



Research Article

A Systematic Literature Review: The Impact of Finfluencers on Retail Investors and Risk Perception

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Abstract

The Financial advisory landscape in India can be seen rapidly changing as the new wave of Emerging investors seem to be attracted towards markets these days. With this rising participation, a new term can be seen popping out, “Finfluencers”, the so-called digital financial influencers. The existing research on this topic substantially covers things like financial literacy, influencers’ credibility and legal issues. We find that these issues are mostly focused on the macro-level, which leads to a significant research gap regarding how short-form content and visual triggers psychologically alter an investor’s risk perception. This paper aims to present a Systematic Literature Review on “The Impact of Finfluencers on Retail Investors and Risk Perception”. The literature for the analysis was retrieved from databases like Scopus and Google Scholar, and screened using keywords like Financial Influencer, Individual Investor, and Investment Decision, etc. This Research is based on the Bibliometric analysis using R-studio and the Biblioshiny web interface, a 306 publications database from Scopus and 35 publications from Google Scholar without filtering other parameters. The analysis generated a conceptual structure, the author’s performance across the globe and thematic mapping. The core 35 papers for the thematic review of the study are being extracted using the PRISMA framework.

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KEYWORDS: Bibliometric Analysis, Finfluencers, Risk Perception, Visual Triggers, Investment Decision.

1. INTRODUCTION

In today's world, we have seen a tremendous rise of social media in our day-to-day life, not only in decisions like what food we eat, what clothes we wear, and places we visit, but also in our financial behaviour. Today, people are often seen scrolling through online videos to seek advice on where to invest or while making a financial plan for the future. The driving force behind this trend is often devoted to 'ease of understanding.' Finfluencers speak in plain, day-to-day language, whereas traditional financial advisors use technical jargon, thus bridging the knowledge gap. Finfluencers also take advantage of a psychological phenomenon called "parasocial Interaction," in which they develop a sense of closeness with their audience, giving their viewers the feel of a peer's recommendation rather than an institution's sales pitch, enabling people to comprehend complicated financial instruments more easily and confidently. In this approach, some of the influencers have started making content even in vernacular languages to make a strong connection with the local audience.

This feels altogether different from the traditional approach of bankers, who mostly use technical jargon to sound complex. In this research, our major areas of focus will be on how the content we consume related to financial services and products shapes our views in relation to the financial assets we hold. We will also focus on the emerging short-form content on social media, as that is also capable of exerting an impulsive influence on people. Broadly speaking, influence is the ability to shape another person's perception to help them arrive at a certain decision or conclusion. Our work will focus on the changing advisory landscape among the largest group of market participants: retail investors. Today, these investors are increasingly seeking advice from social media platforms, which has led to the rise of 'Finfluencers.' These individuals provide a mix of content ranging from buy/sell recommendations to educational videos. The space is very cluttered these days with various types of Finfluencers- some are SEBI-registered professionals, others are unregistered creators making educational content, while many operate in a regulatory 'grey zone' by advising without licenses. Therefore, we will study the extent to which a Finfluencer can affect the risk appetite and investing decisions of a common investor.

Retail investors generally lack the information, skills, and experience to perform in-depth, adequate economic analysis and due diligence before making investment selections. Hence, they often rely on other sources to fill this knowledge gap. This dependence is mainly due to the 'advice gap,' which was prevalent because professional financial planning had always been expensive, with keys in the hands of only a few High Net Worth Individuals (HNIs), thus leaving retail investors with no other option but taking advice from these free sources available on digital platforms. In this digital age, the search for guidance or a walk-through on these financial instruments has primarily turned towards social media platforms, where content providers condense complex market data into accessible advice. Thus, in this way, we can describe "Finfluencers" as those characters

who can shape the analogy of a person while he is involved in a financial decision." The term 'finfluencers', a blend of 'financial influencers', is relatively recent in India, first gaining media attention in February 2021 (Singh & Sarva, 2024) [20]. Building on this emergence, Coban (2023) characterises these individuals as "financial influencers who promote the enchanting world of the stock market on social media." The increasing data consumption and screen time among the new age categories have increased their exposure to this content. This phenomenon has gained traction globally and particularly in India, where the proliferation of digital connectivity has facilitated widespread access to financial information. "Finfluencers represent a new breed of influencers who specialise in financial topics, ranging from investment strategies and market analysis to personal finance tips and wealth management advice (Baviskar, 2024) [3]." The growing awareness among the young generation about financial literacy and financial discipline has led to an eagerness to move more towards financial independence and resilience. "The growth of investor-focused social media has rejuvenated interest in understanding the social transmission of ideas (Cookson *et al.*, 2024)." Thus, social media is emerging as the epicentre for the transmission of ideas that relate to the needs of people who want to start investing, trading, or hedging, as the information provided by these Finfluencers is easy to conceptualise and understand.

