographic differences in perceptions, with post-hoc tests applied where relevant. Pearson correlations were performed to explore relationships between reliance on social media, investment experience, income, platform usage, and confidence levels. Finally, multiple linear regression identified predictors of investment confidence, including experience, income, investment proportion, social media reliance, and platform exposure. This approach provides both descriptive and inferential insights into how social media engagement shapes investor behavior.

4. Results and Findings

This section presents the survey results on Indian retail investors' demographics, investment backgrounds, and the influence of social media on their decisions. It also examines variations across demographic groups and explores relationships between social media engagement, investor characteristics, and investment confidence.

4.1 Demographic Profile of the Respondents

This section presents the demographics of the respondents to provide context for analyzing social media's impact on investment decisions. The survey considered several key characteristics, age, gender, education, occupation, income, and investment experience, to establish a foundation for examining group differences in later sections.

Of the 116 respondents included in the study, the gender distribution was relatively balanced, with 53 males and 63 females. In terms of age, the largest group of respondents fell within the 18–35 years category (35 respondents), followed by the 36–45 years category (40 respondents). The 46 years and above group accounted for 41 respondents. This distribution provided a good representation across younger, middle-aged, and older investors.

Regarding educational qualifications, 61 respondents were classified as graduate or less (including those with a bachelor's degree or lower), while 55 respondents had attained postgraduate or higher education (master's degree or above). This grouping ensured a clear distinction between respondents with advanced education and those with more foundational

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

qualifications. Occupation-wise, the largest proportion of respondents were self-employed (51), followed by those employed in either the public or private sector (39). A further 26 respondents were categorized as non-working, which included retirees, students, and homemakers.

Income distribution was grouped into two broad categories for balance: low income (≤ ₹25 lakhs per annum), which accounted for 62 respondents, and high income (> ₹25 lakhs per annum or those preferring not to disclose), comprising 54 respondents. In terms of investment experience, 54 respondents had seven or more years of experience, representing the most seasoned group. A further 39 respondents fell into the medium-experience group (4–6 years or not specified), while 23 respondents had three years or less of investment experience.

Overall, the demographic and experiential diversity across gender, age, education, occupation, income, and investment experience provided a rich cross-section of perspectives. This diversity allows for a more comprehensive analysis of how social media influences investment decisions across varying investor profiles.

4.2 Investment Background of Respondents

Out of the 116 respondents surveyed, 37.9% indicated that they had taken some form of formal financial education or training, while a majority (62.1%) reported that they did not, suggesting that many investors rely on self-education or informal methods of financial guidance.

In terms of years of experience, most respondents were seasoned investors with at least seven years of experience (55.7%). The next largest group had 4–6 years of experience (20.6%), followed by those with 1–3 years (14.4%). The smallest proportion of respondents were new investors with less than one year of experience (9.3%).

Regarding types of investment holdings, stocks and mutual funds were the most popular, owned by 72.2% and 69.1% of respondents, respectively. Real estate (44.3%) and bonds (40.2%) were also commonly held, whereas cryptocurrencies (7.2%), gold (3.1%), and fixed deposits (2.1%) were owned by very few respondents. This indicates a strong preference for mainstream equities and funds, with real estate as the most notable alternative investment.

When asked about their primary investment objective, the most common response was long-term growth (67%), followed by short-term gains (15.5%) and retirement planning (11.3%). Only a small share of respondents mentioned passive income or multiple objectives, suggesting that most investors prioritize wealth accumulation over time rather than diversified or income-focused strategies.

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

The distribution of investors' investment styles showed that most respondents identified as moderate (55.7%), followed by conservative (27.8%) and aggressive (16.5%). This indicates that the majority preferred a balanced approach to risk rather than being overly risk averse or highly risk seeking.

With respect to the proportion of income invested, 34% of respondents allocated between 10–20% of their annual income, while 28.9% invested more than 30%. A further 23.7% invested 20–30%, and 13.4% invested less than 10%.

Research habits prior to investing reflected varying levels of preparation. Half of the respondents (50.5%) reported conducting moderate research, using 3–5 sources, while 39.2% conducted minimal research with only 1–2 sources. A smaller share (8.2%) reported engaging in extensive research using six or more sources, and just 2% invested without any research at all.

