

THE SOCIAL MEDIA FACTOR: ASSESSING INFLUENCER IMPACT ON INVESTMENT RISK PERCEPTION AND DECISION-MAKING

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ABSTRACT. Emergence of social media platforms paved the way for financial influencers (finfluencers) to shape the investment decisions of investors. This study aims to examine the impact of these influencers on investors' attitudes and perceived risk towards investment decisions. The study collected sample data from 142 respondents through convenience sampling. The study utilized multiple regression analysis to test the hypothesized relationships between exposure to influencer content, follower engagement, influencer credibility, follower trust, and investor attitudes. Additionally, mediation analysis was conducted to explore the role of perceived risk in the relationship between follower trust and investor attitudes. The results demonstrate significant positive relationships along the proposed pathway from exposure to influencer content to investor attitudes. Importantly, the study found that risk perception of investors acts as a partial mediating factor between trust and investment decisions. This suggests that while trust in influencers directly affects investor attitudes, it also indirectly influences these attitudes by altering perceptions of risk.

1. INTRODUCTION

Social media has emerged as a powerful tool influencing people and other aspects of society in today's digital age. Through social media platforms, influencers exert a significant influence in shaping the perceptions and behaviours of their followers, particularly in the realm of investment. In recent years, Financial Influencers, or finfluencers, have exerted considerable influence on investors' attitudes and on what they perceive as risks in their decision making (De Veirman, Cauberghe, and Hudders 2017; Zhang et al. 2024; Subramanian 2024). Recent studies, such as Van Der Harst and Angelopoulos (2024), highlight how engagement with influencer content plays a pivotal role in shaping follower behaviors. Similarly, Peng, Zhang, and Gopal (2022) emphasize the financial implications of social media reactions to firm-related news, showcasing the impact of influencer content on financial decision-making.

The emergence of the social media platforms has paved the way for people to share their knowledge, views and experiences with the large audience (Audrezet, De Kerviler, and Moulard 2020). Influencers, known as subject matter experts or trendsetters, use their online presence and follower base to share their expertise about different topics, including financial advice and investment recommendations (Vaidya and Karnawat 2023). Influencer content consists of the characteristics of the content, the level of engagement it creates among followers, and the degree of trust that the influencer has in their audience (Lou and Yuan 2019; Atiq et al. 2022). These factors together make the influencers appear credible and hence the recommendations by them are perceived credible by the investors.

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Investor attitudes towards investment decisions are a collection of feelings that vary from optimism to skepticism (Lucey and Dowling 2003), which are affected by a wide variety of factors such as the market conditions, personal financial goals, and external influences like influencer content (Sevdalis and Harvey 2007). Also, the perceived risk is said to be a key factor influencing the investor behaviour (Riaz and Hunjra 2015), as the investors evaluate the possible disadvantages and the uncertainties related to the investment opportunities (Singh and Padmakumari 2020). The objective of the research is to examine how the influencer content impacts the attitude of investors towards the investment decisions and their perceived levels of risk. The study seeks to gain valuable insights into how investment decision-making is evolving in the digital era by investigating factors such as content characteristics, follower engagement, follower trust, and perceived credibility. Examining how influencers impact investor perceptions can yield practical implications for investors, financial professionals, and regulatory bodies. This research aims to contribute to the development of the strategies that will help to the investors to navigate through the investment world that is becoming more and more complex.

2. LITERATURE REVIEW

With the explosion of social media, there has been a rapid increase in influencers, accumulating high followings, and showing the capacity to change investor perceptions and behavior. There has been a growing interest in the influence of social media on investors' attitudes and perceived risk in financial decision-making. Recent studies, such as Keasey et al. (2024), demonstrate how influencers impact firm performance in financial markets, emphasizing the need to understand their influence within the behavioral finance framework. Other studies, like Bihari et al. (2023) and Jain et al. (2021), provide foundational insights into psychological biases but lack the social media perspective.

