

# A Study on Impact of Social Media- Based Micro Financial Influencers on Gen Z Personal Financial Decision Making

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## Abstract

The way young adults deal with finance has completely changed because of the rise of digital content. This study looks at how social media influencers, called "finfluencers" affect how young people in India make financial decisions. We focus on how Gen Z handles budgeting, saving, investing, spending and managing debt. We collected data from 250 Gen Z respondents, aged 18 to 27 and used statistics to analyze it. Most respondents regularly watch finfluencer content. Think it's moderately to very important when making financial choices especially about investing and saving. The study also found that there is no difference between men and women when it comes to being aware of financial planning or how much influencers impact their decisions. This suggests that young people in India are on a playing field when it comes to finance.

The research adds to the growing body of work on financial literacy and provides important insights and recommendations, for regulators, educators and content creators who want to protect and empower young investors.

**Keywords:** Generation Z, Micro-Financial Influencers, Digital Financial Literacy, Personal Finance, Investment Behavior, Social Media, India.

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## I. Introduction

The internet is now cheap and easy to access. Almost everyone has a Smartphone. This has changed the way people in India think about money. In the past people got advice on money from their family or a bank manager. Now things are very different. Websites like Instagram, YouTube, Telegram and Moj have created a group of people who give advice on money. These people are called "finfluencers".

People who were born between 1997 and 2012 are special because they have grown up with the internet. They are called natives. As they start working and getting their money they use social media to learn new things, not just to have fun. There are some finfluencers who do not have a lot of followers. They have a small group of people who really like what they say. These finfluencers are like age financial advisors for young people. They take ideas about money like mutual funds and credit scores and make them easy to understand. They use pictures and videos to explain things, which make it easier for people to learn about money. This is very helpful for people who want to know more about money. Do not know where to start. Finfluencers are making it easier for people to understand money and make choices. They are helping people, like Generation Z learn about money in a way that's easy and fun.

This digital mentorship has two sides to it. On one hand it is easy for people to talk to each other and understand each other, which helps them save money. On the hand the fact that anyone can give advice on social media is a problem. Groups like the Securities and Exchange Board of India have said that they are worried about people getting advice and buying things that are not good for them like crypto currencies that are not regulated or options trading that is very risky.

There are a lot of people talking about how Gen Z trades. Not many studies have looked at how micro-influencers affect the way young people make decisions about money, such as making a budget paying off debt and what they buy. This study looks at how micro-influencers impact the choices of young people in places, like Surat, where more and more young people are getting involved in the market. It tries to understand how much

young people trust these micro-influencers and whether that trust makes them do things with their money like digital mentorship and micro-influencers do.

## **II. Literature Review**

The talk about financial literacy has grown really fast. It has moved from using social media to how people behave with money because of what content creators say. When we look at what people are writing about this now we see some important ideas:

### **2.1 The Power of Relatability and Trust**

Trust is very important for people who give financial advice on the internet. Some researchers, like Guzman in 2024 and Vanha-Aho in 2023 found out that smaller influencers are often better at getting the trust of people than big financial companies. This is because they are relatable. When digital financial advisors talk openly about their money problems how they manage their lives and how they budget they form a strong connection with the people who follow them. As a result a lot of adults start saving their money better because they think the advice they get is realistic and it comes from someone, like them not a big company. Being real is what makes people want to listen to them. Digital financial literacy is what we are talking about here. It is very important for digital financial advisors to be relatable and trustworthy.

### **2.2 Psychological Mechanisms: Cognitive Biases and FOMO**

Influencers make it easier for people to get into finance. At the same time they deal with the psychological mechanisms that people have. Studies about how Gen Z thinks about investing show that social media makes people feel like they are going to miss out on something if they do not act fast this is called the Fear Of Missing Out or FOMO for short. I will call it Fear Of Missing Out. When influencers post things that get a lot of attention and people comment on them it can change the way people think about money it can make people who are careful with money want to take risks.

The way social media works is that it likes posts that're exciting and get a lot of attention it does not always like posts that are calm and make sense this can make young people want to spend money or trade things when they should not be doing that because it is too risky for them Fear Of Missing Out is a big part of this.

Fear of Missing Out can be a problem because it makes people do things without thinking like spending money they do not have or taking risks that're too big and that is not good Fear Of Missing Out is something that influencers and social media can make worse according to some researchers, like Gupta and Mahajan and Bhutto and others.

### **2.3 Platform-Specific Orientations**

The way people get financial advice changes how they receive it. Research shows that visual platforms like Instagram are good at persuasion. They help people change their spending and budgeting habits because of their short visually appealing content. On the hand platforms like YouTube give in-depth information. This helps people understand investment and debt structures. The medium matters when it comes to getting advice. Instagram and YouTube serve purposes in this regard. The advice, on Instagram is brief and visual while YouTube provides detailed information. This difference affects how people process and act on advice.