Finally, the level of confidence expressed in making investment decisions varied across respondents. Very high and very low confidence were rare, with most respondents falling toward the moderate and high ends of the spectrum, suggesting that investors generally felt reasonably assured in their decision-making without being overconfident.

4.3 Social Media Influence Indicators

On the specific question of social media's effect, 72.2% of respondents stated that they had not made an investment decision influenced by social media, while 27.8% indicated that they had. This suggests that although the majority remain cautious, a sizable minority has been influenced by digital platforms.

In terms of platforms, YouTube (20.6%) and Instagram (20.6%) were the most frequently cited as influential, followed by Twitter/X (13.4%), Facebook (10.3%), and Reddit (5.2%). A smaller number of respondents mentioned Telegram (2.1%) as influential, while over half (57.7%) reported that they were not influenced by any social media platform.

When asked who influenced their investment decisions the most, responses were split across categories: 27.8% reported financial advisors, 24.7% cited friends and family, and 22.7% trusted their own ability. A further 15.5% pointed to online influencers or social media, while news media (9.3%) and portfolio management services (PMS) accounted for a smaller share.

This highlights that while professional advisors and personal networks remain the primary sources of influence, digital influencers have emerged as a significant factor, particularly among younger investors. This reaffirms the expanding yet uneven role of social media in financial decision-making.

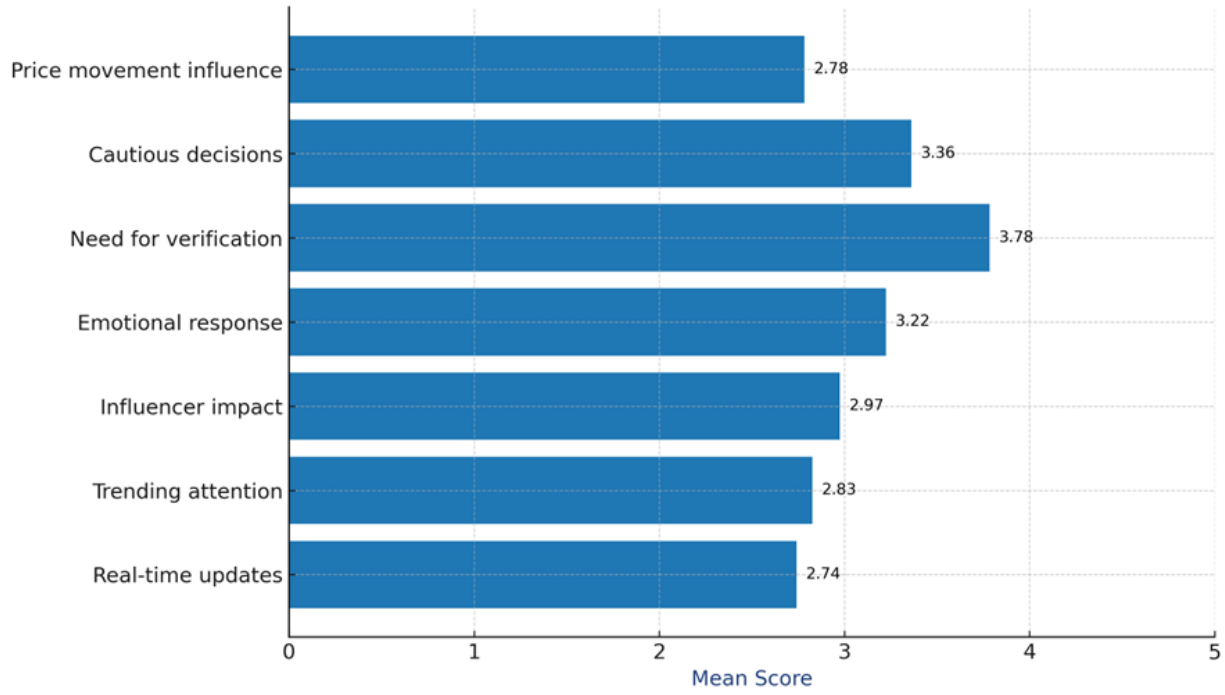
ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

4.4 Perceptions of Social Media's Influence

To assess views on social media's effect on investment decisions, seven Likert-scale statements were combined into a single construct. Reliability analysis showed good internal consistency among the items (Cronbach's Alpha = 0.80). Figure 1 below represents the mean scores.