Fear of missing out (FOMO) and overconfidence are two biases that are important in influencing investment behaviour (Martaningrat and Kurniawan 2024). FOMO is an investor's fear of missing out on exciting opportunities, which can be triggered by social comparison and urgency cues (Gupta and Shrivastava 2021). On the other hand, overconfidence is an overestimation of one's decision-making ability, especially when past successes generate an illusion of control over the unpredictable market outcomes (Rotondi 2023).

Social media influencers may evoke these biases through their content strategies. Hasan et al. (2024) demonstrate that influencers exploit the fear of missing out (FOMO) by boasting about their exclusive opportunities and financial achievements, hence inducing FOMO in their followers as well. Overconfidence may arise when investors excessively depend on the perceived credibility and trustworthiness of traditional authorities and influencers (Piehlmaier 2022). Behavioural finance theories, such as anchoring bias and framing effects, provide additional understanding of how influencers affect investment conduct. When influencers present information that accentuates advantages while minimising risks it may result in a distorted perception of risk and an escalation of either optimism or impulsivity (Kahneman and Tversky 2013). Initial suggestions from influencers can influence investors' perceptions of subsequent information and assessments, exemplifying anchoring bias as described by Tversky and Kahneman (1974). This study does not explicitly address these biases; nonetheless, it provides a broader framework for comprehending the role of influencers on investors' attitude.

2.1. Exposure to influencer content and Follower Engagement. Numerous studies have revealed a positive correlation between increased exposure to influencer content and higher levels of follower engagement. Djafarova and Rushworth (2017), discovered that regular exposure to influencer content had a positive impact on the purchase intentions of their followers. Lou and Yuan (2019) found that influencer effect have a significant influence on customer attitudes and purchase behaviours, especially for items or services that are considered to have a high level of risk. With respect to investment choices, Jin, Muqaddam, and Ryu (2019) conducted a study on cryptocurrency influencers and found that followers exposed to regular content

updates showed higher engagement levels, reflected in the increased number of comments and shares. The increased level of engagement was ascribed to the influencers' capacity to simplify complex information and provide timely updates (Hayes and Ben-Shmuel 2024). Therefore, we hypothesize that

H1: Higher exposure to influencer content is positively associated with higher follower engagement.

2.2. Follower Engagement and Influencer Credibility. Casaló, Flavián, and Ibáñez-Sánchez (2020) examined the antecedents and consequences of opinion leadership on Instagram and revealed that influencers who had a greater level of involvement from their followers, such as likes, comments, and shares, were seen as more credible and trustworthy. This credibility served as a factor which shaped the investor attitude. According to a study conducted by Chung and Cho (2017), influencers who had a greater level of engagement with their followers were seen as more trustworthy and influential by their audience. This credibility then resulted in increased persuasive efficacy and exerted a bigger impact on the attitudes and behaviours of followers. When influencers are seen as competent and trustworthy, they can produce greater levels of follower engagement, which further strengthens their reputation (Singh et al. 2020; Wang and Weng 2023). Thus, we hypothesize the following

H2: Higher follower engagement is positively associated with higher credibility in the influencer.

2.3. Influencer Credibility and Follower Trust. According to source credibility theory, the perception of a source's (i.e. an influencer's) expertise and trustworthiness is critical to the effectiveness of persuasive communication (Hovland et al. 1953; Ohanian 1990). Yuan and Lou (2020) found that influencers with high credibility can positively influence their followers' intentions and decisions to invest, highlighting the importance of trust in financial decision processes (Guiso, Sapienza, and Zingales 2008; Hildebrand and Bergner 2020; Aldboush and Ferdous 2023). Van Der Harst and Angelopoulos (2024) assert that trust is a crucial element in financial decision-making, and information designed to foster deeper engagement may enhance it. Keasey et al. (2024) further substantiate this notion by demonstrating that reliable influencers significantly affect corporate performance in financial markets, highlighting the critical role of trust in shaping investor behaviour and market outcomes. Studies also reveal that the credibility of influencers has a positive effect on brand perceptions and buying intention (Kemeç and Yüksel 2021). The credibility of influencers has been shown to increase stock market participation and particularly among people with low financial literacy (Chairunnisa and Dalimunthe 2021; Handranata et al. 2022) in the investment domain. Based on this evidence, we hypothesize that:

H3: Higher Influencer Credibility is positively associated with higher follower trust in the influencer.

