DIGITAL INFLUENCE ON MONEY MATTERS:
THE ROLE OF FINFLUENCERS IN SHAPING FINANCIAL BEHAVIOUR IN INDIA

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AUTHOR'S NOTE

The digital revolution has democratized financial information, empowering millions of retail investors in India. At the forefront are financial influencers ("finfluencers"), who bridge knowledge gaps through relatable, accessible content. Yet, this democratization carries inherent risks. As a former MD and CEO of a large bank broking subsidiary, with over three decades of experience serving retail and HNI clients, I have witnessed firsthand the seismic shifts in investor behavior—and the urgent need for balanced oversight. This white paper arrives at a pivotal moment, dissecting the dual-edged impact of finfluencers while contextualizing SEBI's landmark regulatory response.

Finfluencers have reshaped financial literacy, particularly for young investors. By distilling complex concepts into digestible formats, they've spurred unprecedented retail participation in equity markets. A CFA Institute report reveals that 82% of retail investors acted on finfluencer advice, with 72% reporting financial gains. Their role in fostering investor curiosity cannot be understated—social media platforms transform intimidating jargon into engaging narratives, lowering barriers to entry.

However, this accessibility masks critical vulnerabilities. Only 2% of finfluencers are registered with SEBI, leaving investors exposed to unvetted advice. Alarmingly, 33% of influencers issue direct buy/sell recommendations despite lacking credentials, and 14% of investors over age 40 report being misled or defrauded. Conflicts of interest abound, as many monetize content through sponsorships or affiliate marketing, prioritizing commissions over client welfare. The result? A landscape where sensationalism often trumps substance, and oversimplification risks significant investor losses.

SEBI’S REGULATORY SAFEGUARDS: A NECESSARY CORRECTION

Recognizing these threats, SEBI’s 2025 guidelines mark a watershed moment. The regulations:

Prohibit regulated entities (brokers, mutual funds, etc.) from associating with unregistered finfluencers—banning monetary ties, referrals, or collaborations.

Mandate three-month delays on live market data in educational content, curtailing disguised trading tips.

Enforce transparency in conflicts of interest, requiring clear disclosures of financial relationships These measures aim to cleanse the ecosystem of predatory practices while preserving legitimate investor education.

From my tenure steering retail brokerage operations, I’ve observed that sustainable markets thrive on informed participation—not speculation fueled by unverified tips. SEBI’s crackdown is a proactive step, but its success hinges on nuanced enforcement. Platforms must vet content; investors must cross-reference advice with SEBI-registered advisors; and finfluencers should embrace accountability. The goal isn’t to stifle innovation but to anchor it in integrity.

This white paper meticulously charts this complex terrain, offering policymakers and stakeholders a roadmap for a trustworthy, inclusive financial ecosystem. As we champion retail investor empowerment, let us remember: true financial literacy marries accessibility with responsibility.

This whitepaper has been an intentional decision in the making for some time now, as this gives me the ability to leverage my knowledge gained over the years and translate them into succinct insights for your perusal.

This paper has been curated with the support of my Student- Ms. Chelsea Mascarenhas, who has an MBA in Finance- KJSIM (2025), currently working in the Wealth Management area and employed by a reputed firm.

INTRODUCTION

“Money makes the world go round” as the saying goes, and when it comes to the matters of Personal Finance, it becomes the central driving force for every move we make thereon.

Which avenues do we explore to invest our hard-earned money, to generate more of it?

How much money are we willing to lose in a worst-case scenario? (Hopefully none at all!)

These are just a few of the questions we begin to ask ourselves when we look at creating sustainable wealth.

Another component of this equation is the Rationale behind our Investments. Most People feel a sense of security and comfort in investing in a particular avenue, when their friend/relative has also had a similar experience. On the other hand, Financial Advisors provide an additional layer of comfort as they would carry out their own due diligence to minimize the risk involved as best they can, albeit at an additional cost to the client.

But over the past few years, with the increasing significance of social media in our day to day lives, there has been another contender in the arena dishing out Financial Advice, in a crisp and succinct manner, aiming to cut through the jargon and demystify complex financial concepts- ‘The Finfluencers.’

A Finfluencer—a blend of “finance” and “influencer”—is an individual who utilizes social media platforms to share advice and information on various financial topics, including saving, investing, and budgeting. They often engage audiences through platforms like YouTube, Instagram, TikTok, and Twitter, aiming to educate and influence financial decisions.