1.2 OBJECTIVE OF STUDY

The central aim of this research is to investigate how narrative-driven, impulsive short-form content and visually lucrative financial content by finfluencers impacts the risk perception of retail investors. To pursue this aim, the following objectives have been established:

1. To conduct a Systematic Literature Review on the topic of Finfluencers impacting retail investors and their risk perception.
2. To identify the factors impacting risk perception from the existing studies in the context of retail investors.
3. To identify the global research landscape of Finfluencers (Financial Influencers) and identify key contributors and notable authors.

2 METHODOLOGY

2.1 Prisma Framework

PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) is a guideline for reporting SLRs (Moher *et al.*, 2009) [19]. This is used to ensure the transparency and accuracy of the related papers. The Data was collected from the: PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses)", which is a guideline for reporting SLRs (Moher *et al.*, 2009) [19]. This is used to ensure the transparency and accuracy of the related papers.

The Data was collected from the SLR, which is the systematic method for "identifying, evaluating and synthesising" the literature as the existing study (Moher *et al.*, 2009) [19]. This study has adopted the explorative approach and analysed existing published literature. The Data was collected from the Scopus and Google Scholar databases. The initial response of

the 306 dataset from Scopus and 35 from Google Scholar was gained. Further, the 35 articles were selected for the final literature review after applying filters.

(("Finfluencer" OR "Financial Influencer" OR "Social Media Influencer" OR "Digital Advice") AND ("Retail Investor" OR "Individual Investor" OR "Risk Perception" OR "Investment Decision" OR "Trust"))).

Boolean Operator for the Study:

Table 1: Inclusion and Exclusion of Documents in PRISMA

| Databases | Scopus and Google Scholar |
|-----------|--|
| Articles | Scopus: - 306, Google Scholar: - 35 |
| Keywords | "Finfluencer", "Social Media Influencer", "Retail Investor", "Risk Perception", "Investment Decision", "Trust" |
| Inclusion | Domains – Sustainability, Finance, Economics, Business, Management and Accounting, Social Sciences, Decision Sciences, Psychology, Arts and Humanities, Environmental Science, Materials Science, Multidisciplinary. Language: English Criteria: All Open Access Documents meeting the eligibility criteria. Document Type: Articles |
| Exclusion | Language: All languages other than English, such as Hungarian, Chinese, Italian, Spanish, etc. Availability: Gold, Green, Hybrid Gold, Bronze. |

A Prisma Framework Diagram

Systematic Reviews and Meta-Analyses.

