

# The Role of Social Media in Shaping Personal Finance Habits

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## Abstract:

Social media has become a significant factor in shaping people's financial behavior in the digital era, especially when it comes to personal investing. This study investigates how social media sites like YouTube, Instagram, Reddit, TikTok, and Twitter are influencing user behavior and decision-making on investing platforms. Investors now mostly rely on online forums, influencers (sometimes referred to as "finfluencers"), and peer-generated insights for guidance as financial knowledge becomes more accessible. The study looks at how social media contexts magnify emotional biases including herding behavior, FOMO (Fear of Missing Out), and overconfidence, which frequently result in rash or poorly thought-out investing decisions. While social media offers valuable opportunities for financial education and inclusion, it also poses risks, such as misinformation, manipulation, and lack of regulation

## Keywords:

□ Social Media, Investment Decisions, Personal Finance, Financial Behavior, Influencers (Finfluencers), Misinformation, Financial Literacy, Retail Investors, Behavioral Finance, Online Platforms

**1. Introduction** Social media platforms have become an integral part of our daily lives, affecting various aspects of our behavior, including decision-making. The rise of social media has also impacted the financial industry, particularly investment decisions. The ease of access to information and the ability to connect with a wider network has enabled investors to gather information, learn from their peers, and make informed investment decisions. The impact of social media on investment decisions has been a topic of interest among researchers, as it offers insights into how social media platforms influence user behavior on investment platforms. This paper aims to explore the impact of social media on investment decisions and analyze user behavior on investment platforms.

**Influence of social media on investment decisions:** Social media platforms offer investors access to a vast amount of information that can be used to make investment decisions. For instance, investors can use social media platforms to follow financial news, track stock market trends, and even monitor sentiment around specific companies or products. Social media platforms have transformed the way investors interact with each other, financial advisors, and investment experts.

**Impact of social media influencers:** Social media influencers have become an important source of investment advice for many investors. These influencers have large followings on social media platforms, and their opinions and recommendations can influence investor behavior. Twitter sentiment can be used to predict stock market trends, suggesting that social media influencers can have a significant impact on investment decisions.

**Risks and opportunities of social media:** While social media platforms offer investors numerous opportunities to make informed investment decisions, they also present certain risks. For instance, investors may be exposed to false information or misleading advice on social media platforms, which could result in poor investment decisions. Moreover, social media platforms can be subject to manipulation by individuals or groups with malicious intent,

leading to market manipulation and other fraudulent activities. While these platforms offer numerous opportunities for investors to make informed investment decisions, they also present certain risks that need to be carefully managed.

### Advantages of Social Media for investment decision

Social media has several advantages, such as increasing financial literacy, encouraging peer learning, and democratizing access to financial education, but it also raises a number of issues. These include exposure to misleading information, the potential for hasty financial decisions driven by hype, manipulation by negative actors or influencers, and a general absence of governmental oversight.

### Objectives-

1. To understand the impact of social media on decision making of investors.
2. To know whether the available social media content related to financial investments as been an advantage or disadvantage.
3. To examine the extent to which social media influences investment decisions.
4. To analyse user behaviour on investment platforms and identify changes resulting from social media.

### 2. Literature Review-

**Smrithi S, Dr. Selvi S 2024;** This research explores how social media influences investment decisions across different generations, including Generation X, Millennials, and Generation Z. It uses quantitative methods and surveys to analyse individuals from various age groups on social media platforms. The study reveals a substantial connection between social media engagement and investment choices across all generations. It emphasizes the necessity for financial literacy across generations in an era where social media significantly impacts financial decision-making. The research advocates for customized strategies to engage each demographic while simultaneously promoting universal financial literacy. Prior research has examined the impact of social media on consumer behaviour, including financial decision-making, and generational differences in social media usage. Additional studies have explored the effectiveness of social media marketing strategies and the role of financial education in enhancing financial literacy and decision-making skills.

**Liao et al. (2022)** also documented how social media increased **risky investment behaviour**, especially among novice investors, due to algorithmically amplified financial content lacking appropriate disclaimers or factual accuracy.