In an era where knowledge is power, having access to multiple perspectives spoils an Investor for choice. This however begs the question- How RELIABLE is the source?

Our Study aims to understand the influence that a Finfluencer’s advice has on financial decisions taken by the Indian Population. Our sample specifically seeks to understand patterns among working professionals, businessmen and other professionals employed in the BFSI sector.

BACKGROUND AND INDUSTRY LANDSCAPE

This segment tracks the Origins & Growth of Finfluencers in India:

Catalysts of Emergence

- Financial literacy gap: With only about 27% financial literacy in India (2019 data), there was a pressing demand for simple, easy-to-understand financial content .

- Retail investor boom: Retail participation climbed from 33% of cash-market turnover in FY16 to 45% by FY21. Demat accounts nearly tripled from ~11.45 million in 2022 to ~15.14 million in 2024.

- Digital democratization: Post-pandemic, platforms like Zerodha and Groww, combined with affordable smartphones and data, made market knowledge widely accessible .

Rise of Finfluencers

- Starting as casual, engaging content creators on Instagram and YouTube during COVID-19 lockdowns, finfluencers like Pranjal Kamra, Sharan Hegde, and others amassed millions of followers (5M+ subs for Kamra; Hegde with 600M+ views) by 2023.

- The market for influencer marketing also exploded from ₹12 billion in 2022 to an estimated ₹28 billion by 2026, growing at ~25% annually.

PROS & CONS OF FINFLUENCERS IN INDIAN SOCIETY

Pros

- Accessibility & engagement: They break down complex finance into snackable videos in Hinglish, fostering interest especially among Gen Z and millennials.
- Bridging knowledge gaps: Content on SIPs, mutual funds, budgeting offers beginners introductory financial literacy that traditional media seldom provides.
- Democratizing investment: Spurred by finfluencers, retail investor base surged—crossing 10 crore in demat accounts by March 2024.

Cons

- Regulatory & credibility issues: Only ~2% are SEBI-registered. Many hide sponsorships (63%) and give stock tips without formal credentials.
- Risk & manipulation: High-risk options and pump-and-dump schemes are prevalent; 8% of investors report being scammed—rising to 14% among those aged 40+.
- Speculative "gamification": Young investors are drawn into zero-day options and speculative behavior; 90% of retail option traders lose money.

PRE-AND POST-FINFLUENCER ERA: A SHIFT IN FINANCIAL INFORMATION FLOW

Aspect	Pre-Finfluencer Era	Post-Finfluencer Era
Source of info	Traditional media (newspapers, TV, certified advisors)	Social media videos, WhatsApp/Telegram groups, YouTube masterclasses
Style of communication	Formal, broad market commentary	Conversational, Hinglish, personality-driven, visually engaging
Audience engagement	Passive news consumption	Active following, real-time interaction, influencer-led communities
Speed of influence	Slow, top-down messaging	Instant, viral trends & rapid herd behavior

This shift has empowered retail investors to access and act on financial advice in real-time, but also exposed them to unvetted and potentially harmful content.

FINANCIAL IMPACT OF FINFLUENCERS' ADVICE
(SOURCE OF ECONOMIC IMPACT)

- Strong adoption: 82% of retail investors report acting on finfluencer advice; 72% claim profits, but ~8% experienced losses/scams.
- Scale of speculations: Derivatives trades skyrocketed to a notional $907 trillion last year, with surging zero-day activity fueled partly by influencer hype.
- Monetization of influence: Finfluencer fees range dramatically—from ₹10,000 to ₹7.5 lakh per post; some marketers charge up to ₹20 lakh. Premium courses earn millions; top earners like Sharan Hegde pull in ~$1.4 million/year.

Regulatory Response & Outlook

- SEBI crackdown: Banned several influencers including Asmita Patel and PR Sundar; flagged nearly 9,000 misleading posts, impounded ₹530 million in gains.
- Policy interventions: Mandated SEBI registration, stricter disclosure norms; brokers barred from associating with unregistered influencers.
- Calls for trust frameworks: ASCI has updated advertisement rules; push growing for mandatory registration, transparency, standardized disclaimers.

Key Takeaways

Finfluencers have undeniably democratized access to financial education and mobilized millions of new investors. Yet with their meteoric rise, unregulated advice, high-risk promotions, and financial harm have surfaced as significant challenges.