Showing the pictorial form of the Preferred Reporting Items for

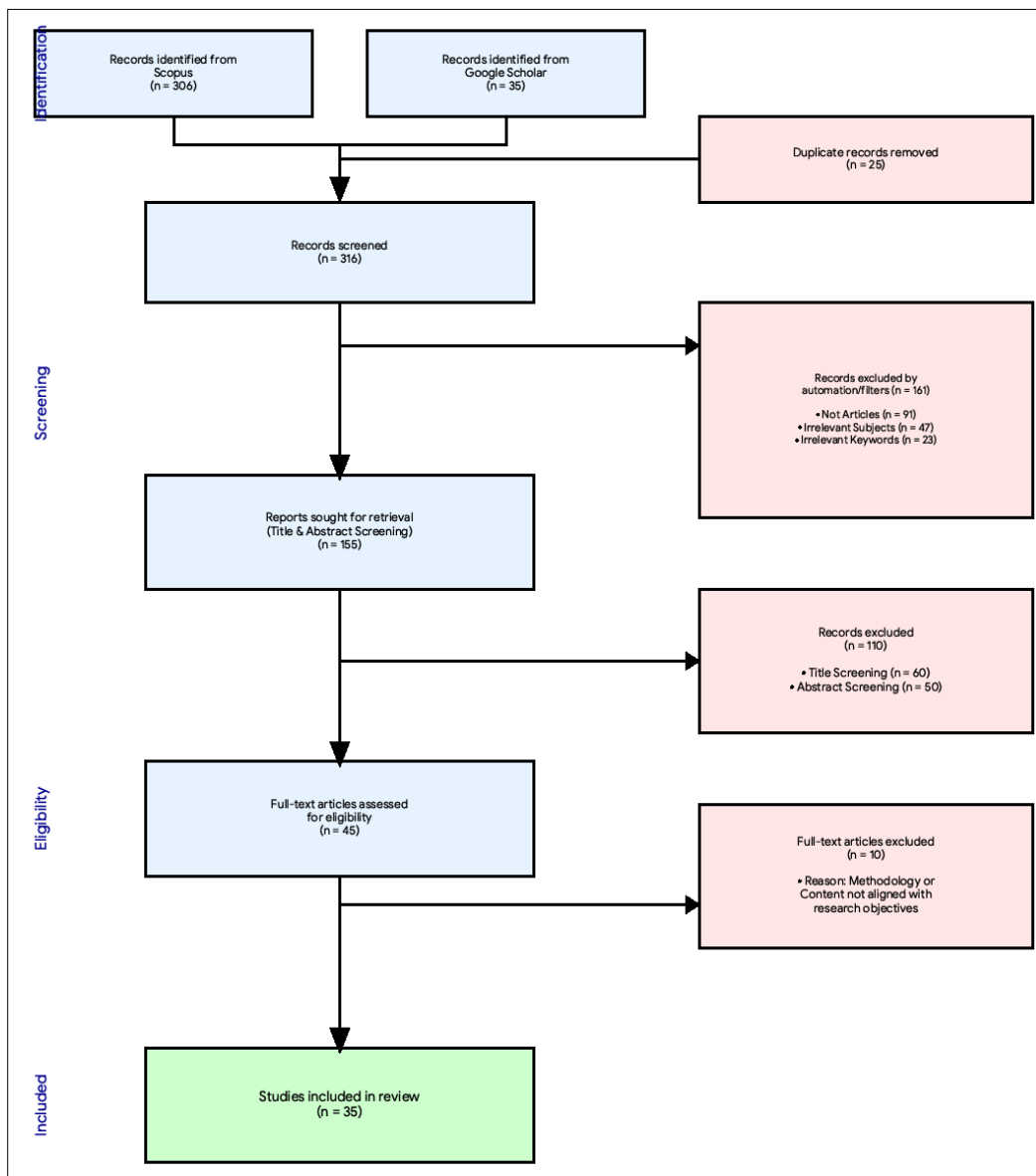


Fig 1: Literature review shortlisting by PRISMA Frameworks

3. RESULTS AND DISCUSSIONS

3.1 Bibliometric Approach

Bibliometric Systematic Literature Review Analysis is used to synthesise and advance the understanding of the impact of Finfluencers on the risk perception of Retail Investors. The bibliometric approach provides an objective assessment of a particular field as it helps identify specific publication networks, authors, changing patterns and trends with large interconnections of countries within a selected research topic (Marzi *et al.*, 2024) [18].

This study follows a systematic research approach, in which first a Bibliometric Mapping of a total of 341 papers, 306 records from the Scopus database and 35 records from Google Scholar were identified to analyse the global trends, authors and patterns from this specific research field (using R Studio

(Bibliography)). Later, to find the most highly correlated studies for my research, the PRISMA Framework is applied to filter the studies from hundreds to the Core 35 Papers.

3.2 Bibliometric Overview: Global Trends

A macro-level analysis of current studies is performed. The following data provides insight into the global trends and Literature expansion of Finfluencers and how their ability to shape the risk perception of Retail Investors is being considered the emerging topic of research, supporting this study of the impact of Finfluencers on retail Investors and Risk Perception.