**Jones et al. (2021)** analysed Twitter and Reddit's role in driving speculative investments, pointing out how FOMO (fear of missing out) and emotional decision-making were deeply embedded in social media finance trends. Their findings echoed the behavioural finance theories of **Tversky and Kahneman (1979)**—specifically, **prospect theory**, where individuals make financial decisions based on perceived gains/losses rather than objective outcomes.

**Huang et al., 2020;** Excessive social media exposure can lead to financial stress and anxiety. Studies show that unrealistic portrayals of wealth and financial success can create pressure to maintain a certain lifestyle, leading to financial strain (Pittman & Reich, 2016). However, social media also provides opportunities for financial support communities, where users share savings tips, debt management strategies, and financial planning advice.

### 3. Methodology

**Study Design:** This project will be using primary as well as secondary data. The primary sources could be used to collect the facts from the respondents for the correct results for the observation while the secondary sources are referred for the theoretical references.

**Geographical Area:** ➤ To understand the concept of Social Media application in the Finance sector. The research of the project was conducted mainly within the economic boundaries of Raipur.

**Data collection procedure:** The data for the research project is mainly collected from the questionnaire and a few secondary records along with books, journals, study papers and articles were used.

**Sample Size:** The sample size for this research study is 82.

#### **Data analysis process:**

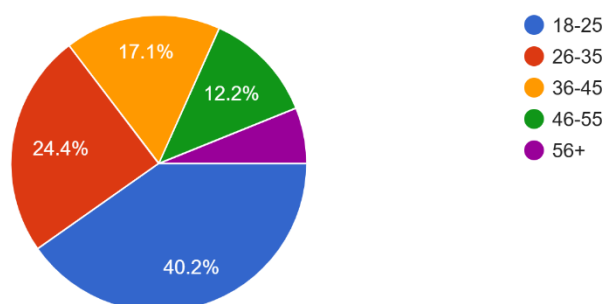
Tables, graphs and descriptive statistical tools are used to research the facts accumulated from the questionnaire, journals, articles and study papers.

### **4. Data Analysis & Interpretation**

#### **DATA ANALYSIS AND INTERPRETATION**

##### **Age-**

Age Group  
82 responses



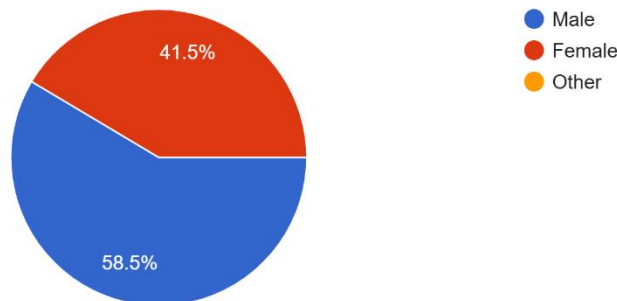
#### **ANALYSIS AND INTERPRETATION**

The majority of respondents (40.2%) are aged between 18–25, indicating that the sample largely consists of young adults. This is followed by the 26–35 age group (24.4%). At the same time (17.1%) respondents are 36–45, while (12.2%) respondents are aged between, (6.1%) are 56+ and none are below 18, highlighting a youthful demographic with limited representation from older age groups.

## Gender-

Gender

82 responses



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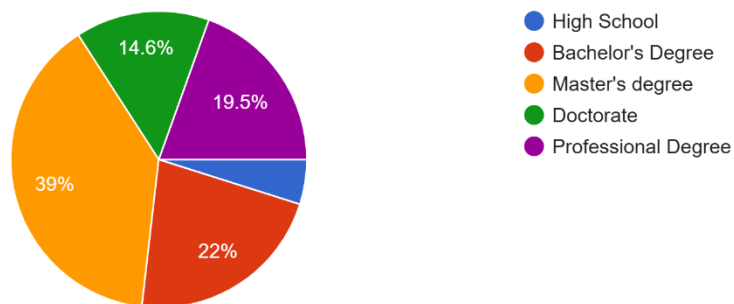
## ANALYSIS AND INTERPRETATION

Among the 82 respondents, the majority are male (58.5%), followed by female (41.5%), with no respondents identifying as "Other".