Figure 1: Perception regarding impact of social media on investment decisions



Source: Survey Data

The highest-rated item was *"Investment information from social media should be verified through trusted sources"* (M = 3.78), suggesting that investors are cautious and aware of the need to validate online information. This was followed by *"Social media content often increases attention toward trending investment opportunities"* (M = 2.83) and *"Emotional responses triggered by financial content on social media can affect judgment"* (M = 3.22), highlighting the role of sentiment and hype in shaping investor behavior. Moderate agreement was also observed for *"Content shared by influencers or finance pages can influence investment thinking"* (M = 2.97), indicating that while influencers have some sway, investors may not always view them as highly credible. Lower mean scores were reported for *"Social media helps users stay updated with real-time financial news and market trends"* (M = 2.74) and *"Social media activity plays a role in influencing the price movement of financial assets"* (M = 2.78), implying that investors remain skeptical of the direct market-moving power of online platforms. Overall, the results

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

show that while investors acknowledge emotional and behavioral impacts of social media, their strongest perception relates to the importance of verification before acting on such content.

4.5 Demographic Differences in Perceived Social Media Influence

This section examines whether perceptions of social media's influence on investment decisions differ significantly across demographic groups. Both descriptive statistics and inferential tests (independent samples t-tests and one-way ANOVAs) were conducted to identify variations.

Table 1: Descriptive Statistics of Perception Scores Across Demographic Groups

Demographic Variable	Categories	n	M	SD
Age	Young (18–35)	35	23.5	4.7
	Middle (36–45)	40	20.8	4.8
	Older (46+)	41	19.8	5.0
Gender	Male	53	21.11	4.99
	Female	63	20.86	5.15
Education	Graduate or less	61	20.84	4.84
	Postgraduate or higher	55	21.11	5.3
Occupation	Self-employed	51	20.14	4.74
	Employed (Public + Private)	39	21.58	5.24

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

	Non-working (Retired, Student, Homemaker)	26	22.26	4.91
Income	Low (≤₹25L)	62	20.38	4.6
	High (>₹25L)	54	21.31	5.27
Investment Experience	Low (≤3 yrs)	23	21.87	4.6
	Medium (4–6 yrs)	39	21.9	5.0
	High (≥7 yrs)	54	20.3	5.1

Source: Survey Data

Table 1 summarizes the descriptive statistics of perception scores across various demographic categories, including age, gender, education, occupation, income, and investment experience. The table provides group-wise mean scores (M) and standard deviations (SD), highlighting variations in perceptions among different segments of respondents.

Table 2: ANOVA Results for Perception of Social Media's Impact on Investment Decisions

Demographic Variable	**Sum of Squares**	**df**	**Mean Square**	**F-value**	**p-value**	**Significance**
Age	8.20	2	4.10	3.20	0.044	*
Occupation	19.50	2	9.75	8.80	0.000	**
Investment Experience	2.30	2	1.15	0.89	0.413	n.s.

Source: Analyzed from Survey Data

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

Table 2 above shows the ANOVA results for perception of social media's impact on investment decisions across demographic groups. Significant differences were found for age ($p = 0.044$) and occupation ($p < 0.001$), indicating these factors influence perception scores. In contrast, investment experience did not yield significant variation ($p = 0.413$).

Table 3: Independent Samples t-Test Results for Perception of Social Media's Impact on Investment Decisions

Demographic Variable	Group 1	Group 2	t-value	df	p-value	Cohen's d	Significance
Gender	Male	Female	0.11	114	0.916	0.02	n.s.
Education	Graduate	Postgraduate	-2.92	114	0.004	0.54	**
Income	Low	High	-3.05	114	0.003	0.57	**

Source: Analyzed from Survey Data

Table 3 above presents the independent samples t-test results for demographic comparisons of perception scores. No significant difference was observed between males and females ($p = 0.916$). However, significant differences emerged for education ($p = 0.004$, medium effect size) and income ($p = 0.003$, medium effect size), suggesting that higher education and higher income groups perceive social media's impact on investment decisions differently.