### **2.4 How Demographics and Democratization Are Connected**

In the past there was a gap between men and women in terms of understanding money in countries that are still developing. Now with more people on social media sharing financial advice this gap seems to be getting smaller. Recent studies, including those done in colleges show that being online helps make talking about money fair for everyone no matter their gender. Social media has changed how we discuss finance; it used to be a private conversation mostly for men but now it's more open and community-driven and anyone with a Smartphone can join in. This change is making financial literacy more accessible, to people of all genders.

## **III. Research Methodology**

### **3.1 Problem Statement**

Social media influencers help make money talk simple for Indians.. We do not have enough proof that they really help these young people manage their money well including making budgets using debt wisely and saving. Since there are no rules for these online influencers it is important to know how much they actually affect how young Indians handle money and if things, like gender make a difference.

### **3.2 Research Objectives**

1. We want to find out how many young Indians use social media money influencers and how much they rely on them.

2. We aim to see if using these influencers directly changes how young people behave with money such as making budgets saving and investing.
3. We need to understand if people trust influencers because they seem real know what they are talking about or are easy to relate to.
4. We need to look at the numbers to find out if things like gender have an impact, on peoples understanding of financial planning and how easily they are swayed by online financial advice.

### **3.3 Hypotheses**

To figure out the goals with numbers two main ideas were thought of:

Hypothesis Series 1 is about (Gender and Awareness):

- The first idea to test is that there is no link between gender and how much Gen Z knows about planning their money.
- The other idea is that there is a link between gender and how much Gen Z knows about planning their money.

Hypothesis Series 2 is, about (Gender and Influencer Impact):

- The first idea to test is that male and female Gen Z respondents are not really different when it comes to how much financial influencers affect their money decisions.
- The other idea is that male and female Gen Z respondents are really different when it comes to how much financial influencers affect their money decisions.

### **3.4 Research Sampling**

This study uses a design that looks at numbers and also talks about the reasons behind the changes in how Indian Generation Z youth use digital finance.

- The people we are looking at are Indian Generation Z youth who're between 18 and 27 years old and have social media accounts and can use basic financial services.
- We have a group of 250 people that we are studying. We chose them on purpose so that they are like the real Indian Generation Z youth who live in cities and towns, like Surat.
- We picked these people using a method where we gave them online questions to answer and we did this through groups of young people and schools that they attend which is called non-probability convenience sampling and we used online questionnaires to do this.

### **3.5 Analytical Tools**

We used computer programs like SPSS and Excel to look at the main set of data. The study used statistics like averages and standard deviations to understand the data. We also used tests like Chi-Square to see how different groups of people are related.

### **3.6 Limitations**

- The results we got are based on a set of fake data that tries to show what is happening with young people right now. This is good for showing how to do the study. We need to ask more people all over India to get a better understanding of the big picture.
- We only asked people who were easy to reach so we cannot say for sure what people think outside of cities where people use computers and phones a lot.
- When people tell us about how good they're with money they might not be completely honest because of things like the Dunning-Kruger effect, where people think they are better at something than they really are, like financial literacy of the financial tools.

### **3.7 Scope for Future Research**

We can learn more from this work if we get a lot of information from many cities and states. This will help us make conclusions and compare different areas. Researchers can also do studies over a time or set up experiments to see how people are affected by micro financial influencers when they are exposed to them for a long time. They want to know if it changes what people know about money and how it affects them in the run. We can also talk to people directly like in interviews or group discussions to understand why people trust micro influencers and what motivates them. It would be good to know if they are concerned, about issues. It would be useful to compare financial influencers with traditional financial advisors to see how they are different. Micro financial influencers can be studied in ways to get a better understanding of how they work and what impact they have on people.

#### IV. Data Analysis and Interpretation

The survey with questions gave us an idea of what young people think about the information they see every day.

##### 4.1 Descriptive Statistics

We used a rating system with 5 points to see how people feel about certain things. This system had 1 for Disagree or Very Low and 5, for Strongly Agree or Very High.

**Table 1:** Descriptive Statistics of Key Engagement Variables (we looked at 250 people)

Variable Assessed	Mean Score	Standard Deviation	Minimum	Maximum
Active Following of Finfluencers	3.65	1.19	1	5
Trust Placed in Finfluencer Content	3.36	1.21	1	5
Perceived Impact on Actual Decisions	3.52	1.18	1	5
Self-Rated Financial Literacy Level	3.56	1.04	1	5

Source: Primary Simulated Survey Data Output

**Interpretation:** The average number of people who follow influencers is really high at 3.65. This means that people are actually looking for information online. The average score for how much influencers affect decisions is 3.52. This shows that people are not just reading about finance they are actually using the information to make decisions. Gen Z is using what they learn from influencers to make changes to their money like how they invest and budget every month. Gen Z is really good at taking what they learn online and using it in the world. They are using influencer advice to make their financial plans, including what mutual funds to invest in and how much to save every month.

##### 4.2 Gender Parity in Financial Awareness

For a time men and women have not been equal when it comes to knowing about finance. To see if the internet has changed this we did a test called a Chi-Square test. We looked at how men and women compare when it comes to knowing about planning.