2.4. Follower Trust and Investor Attitude. Research has indicated that increased trust in influencers is positively linked to a more positive attitude toward the investment decisions those influencers promote (Alyousif and Kalenkoski, 2017; Djafarova and Rushworth, 2017). This aligns with the broader concept of source credibility and its impact on persuasion, where trustworthiness is a key determinant of attitude change in endorsement contexts (Ohanian, 1990; Wang and Scheinbaum 2017). Specifically, in the financial services industry, influencer marketing has been found to significantly shape investment attitudes and decisions among followers, with trust in the influencer acting as a critical mediating factor (Kim and Kim 2022). Furthermore, the development of parasocial relationships, characterized by a sense of intimacy and trust between influencers and their followers, can influence financial decision-making, including investment choices, by fostering positive attitudes towards the endorsed products or services (Chung and Cho 2017; Yuan and Lou 2020).

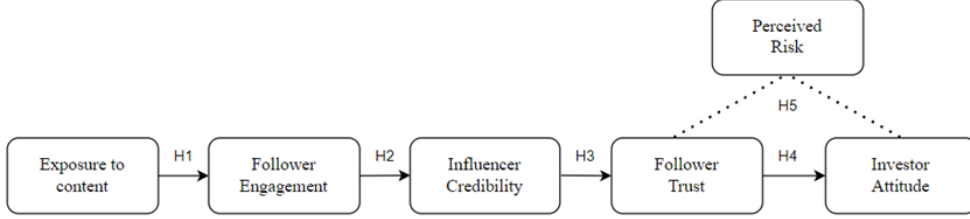


FIGURE 1. Conceptual Framework

H4: Higher follower trust in the influencer is positively associated with more positive investor attitudes towards the investment decision promoted by the influencer.

2.5. Mediating Role of Perceived Risk. De De Veirman, Cauberghe, and Hudders (2017) found that influencers had a substantial influence on the trust of their followers, due to their perceived authenticity and relatability. The establishment of trust was crucial as it frequently led to followers giving greater weight to the advice of influencers (Jin and Phua 2014). Lou and Yuan (2019) found that trusting the influencers had a significant effect on the attitudes of their followers towards investments. Whenever influencers exhibited positive endorsements, it helped boost the perceived credibility and appeal of the investment. However, the perceived degree of risk linked to the investment plays a vital role in dampening this relationship. Research by Kapoor et al. (2018) exhibited that trust in influencers had a favourable impact on investing attitudes. However, the level of perceived risk can either enhance or reduce this effect.

Risk perception plays a critical role in shaping investment choices, and as the higher perceived risks tend to reduce the positive attitudes formed through trust, so the existence of higher perceived risks tends to reduce the investment choice. Breves et al. (2019) suggest a dual pathway paradigm in which trust influences investor attitudes directly, and also influences these attitudes indirectly by affecting the perceived risks. This relationship is given further context in recent studies. Zhang et al. (2024) show that social media consumer sentiment directly influences perceived risk and provide the deeper insights into how digital contact influences trust and investment behaviours. Xu and Pratt (2018) underscore the necessity to consider these perceptions when influencers make financial endorsements, and Peng, Zhang, and Gopal (2022) further demonstrate how social media reactions to financial news affect perceived risks, reinforcing its mediating role in digital finance. Therefore, we hypothesize that:

H5: Perceived risk of the investment mediates the relationship between follower trust and investor attitudes towards the investment decision.

3. RESEARCH METHODOLOGY

The study employed SPSS ver. 26 for data analysis and Process v4.2 by Andrew F. Hayes for mediation analysis. For the survey, a Google Form was distributed through social media platforms, investment forums, and professional networks to stock market investors in Chennai. A total of 142 responses were obtained. Given privacy constraints, such direct access to investors through stockbrokers was not possible. Instead, the study used convenience sampling to identify investors in professional and academic circles and supplemented convenience sampling with snowball sampling, where the first respondents referred others within their networks. While this approach helped collect data from active investors, it may have inadvertently biased the

sampling by overrepresenting those more digitally engaged and proactive in seeking online financial information. For this reason, the results contribute important information on the behavior of investors in this sample, but they should be interpreted with great caution regarding the extent to which they can be generalized.