## Education Level-

Education Level

82 responses



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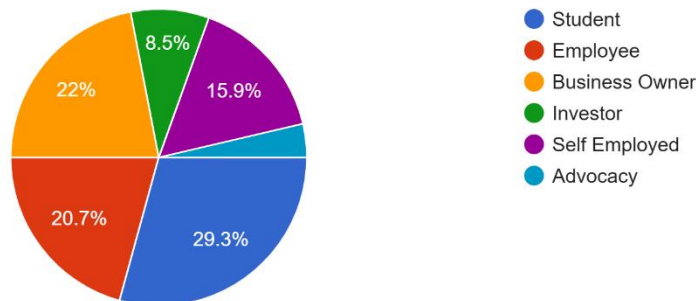
## ANALYSIS AND INTERPRETATION

This pie chart, "Education Level," shows the educational background of 82 respondents. The largest portion (39%) holds a Master's Degree, followed by 22% with a Bachelor's Degree, 19.5% with a Professional Degree, and 14.6% with a Doctorate. A small, unlabeled percentage represents those with a High School education.

## Occupation-

Occupation

82 responses



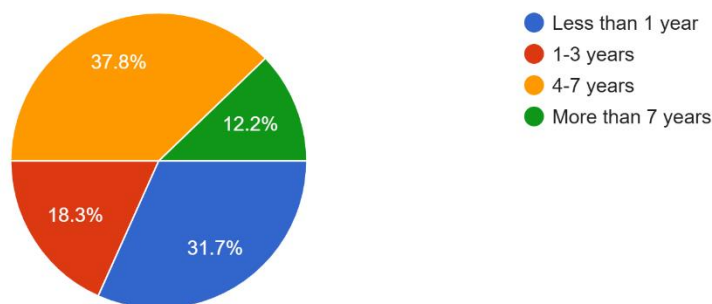
## ANALYSIS AND INTERPRETATION

This pie chart, titled "Occupation," illustrates the occupational breakdown of 82 respondents. The largest segment, at 29.3%, are **Students**. **Business Owners** comprise 22% of the respondents, while **Employees** account for 20.7%. **Self-Employed** individuals make up 15.9%, and **Investors** represent 8.5%. A small, segment in light blue represents (3.7%) of the respondents "Advocacy" category.

## How long have you been investing?

How long have you been investing?

82 responses



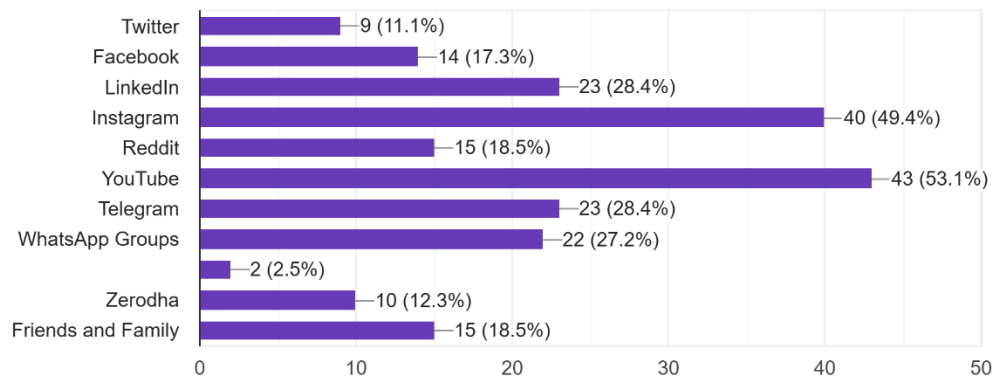
## ANALYSIS AND INTERPRETATION

This pie chart, titled "How long have you been investing?", summarizes the investment experience of 82 respondents. The largest group, 37.8%, has been investing for **4-7 years**. Those investing for **less than 1 year** constitute 31.7%, while 18.3% have been investing for **1-3 years**. The smallest group, 12.2%, has **more than 7 years** of investing experience.

