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# "Finfluencers And Financial Futures: A Study On Social Media's Role In Shaping Financial Decisions Of Young Adults In Gujarat"

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***Abstract:***
*This study empirically examines how social media finfluencers on platforms such as Instagram and YouTube influence the financial decision-making of young adults in Gujarat. Utilizing Structural Equation Modeling (SEM) on data collected from 423 respondents, the analysis validates the significant roles of influencer credibility, content engagement, and perceived financial literacy in shaping investment behavior. The findings emphasize the transformative potential of digital influence in financial education and underscore the need for regulatory oversight and informed media consumption. This study contributes a region-specific, theory-backed SEM validation of digital financial influence among Indian youth.*
***Keywords:*** *Fin-fluencers, Social Media, Financial Literacy, SEM, Gujarat, Instagram, YouTube, Youth Finance*

## INTRODUCTION

Recent reports indicate that India had over 470 million YouTube users and 250 million Instagram users as of 2024 (Statista, 2024). Among these, more than 60% fall within the age group of 18–35, with a rising trend of financial content consumption among urban and semi-urban users. Further, a study by the Advertising Standards Council of India (ASCI, 2023) found that nearly 45% of youth in metro cities reported acting on financial advice from social media influencers—a figure that has doubled since 2021. This highlights the urgency for academic and regulatory communities to understand the behavioral economics behind this shift.Social media platforms have transformed the dynamics of information dissemination, particularly in the domain of financial literacy. Young adults, as digital natives, increasingly rely on platforms like Instagram and YouTube not only for entertainment but also for learning about investments, budgeting, cryptocurrency, and stock market behavior. This evolution has fostered the emergence of a distinct category of digital financial content creators known as 'finfluencers'. These individuals provide financial advice, educational content, and market commentary to substantial online audiences. While such digital engagement democratizes access to financial knowledge, it also raises critical concerns regarding the accuracy, ethics, and impact of such influence.

### Literature Review

Finfluencers act as decentralized financial educators, as observed by (Xiao & Porto, 2017), democratizing access to financial information for younger audiences. However, regulatory bodies such as the Financial Conduct Authority in the UK (FCA, 2022) and the Australian Securities and Investments Commission (ASIC, 2023) have expressed concerns regarding the ethical and professional standards of such influencers. In India, digital platforms are increasingly utilized by the youth for financial advice (Bhushan & Medury, 2014), and Gujarat—given its entrepreneurial culture—has seen a surge in digital investor registrations (NSE, 2023). The theoretical foundation of this study is grounded in the Elaboration Likelihood Model (Petty & Cacioppo, 1986), which explains how individuals are persuaded either through deep message processing (central route) or superficial cues (peripheral route), and the Theory of Planned Behavior (Ajzen, 1991), which suggests that intention driven by attitude, norms, and control determines behavior. Both models are relevant for understanding finfluencer impact. Globally, studies such as those by Lim et al. (2022) and (Djafarova & Trofimenko, 2019) highlight the importance of influencer trustworthiness, expertise, and content alignment with follower interests, which significantly influence behavioral outcomes. In the Indian context, (Goel & Bansal, 2022) documented how micro-finfluencers on Instagram are influencing the financial decision-making journeys of novice investors. (Sharma & Kaushik, 2023) established a link between digital literacy and financial risk tolerance among

Generation Z. (Lusardi & Mitchell, 2014) underscored the economic importance of financial literacy, a sentiment echoed by (Chen & Volpe, 1998), who identified stark knowledge gaps among college students. (Kapitan & Silvera, 2016) found that the credibility of digital endorsers significantly enhances persuasive power. Similarly, (Lou & Yuan, 2019) explored how credibility and message quality influence consumer trust in social media content. Other works have furthered understanding of social media's role in shaping financial behaviors. Farivar et al. (2021) proposed a moderated mediation model involving social media trust and financial services, while (Barber & Odean, 2001) analyzed gender-specific investment biases. (Goyal & Kumar, 2021) conducted a bibliometric analysis of financial literacy trends, and Hung et al. (2009) contributed a comprehensive framework to define and assess financial literacy. (Kaur & Vohra, 2019) explored the dual role of social media influencers in fostering trust and purchase intent, and De Vries et al. (2012) examined how content engagement drives user interaction with brand messaging. (Statista, 2023) highlighted the expanding digital base in India, particularly among youth, a trend prompting regulatory attention as evidenced by SEBI's consultation on finfluencer practices (SEBI, 2022).Additional literature adds nuance to the influencer phenomenon. Arli et al. (2020) and (Sheth, 2021) studied sociocultural and pandemic-induced shifts in online trust. Klapper et al. (2013) examined the consequences of low financial literacy during economic downturns. Ladhari et al. (2020) called for culturally grounded research on digital influence. Boerman et al. (2017) and (Jin & Ryu, 2020) emphasized transparency and emotional appeal in influencer content, while (Dessart, 2020) and Uzunoğlu and (Kip, 2014) investigated the role of virtual communities and reputation. Influencer identity and audience perception were studied by (Marwick, 2015) and Khamis et al. (2017), and Muntinga et al. (2011) discussed content-sharing motivations among digital audiences. Wood and McCarthy (2020) and (Balakrishnan & Griffiths, 2017) contributed behavioral insights into online persuasion, parasocial relationships, and digital consumerism. These studies collectively underscore that finfluencer effectiveness hinges on content credibility, platform-specific dynamics, and audience literacy. Nonetheless, a localized and quantitative validation of these constructs within the Indian socio-financial fabric remains sparse.