The study utilised the *PROCESS* macro developed by Andrew F. Hayes, incorporating 5,000 bootstrap resamples for mediation analysis. This approach yielded non-parametric confidence intervals to validate the significance of the mediation pathways. Hierarchical regression was performed to validate the relationships across various model specifications, incorporating demographic variables including age, gender, and financial literacy as control factors. The robustness checks indicated stability, thereby reinforcing the reliability of the hypothesised relationships. Hierarchical regression analysis indicated that the inclusion of follower trust (FT) and perceived risk (PR) significantly enhanced the model, raising the explained variance from 1% to 21% ($\Delta R^2 = 0.200$, $p < 0.001$). FT ($\beta = 0.295$, $p < 0.001$) and PR ($\beta = 0.264$, $p = 0.001$) were identified as significant predictors of investor attitude (IA), whereas control variables did not show significance, indicating that FT and PR are the main influences on IA (Appendix A).

TABLE 1. Sample Characteristics

Characteristics	Particulars	Number of Responses	Percentage (%)
Age	18-24	16	11.27
	25-34	42	29.58
	35-44	54	38.03
	45-54	25	17.61
	55-64	5	3.52
	65 or older	0	0.00
Gender	Male	97	68.31
	Female	45	31.69
Annual Income Range	Less than Rs. 2,50,000	17	11.97
	Rs.2,50,000 - Rs. 4,99,999	19	13.38
	Rs. 5,00,000 - Rs. 7,49,999	51	35.92
	Rs. 7,50,000 - Rs.9,99,999	35	24.65
	Rs. 10,00,000 – Rs. 12,49,999	15	10.56
	Rs.12,50,000 or more	5	3.52
Employment status	Employed full-time	87	61.27
	Employed part-time	5	3.52
	Self-employed	34	23.94
	Unemployed	0	0.00
	Student	15	10.56
	Retired	1	0.70
How long have you been actively investing?	Less than 1 year	13	9.15
	1-3 years	62	43.66
	4-6 years	42	29.58
	7-10 years	16	11.27
	More than 10 years	9	6.34
On average, how many hours per week do you spend consuming financial influencer content?	Less than 1 hour	15	10.56
	1-3 hours	50	35.21
	4-6 hours	56	39.44
	7-10 hours	21	14.79
	More than 10 hours	0	0.00

Source: Compiled by the authors

The demographic and behavioral characteristics of the study's respondents are presented in table 1. A majority (38.03%) fall within the 35-44 age group, followed by 25-34 (29.58%) and 45-54 (17.61%), making up a fairly large portion of the sample that is of mid-career investors.

However, the data collection process through online survey methods may not fully represent the larger investor population in Chennai and therefore this distribution may not fully reflect the larger investor population in Chennai.

In terms of the amount of financial content consumed per week, 39.44% consume financial content 4 – 6 hours, 35.21% 1 – 3 hours per week, which indicates social media driven financial information consumption by the study participants. Investment experience also differs and 43.66% have 1-3 years of experience and 29.58% have 4-6 years, indicating that a large percentage of respondents are new to investing.

The study helps understand the behavior of active investors in Chennai without actually measuring financial literacy or cultural traits that can be part of the study. On the other hand, the engagement with financial content and investment experience are indirect signs of financial awareness. Furthermore, decision-making may be influenced by regional investment behavior and risk preferences, and the results should be interpreted in the context of this. The results should be seen as particular to the group from which the sample was taken as a result of convenience and snowball sampling.