For stakeholders across financial firms, regulators, advisory networks, and fintech platforms:

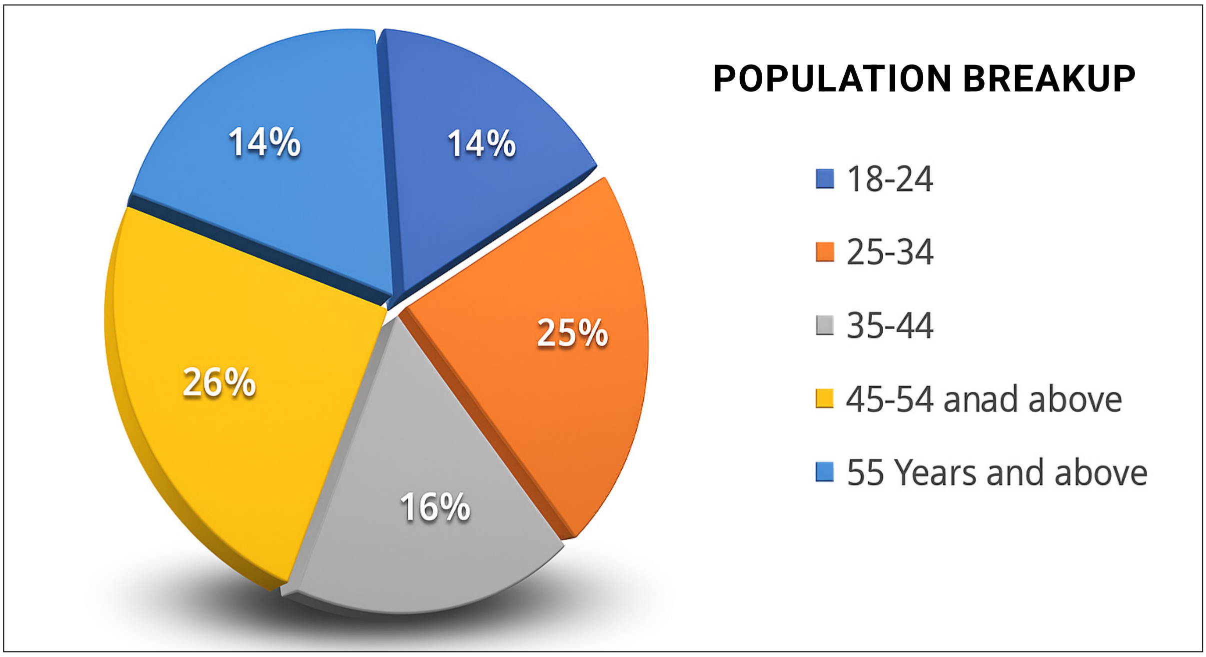
- Strengthen transparency: Insist on SEBI registration and full disclosure from finfluencers.
- Promote investor awareness: Educate audiences about risks of high-leverage instruments and misinformation.
- Enhance data tracking: Invest in monitoring tools to quantify influence and detect regulatory breaches.
- Collaborate proactively: Forge cooperation between social platforms, SEBI, and industry bodies to flag harmful content.

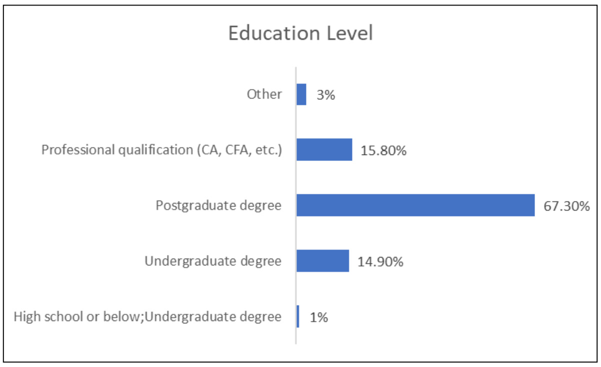
RESEARCH METHODOLOGY & KEY INSIGHTS

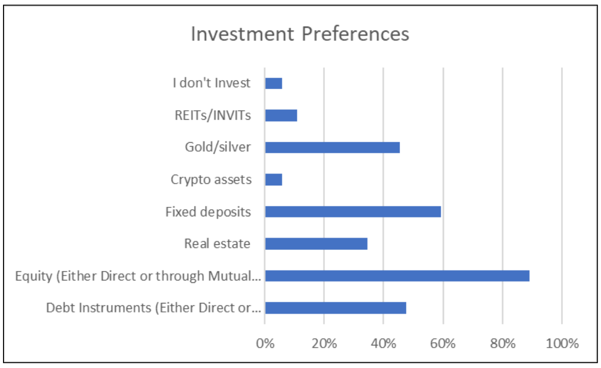
For the purpose of this study, we conducted two surveys- one was to understand the Investor's perspective and the other was to get a sense of what our Financial planners felt with regards to financial influencers.