### Which social media platforms do you use for investment-related information?

Which social media platforms do you use for investment-related information?

81 responses



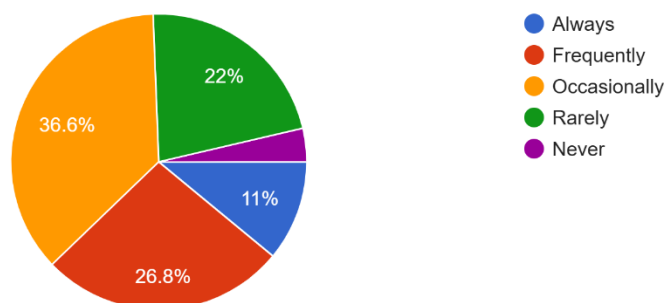
### ANALYSIS AND INTERPRETATION

This bar chart, based on 81 responses, highlights the most used social media platforms for investment information. **YouTube (53.1%)** and **Instagram (49.4%)** are the dominant platforms. LinkedIn and Telegram (28.4%), WhatsApp Groups (27.2%), Reddit and Friends & Family (18.5%), Facebook (17.3%), Zerodha (12.3%), and Twitter (11.1%) follow in usage. This indicates a shift towards visual and community-driven platforms over traditional social media for investment insights.

### How frequently do you rely on social media for investment-related decisions?

How frequently do you rely on social media for investment-related decisions?

82 responses



### ANALYSIS AND INTERPRETATION

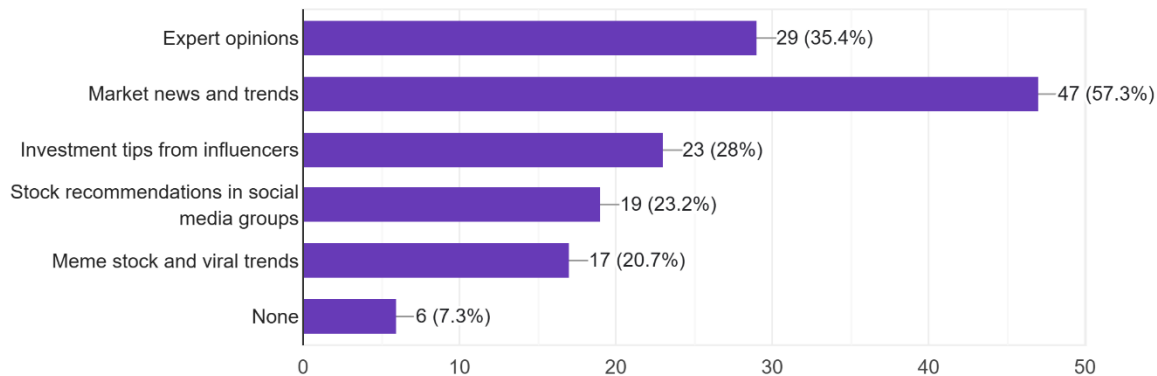
This pie chart illustrates that a diverse range of social media reliance exists for investment decisions among 82 respondents. While **36.6% occasionally** and **26.8% frequently** use social media for this purpose, a considerable

number **rarely (22%)** or **never (3.6%)** do, with **11% always** relying on it. In essence, over 60% of respondents engage with social media for investment decisions at least occasionally, but a notable segment prefers to steer clear or use it sparingly.

### Which type of social media content influences you the most?

Which type of social media content influences you the most?