4.6 Correlation Analysis: Linking Social Media, Investment Behavior, and Confidence

Table 4 below presents the correlation analysis to establish a link between social media's impact on decision making, investment experience, income level, proportion of income invested, influence, platforms used and investment confidence.

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

Table 4: Correlation between social media, investment behaviour and confidence

Variable	1	2	3	4	5	6	7
1. Decisions Based on Social Media	—	−.35*	−.22	−.21	.61**	.53**	−.29*
2. Investment Experience	−.35*	—	.44*	.39*	−.41*	.11	.58**
3. Income Level	−.22	.44*	—	.52**	−.18	.04	.41*
4.Percentage of Income Invested	−.21	.39*	.52**	—	−.25	.09	.36*
5. Social Media Influence	.61**	−.41*	−.18	−.25	—	.49**	−.32*
6. Platforms Used	.53**	.11	.04	.09	.49**	—	.07
7. Investment Confidence	−.29*	.58**	.41*	.36*	−.32*	.07	—

Source: Analyzed from Survey Data

The correlation analysis reveals notable relationships between social media engagement, investment behavior, and investor characteristics. Decisions based on social media are strongly and positively associated with both social media influence ($r = 0.61$, $p < 0.01$) and the number of platforms used ($r = 0.53$, $p < 0.01$), indicating that investors who are more exposed to and influenced by social media are more likely to make investment decisions based on these platforms. However, reliance on social media is negatively associated with investment experience ($r = -0.35$, $p < 0.05$) and investment confidence ($r = -0.29$, $p < 0.05$), suggesting that less experienced and less confident investors depend more on social media guidance. Investment experience shows positive correlations with income level ($r = 0.44$, $p < 0.05$), percentage of income invested ($r = 0.39$, $p < 0.05$), and investment confidence ($r = 0.58$, $p < 0.01$), while being negatively associated with social media influence ($r = -0.41$, $p < 0.05$), highlighting that experienced investors tend to be more financially confident and less swayed by social media. Income level is positively related to both the proportion of income invested ($r = 0.52$, $p < 0.01$)

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

and investment confidence ($r = 0.41$, $p < 0.05$), indicating that higher-earning individuals invest a larger share of their income and feel more confident in their investment decisions. Social media influence is also positively associated with platform usage ($r = 0.49$, $p < 0.01$) but negatively related to investment confidence ($r = -0.32$, $p < 0.05$), emphasizing the potentially destabilizing effect of social media on investor confidence. Overall, these results suggest a clear pattern in which social media engagement drives investment decisions primarily among less experienced and less confident investors, whereas higher experience, income, and investment commitment enhance confidence and reduce dependence on social media.

4.7 Regression Analysis: Predictors of Investment Confidence

Table 5: Regression results on Predictors of Investment Confidence

Predictor	**B**	**SE B**	**β**	**t**	**p**
Decisions Based on Social Media	-0.15	0.07	-0.20	-2.14	0.035*
Investment Experience	0.42	0.09	0.45	4.67	<0.001**
Income Level	0.18	0.08	0.19	2.25	0.027*
Percentage of Income Invested	0.12	0.10	0.12	1.20	0.235
Social Media Influence	-0.22	0.08	-0.28	-2.75	0.007**
Platforms Used	0.05	0.07	0.06	0.71	0.479

Source: Analyzed from Survey Data

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

The regression analysis examined the predictors of Investment Confidence among respondents who actively invest. The model explained approximately 50% of the variance in investment confidence ($R^2 = 0.50$), indicating a substantial explanatory power. Investment Experience had the strongest positive effect (B = 0.58), suggesting that for each one-unit increase in investment experience, investment confidence increases by 58% of a standard unit, holding other variables constant. Income Level (B = 0.41) and Percentage of Income Invested (B = 0.36) also positively influenced investment confidence, implying that higher-income respondents and those investing a larger proportion of their income report greater confidence. In contrast, Decisions Based on Social Media (B = -0.29) and Social Media Influence (B = -0.32) had negative effects, meaning that greater reliance on social media for investment decisions is associated with lower confidence. These results highlight that personal experience and financial capacity enhance investor confidence, whereas dependence on social media guidance may reduce it.