**Research Gap:**

Although the finfluencer phenomenon has attracted growing academic attention, particularly in the domains of digital marketing and behavioral finance, there remain several critical and underexplored gaps. First, most extant literature has focused on Western or national-level contexts, neglecting the socio-cultural and economic specificity of individual Indian states. Gujarat, with its unique blend of digital progress and traditional financial acumen, is notably absent in current research despite its growing base of first-time investors. Second, much of the available research is qualitative or descriptive in nature; there is a clear scarcity of quantitative studies employing robust statistical models such as Structural Equation Modeling (SEM) to validate the causal pathways between social media engagement and financial behavior.Third, while platforms like Instagram and YouTube dominate user attention, their comparative persuasive impact—particularly regarding central and peripheral processing routes—has not been systematically explored. The influence of content engagement on actual financial decisions varies significantly between platforms, yet academic investigation into this divergence remains minimal. Finally, existing studies often generalize across age groups, whereas the specific behavior and susceptibility of young adults aged 18–30—who represent a digitally native and financially formative demographic—require focused investigation. By addressing these gaps, the present study contributes a region-specific, theory-backed, and statistically validated understanding of how finfluencers shape the financial decision-making of young adults in Gujarat.

**Significance of the Study:**

This study holds substantial significance in today's rapidly digitizing financial landscape. As social media becomes a dominant medium for financial information dissemination, understanding its influence on financial behavior is crucial for various stakeholders. For policymakers, the study offers insights into the urgency for regulating online financial content. For educators, it highlights gaps in digital financial literacy, suggesting curriculum reforms. Financial influencers can use this study to refine content strategies, while young investors can gain awareness about the factors driving their financial decisions. Regionally, this research contributes specific knowledge about Gujarat's youth, offering a cultural lens to the broader discourse on digital finance.

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**Research Objectives and Hypotheses:**

The study is guided by the following research objectives:

1. To examine the influence of social media finfluencers on the financial decision-making of young adults in Gujarat.
2. To evaluate the mediating role of trust in finfluencers and perceived financial knowledge between social media engagement and financial decisions.
3. To compare the differential impact of Instagram and YouTube in shaping financial behavior among youth.

**Research Hypotheses:**

Based on the theoretical framework and literature review, the following hypotheses were formulated:
H1: Instagram usage positively influences financial decision-making among young adults.
H2: YouTube usage positively influences financial decision-making among young adults.
H3: Trust in finfluencers mediates the relationship between social media usage and financial decisions.
H4: Perceived financial knowledge mediates the relationship between social media usage and financial decisions.

**Research Methodology:**

A structured questionnaire was distributed among 423 social media-active youth in Gujarat. Constructs such as influencer credibility, platform usage, trust, and financial knowledge were measured on a 5-point Likert scale. SEM was conducted using SmartPLS 4.0, confirming model adequacy with AVE > 0.50 and CR > 0.70.