82 responses



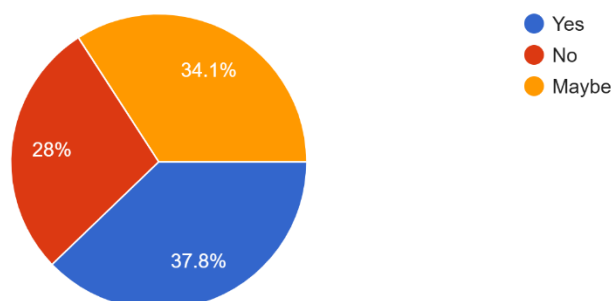
### ANALYSIS AND INTERPRETATION

This bar chart, summarizing 82 responses, shows that **Market news and trends (57.3%)** and **Expert opinions (35.4%)** are the most influential social media content types for investment decisions. Investment tips from influencers (28%), stock recommendations in groups (23.2%), and viral trends (20.7%) also play a role, while 7.3% are uninfluenced by these categories.

### Have you ever made an investment decision based on information obtained from social media?

Have you ever made an investment decision based on information obtained from social media?

82 responses



## ANALYSIS AND INTERPRETATION

This pie chart addresses the question: "Have you ever made an investment decision based on information obtained from social media?" and summarizes the responses of 82 individuals.

The responses are distributed as follows:

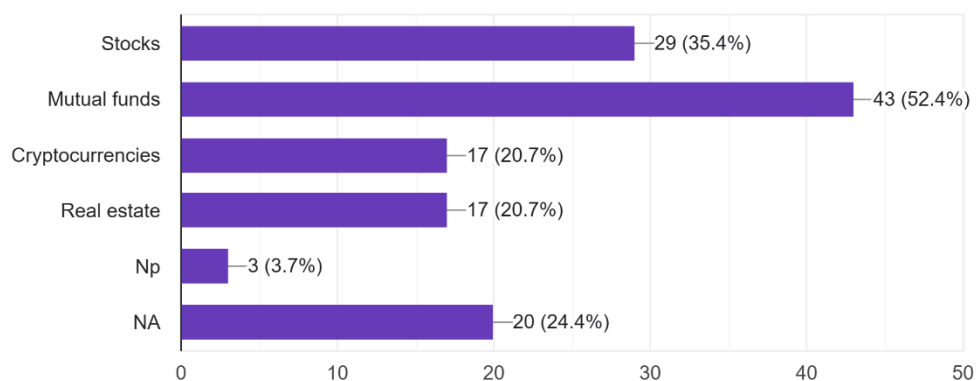
- **Yes:** 37.8% of respondents have made investment decisions based on social media information (blue slice).
- **Maybe:** 34.1% of respondents indicate they "Maybe" have (orange slice).
- **No:** 28% of respondents have not made investment decisions based on social media information (red slice).

In summary, a significant portion of the respondents (37.8%) have directly used social media information for investment decisions, and another substantial group (34.1%) indicates a possibility of having done so. Conversely, a little over a quarter (28%) have not.

### If yes, what type of investment did you make based on social media information?

If yes, what type of investment did you make based on social media information?

82 responses



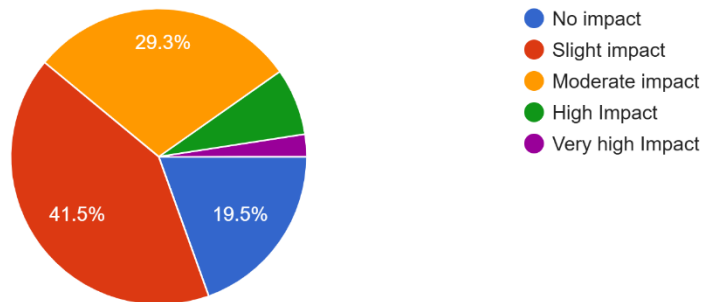
This bar chart, detailing investment types made based on social media information from 82 respondents, reveals that **Mutual funds (52.4%)** are the most common choice, followed by **Stocks (35.4%)**. **Cryptocurrencies** and **Real estate** each influenced 20.7% of decisions. Notably, 24.4% of respondents found the question "Not Applicable," implying they did not make such investments or their choice wasn't listed.



### How significant is the impact of social media influencers/financial bloggers on your investment decisions?

How significant is the impact of social media influencers/financial bloggers on your investment decisions?