3.1. Operational Definitions of Key Variables. The main variables used in this study to study the impact of financial influencers on investor attitude and perceived risk are mentioned. The operational definitions of these variables are as follows:

- **Exposure to Influencer Content:** The level of how investors search, engage, and follow the financial influencers' content across different social media platforms. It also comprises consuming investment-related posts, videos, and discussions to keep up with market trends (Lou and Yuan 2019; Van Der Harst and Angelopoulos 2024).
- **Follower Engagement:** The extent to which the followers of financial influencers interact with their content through likes, comments, shares, participation in discussions, live sessions, and participation in investment related activities such as polls and challenges (Casaló, Flavián, and Ibáñez-Sánchez 2020; Djafarova and Rushworth 2017).
- **Influencer Credibility:** The perceived trustworthiness and expertise of financial influencers in providing investment advice. It encompasses knowledge of financial markets, transparency about personal interests, and the reliability of shared insights (Ohanian 1990; Yuan and Lou 2020).
- **Follower Trust:** The extent to which investors trust in financial influencers' recommendations because they believe that the content provided by them is accurate, honest and of value for making investment decisions (Guiso, Sapienza, and Zingales 2008; Wang and Scheinbaum 2017).
- **Perceived Risk:** Investors' perception of the amount of risk involved with the kinds of investments that an influencer suggests. It indicates a cautious approach and risk evaluation that they take before acting on the influencer driven advice (Riaz and Hunjra 2015; Singh and Padmakumari 2020).
- **Investor Attitudes Towards Investment Decisions:** Refers to the confidence, perceived usefulness, and strategic consideration of financial influencer recommendations in shaping investment choices. It reflects how exposure to influencer content influences optimism, skepticism, or decisiveness in investing (Lucey and Dowling 2003; Sevdalis and Harvey 2007).

4. ANALYSIS

4.1. KMO and Bartlett's Test. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy for the data is 0.792 (Table 2), indicating good suitability for factor analysis as values between 0.7 and 0.8 are considered good (Kaiser 1974). Bartlett's test of sphericity shows a chi-square value of 1059.844 with a significance level of 0.000, confirming that the correlation matrix is not an identity matrix and that the variables are interrelated enough to proceed with factor analysis (Bartlett 1950).

TABLE 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.792
Bartlett's Test of Sphericity	
Approx. Chi-Square	1059.844
df	171
Sig.	0.000

Source: Compiled by the authors using SPSS results

TABLE 3. Alpha, Communalities Extraction and Factor loadings

Items	Cronbach's Alpha	Communalities Extraction	Factor Loadings					
			Components					
			1	2	3	4	5	6
Exposure to Influencer Content (EIC)								
EIC 1	.853	0.556	0.596					
EIC 2		0.775	0.824					
EIC 3		0.817	0.868					
EIC 4		0.716	0.805					
Follower Engagement (FE)								
FE 1	.715	0.773	0.836					
FE 2		0.722	0.772					
FE 3		0.606	0.615					
Influencer Credibility (CR)								
CR 1	.747	0.675	0.781					
CR 2		0.645	0.778					
CR 3		0.701	0.786					
Follower Trust (FT)								
FT 1	.767	0.648	0.755					
FT 2		0.671	0.767					
FT 3		0.734	0.819					
Perceived Risk (PR)								
PR 1	.803	0.656	0.762					
PR 2		0.763	0.850					
PR 3		0.779	0.849					
Investor Attitude (IA)								
IA 1	.723	0.493	0.582					
IA 2		0.694	0.740					
IA 3		0.762	0.839					

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization. A rotation converged in 6 iterations.

Source: Compiled by the authors using SPSS results

4.2. Reliability and Exploratory Factor Analysis (EFA). Table 3 presents a reliability analysis for six variables related to influencer content and its effects on followers, measured by Cronbach's Alpha. All variables show acceptable to very good reliability, with values ranging from .715 to .853, indicating consistent internal reliability. "Exposure to Influencer Content" has the highest reliability ($\alpha = .853$), while "Follower Engagement" has the lowest reliability ($\alpha = .715$), but still within an acceptable range. This suggests that the items used to measure these variables are consistently reliable, making them suitable for further research and analysis.