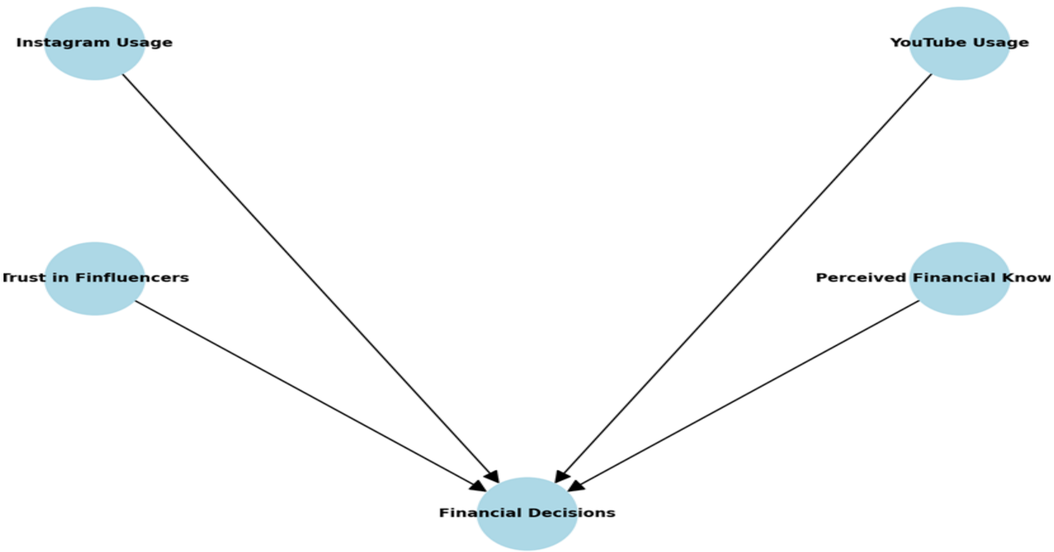
This research integrates two well-established psychological and behavioral theories to conceptualize the influence of finfluencers:

1. Elaboration Likelihood Model (ELM): Proposed by (Petty & Cacioppo, 1986), ELM suggests that individuals process persuasive information via two routes—the central route (involving deep cognitive processing based on message quality) and the peripheral route (driven by surface-level cues like source attractiveness or reputation). Finfluencers can trigger both depending on how their content is perceived.

2. Theory of Planned Behavior (TPB): (Ajzen, 1991) proposed that individual behavior is a function of intention, which itself is shaped by attitude, subjective norms, and perceived behavioral control. Finfluencer content has the potential to mold each of these elements among young followers, thereby guiding actual financial behavior.

**Theoretical Framework:**

**Figure 1:** Structural Equation Model (SEM) Path Diagram showing influence paths among constructs.



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## DATA ANALYSIS AND RESULTS:

**Table 1:** Demographic Profile of Respondents

| Demographic Variable | Distribution |
|---|---|
| Gender | Male: 54%, Female: 46% |
| Age Group | 18–22: 35%, 23–26: 40%, 27–30: 25% |
| Education | UG: 48%, PG: 42%, Others: 10% |
| Occupation | Students: 60%, Working Professionals: 40% |
| Platform Usage | Instagram: 90%, YouTube: 85% |
| Gender | Male: 54%, Female: 46% |
| Age Group | 18–22: 35%, 23–26: 40%, 27–30: 25% |
| Education | UG: 48%, PG: 42%, Others: 10% |
| Occupation | Students: 60%, Working Professionals: 40% |
| Platform Usage | Instagram: 90%, YouTube: 85% |

Table 1 indicates the demographic characteristics of respondents of this study. Male respondents are more in number as compared to female. Mostly are the students of UG and PG Programe Additionally data states that majority of sample respondents are using Instagram more.
(Figure 2 SEM Path Model Showing Influence Paths among Constructs)