82 responses

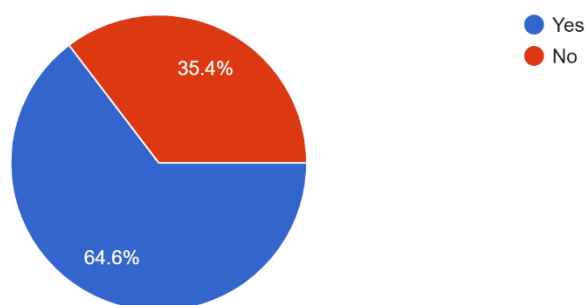


This pie chart illustrates the perceived impact of social media influencers/financial bloggers on investment decisions, based on 82 responses. The majority of respondents, 41.5%, report a **Slight impact**. A further 29.3% indicate a **Moderate impact**. Conversely, 19.5% state **No impact**, while a small portion (represented by unlabeled green and purple slices) report **High Impact** and **Very high Impact**, respectively.

### Have you ever regretted an investment decision influenced by social media content?

Have you ever regretted an investment decision influenced by social media content?

82 responses

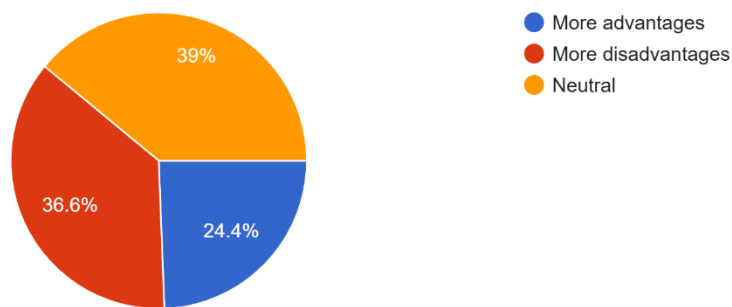


This pie chart, based on 82 responses, addresses whether individuals have regretted an investment decision influenced by social media content. The majority, **64.6%**, answered **Yes**, indicating they have regretted such a decision. The remaining **35.4%** answered **No**, meaning they have not regretted an investment decision influenced by social media.

## Do you believe social media provides more advantages or disadvantages in making financial investment decisions?

Do you believe social media provides more advantages or disadvantages in making financial investment decisions?

82 responses



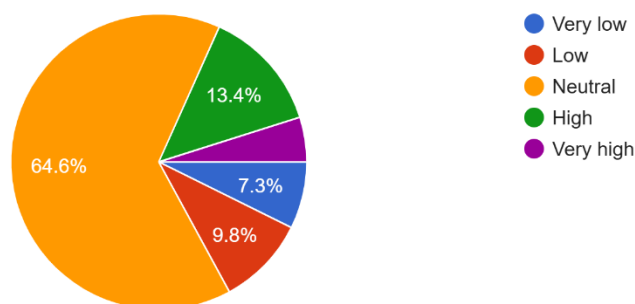
### ANALYSIS AND INTERPRETATION

This pie chart displays opinions on whether social media offers more advantages or disadvantages for financial investment decisions, based on 82 responses. The largest group, **39%**, holds a **Neutral** view. Those believing social media presents **More disadvantages** account for 36.6%, while only **24.4%** feel it offers **More advantages**.

## How would you rate the role of social media in improving your financial literacy?

How would you rate the role of social media in improving your financial literacy?