For the EFA (Exploratory Factor Analysis), Principal Component Analysis (PCA) was used as the extraction method to identify the underlying structure of the data, and Varimax with Kaiser Normalization was employed as the rotation method to achieve a clearer separation

of factors by maximizing the variance of squared loadings of a factor across variables. The minimum factor loading criteria was set to 0.50. The communality of the scale, which indicates the amount of variance in each dimension, was also assessed to ensure acceptable levels of explanation. The results show that all communalities were over 0.50 except for IA1 which was 0.493. Communalities values exhibit that most variables have a significant proportion of their variance explained by the extracted factors. For instance, EIC 1 has a communalities value of 0.556, and EIC 3 is at 0.817, indicating a strong explanation by the factors. However, IA1 has a communalities value of 0.493, slightly below the desired threshold of 0.50, but close enough to be considered adequate (Hair et al. 2010). Finally, the factor solution derived from this analysis yielded six components for the scale. The EFA shows the loadings of each variable on the extracted factors after rotation, with Component 1 highly loading on EIC 2 (0.824), EIC 3 (0.868), EIC 4 (0.805), and EIC 1 (0.596) and Component 6 highly loading on FE 1 (0.836), FE 2 (0.772), and FE 3 (0.615). These loadings indicate which variables are most strongly associated with each factor.

Table 4 presents the results of a Principal Component Analysis (PCA), focusing on the variance explained by each component extracted. The analysis reveals that the first six components account for 69.400% of the total variance, indicating a satisfactory factor solution. The initial eigenvalues suggest that the first component explains 29.492% of the variance, while the second component explains 10.654%, cumulatively reaching 40.145%. The third, fourth, fifth, and sixth components contribute 9.529%, 8.362%, 5.756%, and 5.606% respectively, bringing the cumulative explained variance to 69.400%. The Extraction Sums of Squared Loadings show identical values to the initial eigenvalues for the first six components, confirming the consistency of variance explanation. After rotation, the variance explained by the first component decreases to 14.909%, while the second, third, fourth, fifth, and sixth components explain 11.593%, 11.576%, 10.980%, 10.501%, and 9.840% respectively. The rotation improves the distribution of variance among the components, ensuring a more balanced factor structure. The PCA extraction method effectively identifies the key components contributing to the data's total variance, highlighting the significance of the first six components.

TABLE 4. *Total Variance Explained*

Comp.	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cum %	Total	% of Variance	Cum. %	Total	% of Variance	Cum. %
1	5.603	29.492	29.492	5.603	29.492	29.492	2.833	14.909	14.909
2	2.024	10.654	40.145	2.024	10.654	40.145	2.203	11.593	26.503
3	1.811	9.529	49.675	1.811	9.529	49.675	2.200	11.576	38.079
4	1.589	8.362	58.037	1.589	8.362	58.037	2.086	10.980	49.059
5	1.094	5.756	63.794	1.094	5.756	63.794	1.995	10.501	59.560
6	1.065	5.606	69.400	1.065	5.606	69.400	1.870	9.840	69.400
7	0.780	4.104	73.504						
8	0.688	3.623	77.128						
9	0.626	3.293	80.420						
10	0.566	2.977	83.397						
11	0.544	2.862	86.259						
12	0.495	2.604	88.863						
13	0.426	2.243	91.106						
14	0.372	1.957	93.063						
15	0.324	1.705	94.768						
16	0.288	1.516	96.284						
17	0.270	1.421	97.705						
18	0.243	1.280	98.985						
19	0.193	1.015	100.000						

Extraction Method: Principal Component Analysis

Source: Compiled by the authors using SPSS results

4.3. Descriptive Statistics. Based on the correlation matrix (Table 5), there is a moderate positive correlation between exposure to influencer content (EIC) and follower engagement

TABLE 5. *Descriptive Statistics and Correlation Coefficient*

Items	Mean	SD	EIC	FE	CR	FT	PR	IA
EIC	3.847	0.713	1					
FE	3.617	0.798	.373**	1				
CR	3.622	0.858	.303**	.398**	1			
FT	3.634	0.782	.376**	.405**	.268**	1		
PR	3.570	0.838	.243**	.154	.223**	.280**	1	
IA	3.664	0.744	.663**	.224**	.172*	.367**	.352**	1

Note: Exposure to Influencer Content (EIC), Follower Engagement (FE), Credibility of Influencer (CR), Follower Trust (FT), Perceived Risk (PR), Investor Attitude (IA).