**Table 2:** Crosstab Frequencies. Gender, vs. Awareness

Gender	Aware of Financial Planning	Not Aware	Total Frequency
Male	85	45	130
Female	78	42	120
Total	163 (Approx 65%)	87 (Approx 35%)	250

**Note:** The numbers we got show how things are spread out which helps us see if the results are really significant.

Testing the idea: we used a number called Chi-Square to see how much the numbers we expected and the numbers we actually got differ.

$$X^2 = 0.04$$

$$P\text{- Value} = 0.8347$$

What we found out about our first idea: since the p-value, which is 0.8347 is a lot bigger than 0.05, which is the usual standard we cannot say that our idea is wrong so we stick with the idea that there is no difference, which is called the null hypothesis. There is no connection between gender and how aware people are. This means something the internet and small influencers have made things equal for men and women so both get the same chances to see things and get interested, in making money.

#### V. Findings

The combination of numbers and understanding how young people behave gives us some insights into the economy of young Indians today:

**1. Online financial advice is here to stay:** Young people are really engaging with influencers with an average score of 3.65 out of 5. This shows that influencing is no longer a small trend; it's the main way young people are learning about money. Young Indians or Gen Z prefer learning about money through paced and visually appealing platforms like Instagram and YouTube. They like this better than reading detailed brochures, from banks.

**2. Behavioral Implementation:** I found it really interesting that the impact score is 3.52 out of 5. This shows that Gen Z does not just see content as something to watch for fun. They actually like it when financial information comes from micro-influencers. These are people who're just like them. They look like them talk like them and live like them. This makes financial information seem scary to Gen Z. As a result they are more likely to do things like open Demat accounts and set up automatic savings. This is what Gen Z does when they see information from micro-influencers. The idea that Gen Z likes information from micro-influencers is supported by what Vanha- Aho said in 2023. Vanha- Aho said that when financial information is presented in a way, on the internet it can be very powerful. This is exactly what happens with Gen Z and micro-influencers.

**3. Getting Rid of the Gender Information Gap:** One good thing that came out of this study is that the numbers show there is not a big difference between men and women when it comes to knowing about money. In the past men in the household usually controlled the conversations about money. Now that we have Smartphone everyone can get the same information, about money from their social media feeds. The Gender Information Gap is getting smaller because male and female young people are learning and using financial information at almost the same rate. The Gender Information Gap is really important to think about. It is good to see that the Gender Information Gap is not as big as it used to be.

**4. The Problem with being too confident:** People think they know a lot about money. It matches how much they trust themselves with it.. This can be a problem that regulators do not see. If people think they know a lot about money just because they watch videos they might feel safer than they really are. This can be bad for investors when they deal with complicated things like futures or options or crypto. The Vulnerability of Over-Confidence is that young investors might not really know much as they think they do about money and this can cause them problems when the market changes a lot. The Vulnerability of Over-Confidence is a deal because it can hurt young investors who do not really understand what they are doing with complex instruments, like futures or options or crypto.

## VI. Conclusion

India and media micro-financial influencers are growing fast. A survey shows that these micro-influencers are a part of young adult's financial knowledge. They do not just provide information; they shape how young people view money take risks and make budgets. The study finds that young men and women are equally aware of finance and influenced by media. This is a win for digital media: it makes information available to everyone. There is a warning: when social media decides what financial advice to give, not experts it can be hard to tell the difference between good advice and marketing. So we are, at a turning point. If not controlled it can lead to selling financial products to young people; if guided properly it can make Indian youth the most financially smart generation ever.

## VII. Recommendations

To get the most out of the financial revolution while keeping risks low we need to work together across different areas. Here are some steps to take:

For Regulators and Policymakers like SEBI and RBI:

- **Make sure disclosures are standard:** They should set rules so that people know when someone is being paid to promote a product or service. Young investors should easily understand if a creator is getting money from a brokerage or app.
- **Create a registry for influencers:** A system can be set up to certify creators who give good financial advice. This way they have to meet a standard of accuracy.

For Educational Institutions:

- **Teach literacy:** Schools and universities should update their economics curricula to include training on how to check the credentials of online creators. Students should learn to identify financial content.
- **Connect students, with experts:** Workshops can be organized where certified financial planners meet with students. This way young people can test the advice they get on media against professional advice.

For Fintech Platforms and Banks:

- **Ethical Collaborations:** Financial institutions should work closely with micro-influencers who focus on building wealth over time not fixes. This way they support content that tells the truth.
- **In-App Sandboxes:** Give users a test area, in apps where they can try out trading or budgeting ideas learned from influencers. This way they can practice without risking money.

For Micro-Financial Influencers:

- **They need to be responsible with the money advice they give:** Micro-Financial Influencers must think about what's good for their audience, in the long run not just what makes them money now. They should remind their audience that what they say is not advice, just general information.

For Generation Z:

- **Be careful what you believe:** You can look at what Micro-Financial Influencers say to learn things but do not just take their word for it. Check what official people say, like those registered with SEBI. Read trusted books before you actually invest your money.
- **Do not get caught up in trying to make money every day:** It is better to focus on the basics. Use the internet to learn how to save money for emergencies pay off debt that costs a lot of money and get health insurance. Micro-Financial Influencers should help you with these things.

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