3.2.1 Publication Trends Across Years (Life Cycle of Scientific Production)

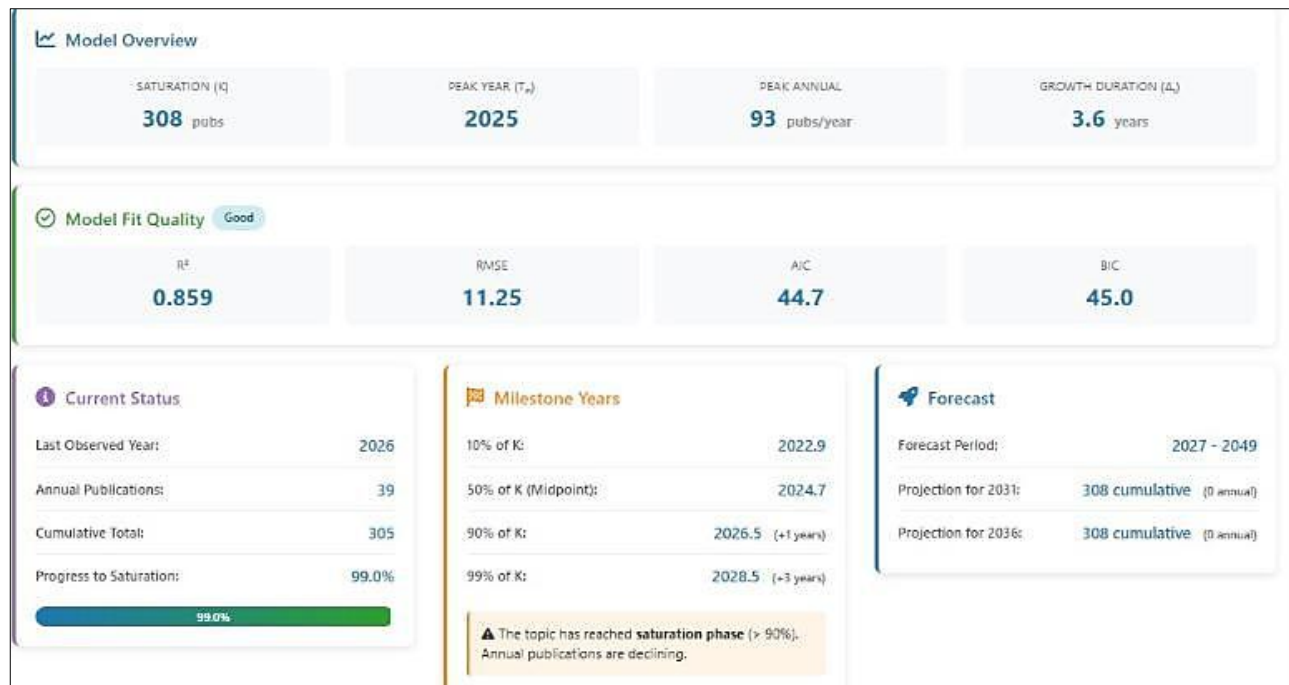


Fig 2: No. of articles published in Scopus over a period of time (Source: R Studio)

The annual scientific production graph illustrates the life cycle and evolution of research on social media influencers and consumer behaviour. Based on the dataset of 305 documents, the analysis reveals a dormant phase from 2014 to 2018, due to the emerging nature of Finfluencers, which was seen due to a shift in the dissemination of information era from TV Broadcasters to Social Media, which was yet emerging and was in the transition phase, hence research in this domain was minimal. However, a steep exponential surge is observed post-2019, with publications peaking significantly around the years 2022 to 2024. This sharp upward trajectory perfectly aligns

with the global digital shift during the COVID-19 pandemic, a period that witnessed a massive influx of retail investors turning to social media platforms for financial guidance. The exponential growth confirms that the 'Influencer' economy is a highly contemporary and rapidly expanding field of academic interest. This period also saw a keen interest among people for passive wealth building; thus, attractiveness towards markets was seen at a higher influx.

3.2.2 Keywords Co-Occurrence Network

Thematic mapping categorises the identified themes based on their density (degree of development) and centrality (degree of relevance) into four distinct quadrants, providing a strategic view of the research landscape.

- 1. Motor Themes (Upper-Right):** Themes like 'influencer marketing' and 'humans' appear here, indicating they are well-developed and highly central to the research field.
- 2. Basic/Transversal Themes (Lower-Right):** Keywords such as 'social media' and 'social media influencers' fall into this quadrant. They act as the fundamental pillars of the research but are broad in scope.
- 3. Niche Themes (Upper-Left):** Crucial concepts like 'perception', 'decision making', and 'young adult' are

positioned here. These indicate that while the specific study of how influencers impact the risk perception and decision-making of young retail investors is highly developed, it remains relatively isolated from the mainstream motor themes. This validates our research gap, which is addressed in this review

- 4. Emerging/Declining Themes (Lower-Left):** Themes like 'electronic word of mouth' appear here, suggesting an evolution in how digital communication is perceived in the current literature.