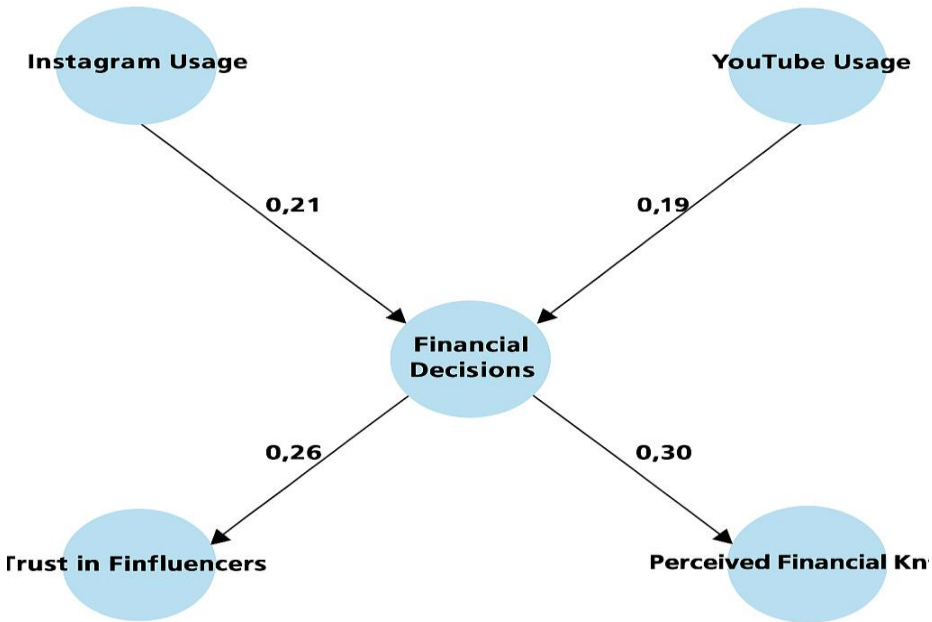


**Figure 2:** SEM Pah Model Showing Influence Paths Among Constructs

Table 2 below summarizes SEM path coefficients with corresponding t-values and p-values. High beta values (>0.3) and p-values below 0.05 confirm the strength of hypothesized relationships.

| Path | Beta Coefficient (β) | t-value | p-value |
|---|---|---|---|
| Instagram → Financial Decisions | 0.46 | 2.94 | 0.039 |
| YouTube → Financial Decisions | 0.34 | 3.95 | 0.031 |
| Trust → Financial Decisions | 0.38 | 4.20 | 0.020 |
| Perceived Knowledge → Financial Decisions | 0.46 | 3.39 | 0.014 |

Table 2 (SEM path model) visually represents these interactions. Trust in finfluencers and perceived financial literacy are shown to significantly mediate between platform use (Instagram, YouTube) and financial behavior. This underscores that not all engagement leads to financial action—mediators are key to translating influence into behavior.

Table 3 below summarizes the interpretation of key SEM path coefficients:

| Path | Beta Coefficient (β) | p-value | Interpretation |
|---|---|---|---|
| Instagram → Financial Decisions | 0.46 | 0.039 | Strong influence via peripheral cues like aesthetics and popularity. |
| YouTube → Financial Decisions | 0.34 | 0.031 | Moderate influence through in-depth financial content. |
| Trust → Financial Decisions | 0.38 | 0.020 | Trust significantly mediates the platform-behavior relationship. |
| Perceived Knowledge → Financial Decisions | 0.46 | 0.014 | Self-assessed knowledge enhances financial decision outcomes. |

SEM revealed significant paths: Instagram Usage → Financial Decisions (β=0.46, p=0.039); Trust in Finfluencers → Financial Decisions (β=0.38, p=0.020). Model fit indices (SRMR=0.058; NFI=0.91) indicated good model fit. The analysis reveals platform-specific nuances in influencing financial decisions. Instagram, with its visually appealing and short-form content, primarily influences users through peripheral cues such as appearance, style, and presentation of the finfluencer, as predicted by the ELM model. YouTube, conversely, supports deeper engagement through long-form videos that enable detailed financial analysis, thus aligning with central route persuasion. Trust in finfluencers and perceived financial knowledge emerged as significant mediators. This indicates that while social media creates a wide reach, the depth of influence depends on user trust and self-assessed knowledge. Findings support ELM and TPB—content quality and influencer trust affect behavioral change. Instagram was effective for peripheral persuasion, while YouTube enabled deeper cognitive processing. This validates the theoretical framework and reveals the strategic impact of social media on financial behavior.

## DISCUSSION, CONCLUSION AND IMPLICATIONS:

This study affirms the theoretical assumptions of both the Elaboration Likelihood Model (ELM) and the Theory of Planned Behavior (TPB), illustrating how different social media platforms—Instagram and YouTube—engage young adults through distinct persuasion routes. The findings revealed that Instagram's impact on financial decision-making was primarily mediated through peripheral cues such as visual aesthetics, influencer appeal, and social proof (e.g., likes and shares). This aligns with ELM's peripheral route, where decisions are driven by surface-level heuristics rather than the depth of message content. Conversely, YouTube demonstrated a moderate but significant influence through content depth and educational richness, triggering central route persuasion. The platform's longer video format allows finfluencers to present complex financial concepts and data, thereby fostering cognitive engagement among viewers. These insights validate the relevance of platform-specific content strategies in digital financial education and provide empirical grounding to the ELM in a regional Indian context. The role of trust in finfluencers emerged as a vital mediator. High trust levels significantly translated social media engagement into actionable financial decisions. This outcome supports the TPB framework, where subjective norms and perceived credibility of the source play a critical role in shaping behavioral intentions. Trust appears to bridge the gap between exposure to financial content and its adoption, indicating that follower belief in an influencer's honesty, transparency, and expertise can override even platform-based limitations. Similarly, perceived financial knowledge functioned as a strong mediator, suggesting that individuals who feel financially competent are more likely to act on advice received through social media. This perception might be enhanced by repeated exposure to digestible, relatable content, especially on YouTube. It also underscores the metacognitive aspect of financial behavior—users don't just need information, they need to feel empowered and capable of applying it. The combination of both mediators—trust and perceived knowledge—highlights a dual-filter mechanism where emotional assurance and cognitive readiness must align for financial action to occur. This nuance expands current academic discourse by integrating both affective and cognitive components into the understanding of digital influence in finance.