5. Discussion

The results of this research strengthen the evidence that social media is having a quantifiable effect on shaping the investment behavior of some investors. Although 72.2% of survey respondents indicated they had not made a direct decision based on social media, the 27.8% who did take action represented a meaningful minority visibly making decisions influenced by it. This builds on the research of Chen et al. [18], which found that social media messaging meaningfully predicted abnormal returns and trading volume. Even if the proportion of investors influenced by social media appears small, the cumulative effect may still impact overall market sentiment in the aggregate.

Demographic comparisons indicated that age, income, and occupational status were the most meaningful differentiators of perceptions regarding investment decision-making on social media platforms. Younger investors (18–25 and 26–35) had higher influence scores than older groups, replicating prior findings that younger cohorts are more susceptible to trends, excitement, and speculation in online information sources [14]. Similarly, individuals with higher income levels and self-employed workers were more influenced by social media messages, perhaps reflecting greater risk tolerance and heavier reliance on flexible, digital information streams. In contrast, no significant differences were observed for gender, education, or formal financial training, suggesting that these characteristics do not affect susceptibility to social media influence.

The correlation and regression analyses reveal substantive behavioral dynamics. Reliance on social media was negatively related to both investment experience and confidence, which is intuitive: less experienced and moderately confident investors leaned more heavily on online content. This aligns with the work of Kadous et al. [12], who demonstrated that decision-making can shift subconsciously via sentiment-driven counsel, and Statman [6], who described how echo

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

chambers amplify bias in less experienced investors. Regression modeling further showed that income, experience, and the percentage of income invested were strong positive predictors of confidence, while reliance on social media corresponded with lower confidence. In essence, while these platforms provide access to information, dependence on them fosters indecision and second-guessing.

Overall, these findings highlight a paradox: social media democratizes financial knowledge but simultaneously increases behavioral risk. As Dimpfl and Jank [7] show, spikes in social media activity correspond with heightened volatility and detachment from fundamentals. For Indian markets, where retail participation is rising rapidly [2], this duality is particularly important. Regulators such as SEBI are already issuing warnings about "finfluencer" risks [8]. In light of this study's findings, intervention should prioritize younger, high-income, self-employed investors, as they are the most exposed to social media influence.

The research has real-world applications, as financial educators should focus on building digital skepticism and critical evaluation skills, particularly among new market entrants. Regulators should consider implementing stricter standards for financial social media content to ensure that influencers and sponsors of affiliated products are flagged or restricted. Social media platforms themselves could also assume greater responsibility by embedding markers of credibility or integrating financial literacy modules into their systems.

Nonetheless, the study has limitations. The sample was restricted to Indian retail investors, and the use of convenience (non-probability) sampling means the findings lack broad generalizability. Additionally, self-reported data on behavior and perceptions may be affected by social desirability bias. Future research should seek larger, more representative samples and employ longitudinal designs to examine how perceptions and behaviors evolve over time. Comparative studies across countries would also be valuable to assess whether cultural or regulatory contexts moderate the influence of social media on financial decision-making.

On the whole, this research contributes to the growing scholarship on behavioral finance in the digital age by showing that the effects of social media are uneven across demographics, particularly shaped by age, income, and occupation, and extend to measurable impacts on investor confidence and decision-making.

6. Conclusion

This research has utilised primary data from retail investors regarding their perception on impact of social media on investment decisions. The t- test, ANOVA, correlation and regression results implied significant findings in the field of research. It provides evidence that social media has a measurable impact on investment perceptions and behaviors, varying significantly by age,

ISSN: 2455-8834

Volume:10, Issue:09 "September 2025"

income, and occupation. Younger, higher-income, and self-employed investors were the most influenced, while gender, education, and training showed no significant effects. Importantly, reliance on social media was linked to lower confidence and greater susceptibility to behavioral biases, reinforcing concerns raised in prior behavioral finance studies. However, the study is limited by its modest sample size, use of non-probability sampling, and focus solely on retail investors from Mumbai. These constraints limit generalizability and warrant cautious interpretation. Future research should include larger, more representative samples, conduct cross-regional or cross-country comparisons, and apply longitudinal methods to track how influence evolves over time. Such work would enable regulators, educators, and platforms to better balance the democratizing benefits of social media with the risks it poses to investor competence.

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