3.2.4 Country Production and Collaboration Analysis.

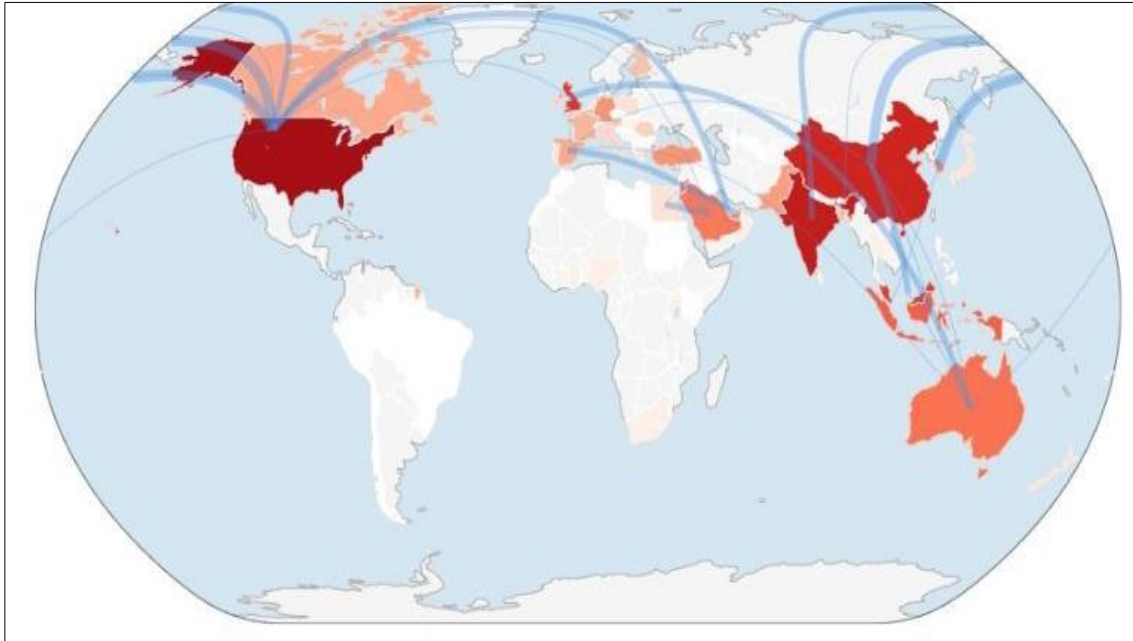


Fig 5: Shows country-wise production of papers and their Collaboration Analysis. (Source: R Studio)

The country collaboration map illustrates the global research network and cross-border academic partnerships. The visualisation reveals a highly interconnected global landscape, identifying the geographical hotspots of this research area. India, the USA, the UK, and China act as the central nodes of this network. Now you can see these are the countries where Retail Participation in the markets are considered to be huge, and is attracting new investors these days. The thickness of the connecting lines indicates strong bilateral research collaborations, particularly between India, the USA, and European nations. Notably, India demonstrates a high density of collaborations and scientific production. This strongly correlates with the massive retail investor boom in the Indian market post-2020, highlighting it as a primary demographic of interest for global researchers studying the impact of digital financial advice given by the new emerging Finfluencers and the extent to which it affects the financial decision-making of this group.

4. RESEARCH GAP

When I reviewed existing literature and research papers, I found plenty of data on social media trends, types of advice given by

influencers, the role of financial literacy, and stock selection, etc. But reviewing the existing literature, I came to notice a massive blind spot regarding the medium of consumption of content. Another factor missing in current research is how these influencers are creating an 'illusion of competence' among consumers, making them feel as competent as the content provider. Also, the simple vernacular languages they use to gain the trust of normal people around by acting like one among them, they avoid technical jargon and wordings.

The Medium Problem (Reels v/s Long Videos): Most existing studies treat social media as a single bucket, making an implied assumption that a 30-second video and a 30-minute video have the same effect. But this is a flawed assumption, as there is a huge psychological difference between the two. A 30-second reel triggers impulse, while a long video triggers learning. The distinction is critical because the new wave of Indian investors is primarily attracted to these short videos rather than consuming long-form content.

The Screenshot Flashing effect: Another specific gap I found is the lack of research on visual triggers. Most studies focus on what influencers say, but they ignore what they show, which

tends to create a sort of cognitive bias where visual proof overrides risk assessment. Unregistered influencers often flash snippets of 'Green P&L Statements' or MTM (Mark-to-market) profits. This tends to create an 'illusion of competence' among content consumers. After seeing such proofs, the consumer starts thinking they are on par with the content creator, thus tending to replicate them completely. In doing so, they start ignoring the high risks involved while implementing a strategy in the markets.

5. FINDINGS AND CONCLUSIONS

The paper contributes to both the theoretical and practical aspects of the impact of Finfluencers' content. As practically it will contribute to how illusion of competence, visual triggers, and language clarity affect the Risk Perception and the theoretical concept "FOMO-Induced Impulsive Buying" affects the psychological mental brake while investing through advice given by these Finfluencers. With increased reliance on Social Media and AI-related things, retail investors are getting more and more attracted towards the online pundits of the Stock Market for their Investment Strategies, and most of the retail investors coming to the market do not possess much of the technical knowledge required in the stock market. So this study becomes more and more relevant as it reveals the psychological manoeuvre of the influencer suggesting phenomenon.

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