Both surveys received 100+ responses. The supporting graphs provided below give a sense of the demographic that was studied and information on other hygiene factors such as educational qualifications and investment preferences.

Research demographic of Investor Survey







KEY INSIGHTS FROM THE CLUSTER ANALYSIS

We utilized the Cluster Analysis method to clearly categorize our data into 3 broad categories/clusters, that we have elaborated on below.

CLUSTER PROFILES

Cluster 1: The Cautious but Engaged Learners (19%)

Demographics:

- Mostly young (18–24 years) and predominantly female (79%)
- Income less than 20,000 per month (42% earning < ₹20,000 p.m.)
- High representation of students (47%) and postgraduates (63%)

Behavior & Attitudes:

- High consumption of Finfluencer content (42% few times a week, 32% occasionally- 1 to 2 times a month)
- High trust in Finfluencer advice: 84% "Somewhat Trust"
- Prefer short-form content (53%)
- However, 89% have not acted on any Finfluencer advice
- Often fact-check information (47% always; 37% sometimes)

Insights:

This group is curious and learning actively from Finfluencers, but cautious when it comes to taking action. They're building financial awareness and prefer accessible content formats.

Cluster 2: The Skeptical Professionals (47%)

Demographics:

- Primarily working professionals (85%), male (96%)
- Spread across age groups with higher representation in 35–54 years
- Income earned in the range of ₹1L–2L or above (Majority)

Behavior & Attitudes:

- Consume Finfluencer content, but less frequently
- Rarely trust Finfluencers (53%)
- Fact-check sometimes or never
- 60% believe SEBI regulations won't affect their reliance on Finfluencers, as they have a neutral stance towards this.
- Strong preference for long-form, detailed content (81%)

Insights:

This segment is more experienced and financially mature. While they stay informed, they tend to be skeptical of influencer content. They rely more on self-research or traditional professionals.

Cluster 3: The Action-Oriented Followers (35%)

Demographics:

- Broad age range, but skewed slightly older than Cluster 1
- High concentration of working professionals (94%)
- 54% earn above ₹2,00,000/month

Behavior & Attitudes:

Highest share (97%) have taken financial decisions based on Finfluencer content

- 80% "Somewhat Trust" Finfluencers
- Prefer short-form content (43%)
- Fact-check often but not always
- 40% feel SEBI restrictions will reduce their reliance on Finfluencers

Insights:

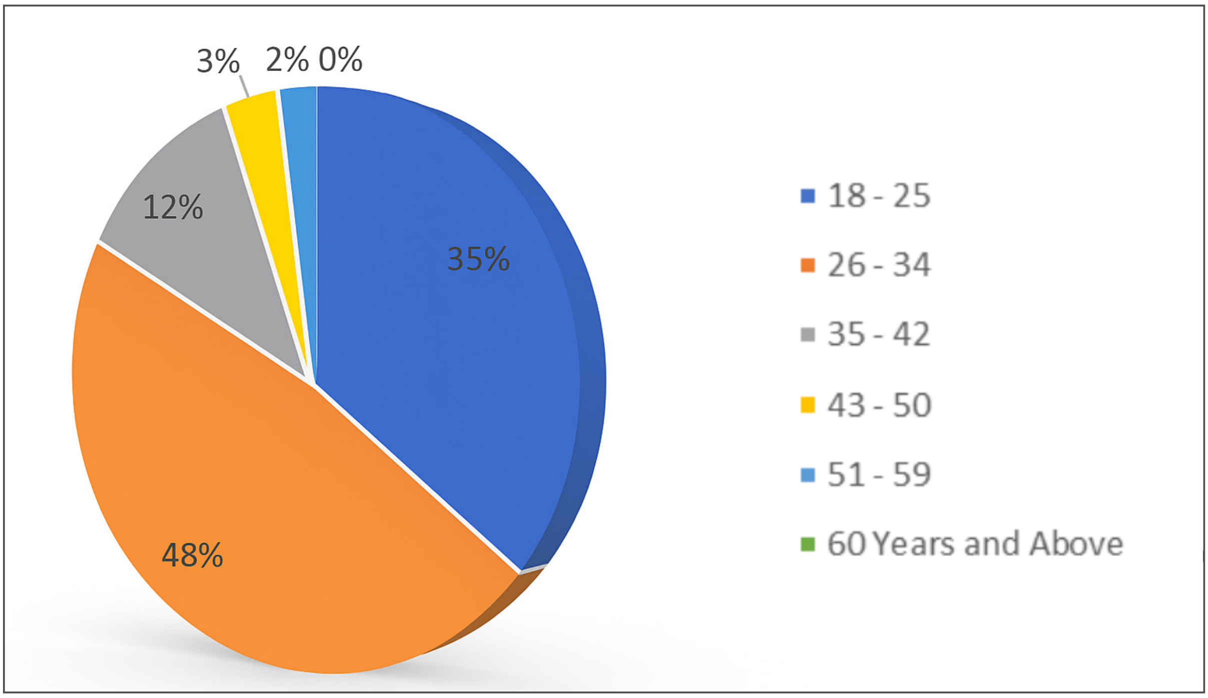
This cluster is highly influenced by Finfluencers and takes action. They are digitally native, trusting, and responsive to financial advice presented in engaging formats.