82 responses



### ANALYSIS AND INTERPRETATION

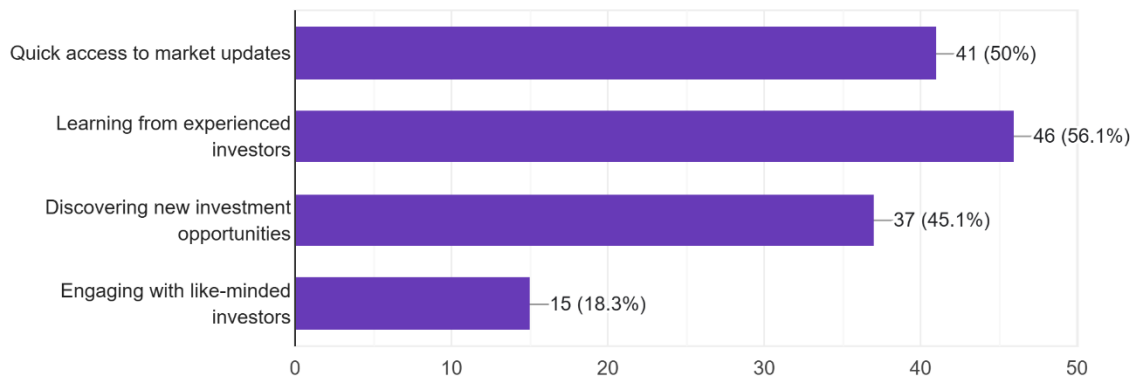
This pie chart illustrates how 82 respondents rate the role of social media in improving their financial literacy. The overwhelming majority, **64.6%**, reported a **Neutral** impact. Following that, 13.4% indicated a **High** impact, while

9.8% felt the impact was **Low**. A small percentage, 7.3%, rated the impact as **Very low**, and an even smaller, unlabeled purple slice represents a **Very high** impact.

### What do you consider the biggest advantage of using social media for investment decisions?

What do you consider the biggest advantage of using social media for investment decisions?

82 responses



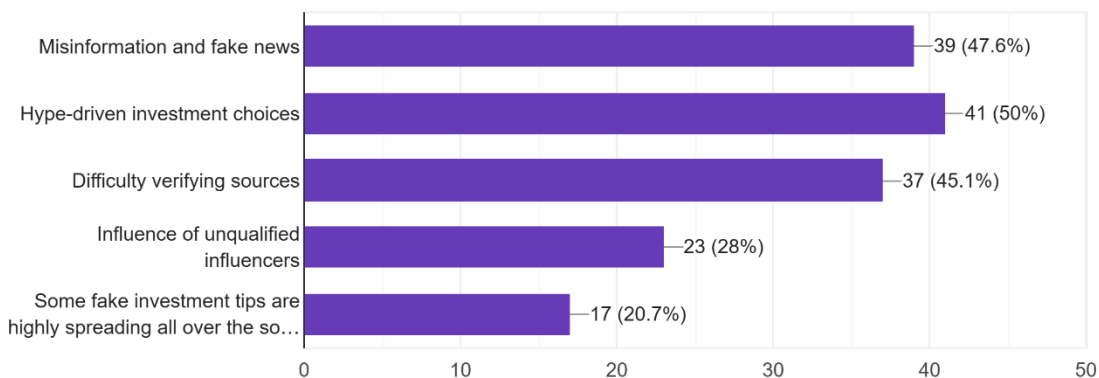
### ANALYSIS AND INTERPRETATION

This bar chart displays what 82 respondents consider the biggest advantage of using social media for investment decisions. **Learning from experienced investors** is cited as the top advantage by 46 respondents (56.1%). **Quick access to market updates** is the second most cited advantage, with 41 respondents (50%). **Discovering new investment opportunities** is a key advantage for 37 respondents (45.1%). Lastly, **Engaging with like-minded investors** is considered the biggest advantage by 15 respondents (18.3%).

### What do you consider the biggest disadvantage of using social media for investment decisions?

What do you consider the biggest disadvantage of using social media for investment decisions?