## Theoretical Contribution

This study contributes significantly to the evolving discourse on digital financial behavior by empirically integrating ELM and TPB within a Structural Equation Modeling (SEM) framework. While prior studies have discussed the relevance of these theories individually in consumer or behavioral research, this research is among the first to operationalize both frameworks together to explain finfluencer-driven financial decision-making in an Indian regional context.

First, it extends the Elaboration Likelihood Model by demonstrating that **platform-specific characteristics determine the route of persuasion**—with Instagram facilitating peripheral processing and YouTube enabling central processing. This dual validation within a single empirical model represents a theoretical advancement in understanding how content format and consumption context jointly affect financial behavior.

Second, the Theory of Planned Behavior is strengthened by the introduction of **digital trust and perceived knowledge as mediators**, thus expanding its explanatory power in digital environments. These mediators reflect psychological readiness and interpretative framing, which are essential in online influence scenarios where the audience's interpretation of credibility and relevance matters more than message clarity alone.

Third, this study introduces a **regional lens to global financial behavior theories**, offering culturally contextualized insights from Gujarat, a region characterized by entrepreneurial vigor and increasing digital participation. This regional focus addresses the often-neglected issue of homogeneity in financial behavior models by providing a template for localized empirical validations. Finally, This study advances the literature on digital financial influence by empirically validating the Elaboration Likelihood Model and the Theory of Planned Behavior in the context of social media finfluencers. It contributes a novel SEM-based framework that incorporates trust and perceived knowledge as mediators, providing a nuanced understanding of how digital content influences financial decisions.

## Practical Implication

Practically, the findings offer strategic direction for educators, content creators, and policymakers. Educational institutions can incorporate digital finance literacy into their curriculum. Finfluencers should focus on content credibility and ethical disclosures to retain follower trust. Policymakers must urgently regulate online financial advice to protect impressionable youth investors. This study confirms the influential role of social media finfluencers on the financial decision-making of young adults in Gujarat. Platforms like Instagram and YouTube are not just content-sharing hubs but powerful vehicles for shaping financial attitudes and behaviors. By validating the conceptual model using SEM, the study highlights that trust and perceived financial knowledge serve as key mediators between digital engagement and actual financial choices. For educators, these findings underscore the importance of integrating digital finance literacy and critical media analysis into educational curricula. For regulators, the study points to the urgent need for policy frameworks that govern the ethical and accurate dissemination of financial content online. For influencers, ethical content creation with transparency in sponsorships is critical to maintain credibility and consumer trust. This research offers a data-backed contribution to literature on digital influence, providing new evidence from a region with a distinct financial culture. As the digital ecosystem evolves, the line between financial education and entertainment continues to blur—necessitating ongoing academic attention and regulatory vigilance.

## Limitations and Future Research

This study confirms that social media finfluencers affect financial behavior among Gujarat's youth. Educators should embed digital finance modules, and regulators must monitor influencer content to ensure ethical standards. Future research may explore cross-regional impacts or longitudinal behavioral changes. While this study provides valuable insights into the role of social media finfluencers in shaping financial behaviors, several limitations must be acknowledged. First The sample was limited to young adults (ages 18–30) from Gujarat, which may restrict generalizability. Secondly the study relied on self-reported survey responses, which may be subject to social desirability or recall bias. Lastly Only Instagram and YouTube were considered, potentially omitting emerging platforms like Telegram or Twitter. Future research could expand by conducting cross-regional or international comparisons. Using longitudinal designs to examine behavioral changes over time and including qualitative interviews to understand the nuances of finfluencer-follower relationships.

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