This cluster is the one that is highly vulnerable to an overload of information that is available to the average investor. Most care must be taken when dispensing advice to this segment of the population.

FINANCIAL PLANNER SURVEY ANALYSIS

According to financial planners the break up of the age group that is more likely to take financial decisions majorly based on Social Media Content is as shown.

POPULATION BREAKUP



These findings suggest that while financial planners correctly identify young adults as a key influenced group, they may overestimate impulsiveness in younger consumers and underestimate the action-oriented nature of slightly older, higher-income professionals. This underscores the importance of differentiated interventions—education and critical thinking reinforcement for younger learners, and stricter content regulations or disclosures for platforms targeting action-takers.

A Finfluencer can accordingly create content to suit and relate to different target groups, based on age, and other demographic factors.

KEY INSIGHTS FROM THE FINANCIAL PLANNERS

Financial Planners Say…	Clusters Reveal…	Implication
18–34 age group is most influenced	True — Clusters 1 & 3 show high engagement	Confirms age-based targeting by Finfluencers
18–25 are impulsive decision-makers	Cluster 1 shows high trust but low action	Misconception — they're learning, not acting
Older clients are immune to Finfluencer influence	Cluster 3 includes older professionals with high action rates	Finfluencer impact is age-diverse now

STRATEGIC IMPLICATIONS & CONCLUSION

1. Personalization of Financial Content

- Cluster 1 needs educational, trust-building content
- Cluster 2 prefers data-backed, credible sources
- Cluster 3 responds to action-oriented content (short form works well)

2. Regulatory Strategy

- SEBI's regulation seems to resonate most with Cluster 3, the action-takers.
- Awareness campaigns should be tailored to help Cluster 1 & 3 understand risks.

This clustering analysis reveals three distinct behavioral archetypes in India's digital financial space. From cautious learners to confident executors, each group interacts with Finfluencer content differently. These insights can shape how financial education, products, and policies are delivered across digital platforms.

LIMITATIONS

- The study has scope to be tested over a larger sample size of individuals.
- In this study we have predominantly considered people employed in Financial services, Students of commerce and management, further research can explore a wider demographic diversity in terms of occupation.
- This study also has the capacity to be tested from a global standpoint to understand the cultural, and geographical differences in Investor psychology, perception and behavior, and the bearing that Finfluencer advice has on Investor Sentiment.
- We could also include additional comprehensive testing parameters to explore a depth of other facets of Investor Behavior- including Behavioral biases, etc.

INDUSTRY SPEAKS

A FINFLUENCERS PERSPECTIVE

Aditya Iyengar CFA
Total follower – over 9 lakhs
Primarily on Instagram and YouTube

Credibility & Regulation

Qualifications, depth, transparency, elimination of conflict of interests and innovation in storytelling, counts a lot more today than it did before.

As for the government's role here, there's some regulation but lack of structure to it.We still don't have a proper list of qualifications or guidelines for Financial Creators. Having a clear guidance on what's encouraged and what isn't would make the job easier for both creators and the regulator.

Kanan Bahl CA
Total Followers – Over 5 lakhs
Primarily on youtube

Regulation is a win-win for those regulated and the customers as well. Anyone who misleads the audience should be warned and eventually banned or fined.

We've seen cases of bad or misleading advice coming from both Traditional Media and Finfluencer channels. Regulations should be strong for the benefit of the larger industry and audience but it should apply to traditional media as well.