82 responses



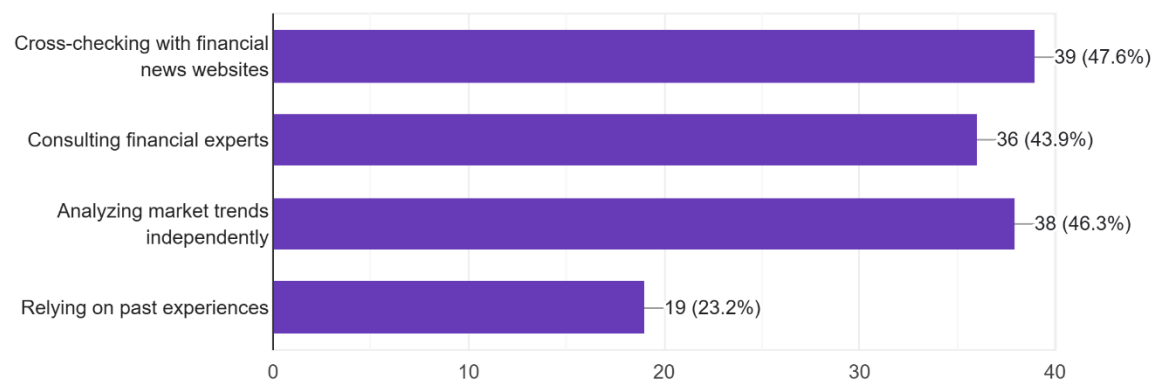
## ANALYSIS AND INTERPRETATION

This bar chart, based on 82 responses, identifies the biggest disadvantages of using social media for investment decisions. **Hype-driven investment choices** are considered the top disadvantage by 41 respondents (50%). Closely following is **Misinformation and fake news**, cited by 39 respondents (47.6%). **Difficulty verifying sources** is also a significant concern for 37 respondents (45.1%). The **Influence of unqualified influencers** is a disadvantage for 23 respondents (28%), and "Some fake investment tips are highly spreading all over the social media" (sic) is mentioned by 17 respondents (20.7%).

### How do you verify investment information from social media before making decisions?

How do you verify investment information from social media before making decisions?

82 responses



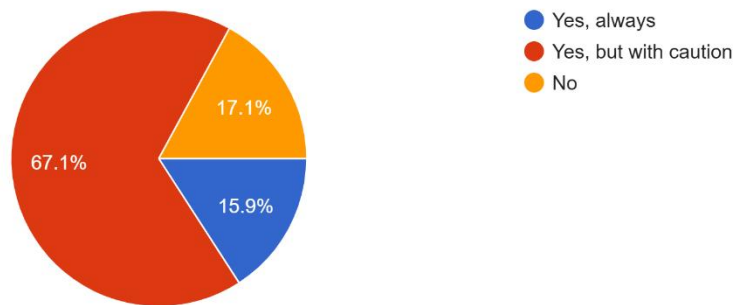
## ANALYSIS AND INTERPRETATION

This bar chart, based on 82 responses, shows how individuals verify investment information from social media before making decisions. The most common method is **Cross-checking with financial news websites**, used by 39 respondents (47.6%). This is closely followed by **Analyzing market trends independently**, which 38 respondents (46.3%) do. **Consulting financial experts** is another popular method, with 36 respondents (43.9%). Lastly, 19 respondents (23.2%) reported **Relying on past experiences** to verify information.

### Would you recommend using social media for investment decision-making?

Would you recommend using social media for investment decision-making?

82 responses



### ANALYSIS AND INTERPRETATION

This pie chart, based on 82 responses, addresses whether individuals would recommend using social media for investment decision-making. The vast majority, **67.1%**, recommend it **Yes, but with caution**. A smaller portion, **17.1%**, would recommend **No**, meaning they would not recommend it. Only **15.9%** would recommend **Yes, always**.

### 3. Conclusion

Respondents hold a largely neutral view (39%) on whether social media provides more advantages or disadvantages in financial investment decisions, with a higher percentage (36.6%) leaning towards more disadvantages compared to advantages (24.4%). Despite this, a strong majority (67.1%) would recommend using social media for investment decision-making, but with caution, emphasizing the need for critical evaluation. The role of social media in improving financial literacy is also seen as largely neutral (64.6%).

Overall, the data suggests that while social media has become an undeniable and frequently used source of investment information, particularly for younger and relatively new investors, its use is accompanied by a high degree of awareness regarding potential risks like misinformation and hype. Users are actively attempting to verify information, and there's a clear consensus that social media for investment decisions should be approached with prudence and skepticism.

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