Kirtan Shah CFP
Total Followers – over 3 lakhs
Primarily on Instagram

Responsibility and Ethics

Influencers are able to spread the word and create a new audience and bring the reach which traditional mediums have not been able to do.

The problem is that influencers have to be mindful when influencing in finance because that can cost someone her hard earned monies / life long savings

A FINANCIAL PLANNERS PERSPECTIVE:

D V Suresh CFP®
M.D. – D.V.S. Associates

Finfluencers are reshaping financial awareness by simplifying complex money matters, making financial planning more accessible to the masses. Their digital reach empowers financial planners to engage informed clients and amplify trust through education-driven collaboration.

Suresh Sadagopan CFP®
Founder – Ladder7 Financial Advisories

Finfluencers cover topics that grab eyeballs, which many people fall for. The content and treatment is sensational and usually leads the viewers away from the straight and narrow path. People fall for these thinking they are experts and end up doing themselves a lot of harm.

AN INVESTOR'S PERSPECTIVE:

Anushk Kapoor (Millennial Investor) – CA
Partner – Dhawan & Co.

As a finance professional, I do not actively rely on finfluencers for making financial decisions. On occasion, I may come across their content while scrolling through social media, but even then, it's usually a very specific or peculiar piece of information that catches my attention.

That said, I do believe that some qualified finance influencers — those who possess both strong theoretical knowledge and real-world experience — can add value. In finance, experience is of utmost importance. Navigating a tough personal financial situations aren't theoretical exercises; these are lessons learned through lived experience over time.

Therefore, while finfluencers may spark curiosity or offer new perspectives, my financial decisions are based on professional judgment, critical thinking, and informed research — not trends or virality.

AN AMC'S PERSPECTIVE:

Mr. Swarup Mohanty
Vice Chairman & CEO – Mirae Asset Investment Managers
India pvt ltd

Finfluencers have a tremendous impact on people. When it comes to talking about financial products, they have to realise that it is a fiduciary responsibility. We are talking about someone else's money. We are a regulated industry, and any who want to be part of this industry has to work within the framework laid down by the regulators.

FPSB'S PERSPECTIVE:

Mr. Dante De Gori
(As published in Outlook Money)
CEO – FPSB LTD.

CFP professionals provide education through their own publications, newsletters and social media. So one has to think about utilising professionals to speak to a broader audience. At the moment, the gap is being filled by social media influencers who have no training, qualifications or experience.

Why can't finfluencing include qualified CFP professionals ?

One of the things to consider is how can we convert qualified professional individuals like CFP professionals into social media influencers. Why does it have to be the domain of the unqualified? But then there's a sense of stigma and uncertainty because people are not used to communicating on social media about professional matters like financial planning.

How do we groom our aspiring CFP professionals?

The training is not about how do you deliver personal financial advice on social media, but how to utilise social media as an additional channel to share financial education and information from a qualified professional.

But that can't be the only channel. Working with the media, local communities and the industry to provide education support are other ways in which CFPs should be looking to engage with the public.

Mr. Krishan Mishra
CEO – FPSB India

In today's digital world, financial advice is everywhere, especially from finfluencers. But true financial planning requires qualified expertise. CFP professionals are trained consultants who uphold global standards and a deep ethical commitment in every recommendation. Before making important financial decisions, always check the credentials because trusted guidance builds a stronger, more secure future.

KEY CONSIDERATIONS:

Every stakeholder has a role to play in this ecosystem, more than a question of right or wrong, it is about appreciating the value that Finfluencers bring to the table, but also recognizing the gaps that arise due to the ever evolving environment we live in.

This study is a small but significant step in the right direction, of helping raise awareness about the ways in which Investors psychology is influenced by various factors.

This Study also highlighted the different perspectives people have with their relationship with money.

This draws attention to the fact that every individual is different and cannot be treated under the same lens every single time; Evolving phases of life, dynamic market cycles, greatly influence individuals, which must be accounted for by a Financial planner in every interaction, and not taken for granted.

ACKNOWLEDGEMENTS

First and foremost we would like to extend our gratitude to all the participants who have actively engaged in this study, your participation has played a vital role in our endeavor to help create awareness in the fraternity on the significance of Investor Education.

We would like to thank FPSB India, and a heartfelt thanks to Mr. Krishan Mishra for his enduring support right from the inception of this paper. His unwavering confidence in this study, coupled with his encouragement and key insights are greatly appreciated.

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