$p < .01$ (2-tailed) is indicated by **, and $p < .05$ (2-tailed) is indicated by *.

Source: Compiled by the authors using SPSS results

(FE) ($r = .373, p < .01$), indicating that higher exposure to influencer content is associated with increased follower engagement. Similarly, follower engagement is moderately positively correlated with influencer credibility (CR) ($r = .398, p < .01$), suggesting that greater engagement is linked to higher perceived credibility of the influencer. Influencer credibility itself has a moderate positive correlation with follower trust (FT) ($r = .268, p < .01$), meaning that as credibility rises, so does trust. Follower trust shows a moderate positive correlation with investor attitude (IA) ($r = .367, p < .01$), indicating that increased trust correlates with more positive investor attitudes. Additionally, there is a moderate positive correlation between follower trust and perceived risk (PR) ($r = .280, p < .01$), suggesting that higher trust is associated with higher perceived risk. Finally, perceived risk is moderately positively correlated with investor attitude ($r = .352, p < .01$), meaning that as perceived risk increases, investor attitudes also tend to become more positive.

TABLE 6. *Regression Results*

Hypothesis	Regression Weights	Beta Coefficient	R ²	F value	t-value	p-value	Hypotheses Supported
H1	EIC → FE	.417	.139	22.645	4.759	.000	Yes
H2	FE → CR	.429	.159	26.387	5.137	.000	Yes
H3	CR → FT	.244	.072	10.834	3.291	.001	Yes
H4	FT → IA	.350	.135	21.814	4.671	.000	Yes

Note: Results significant at 95% confidence level.

Source: Compiled by the authors using SPSS results

4.4. Testing of Hypotheses. The regression results presented in Table 6 test four hypotheses regarding the relationships between different constructs related to influencer content. All hypotheses (H1 to H4) are supported, as indicated by the significant p-values (all .000 or .001) and positive Beta coefficients. Hypothesis H1 (EIC → FE) shows a Beta coefficient of .417, R² of .139, and a t-value of 4.759, indicating a significant positive relationship between exposure to influencer content and follower engagement. Hypothesis H2 (FE → CR) demonstrates a Beta coefficient of .429, R² of .159, and a t-value of 5.137, suggesting a strong positive relationship between follower engagement and the credibility of the influencer. Hypothesis H3 (CR → FT) has a Beta coefficient of .244, R² of .072, and a t-value of 3.291, showing a significant but weaker positive relationship between the credibility of the influencer and follower trust. Hypothesis H4 (FT → IA) reveals a Beta coefficient of .350, R² of .135, and a t-value of 4.671, indicating a significant positive relationship between follower trust and investor attitude. All results are significant at the 95% confidence level, confirming the robustness of these relationships.

4.5. Mediation Analysis. Table 7 exhibits the mediation analysis carried out and its results. The mediation analysis examined the relationship between Follower Trust (FT), Perceived Risk (PR), and Investor Attitude (IA) to test H5 (H5). The total effect of FT on IA was significant

TABLE 7. *Mediation Results*

Relationship	Total Effect	Direct Effect	Indirect Effect	LL	UL	T-statistics	Result
H5: FT $\rightarrow$ PR $\rightarrow$ IA	.3496 (.000)	.2774 (.0003)	.0723 (.000)	.0149	.1504	2.065	Partial mediation

Note: FT = Follower Trust, PR = Perceived Risk, IA = Investor Attitude, LL = Lower Limit, UL = Upper Limit. Results significant at 95% confidence level.

Source: Compiled by the authors using SPSS results

(0.3496, $p < 0.001$), indicating a positive relationship. However, when accounting for the mediating role of PR, the results showed a significant direct effect of FT on IA ($\beta=0.2774$, $p=0.0003$) as well as a significant indirect effect through PR ($\beta=0.0723$). The confidence interval for the indirect effect (0.0149 to 0.1504) did not include zero, and the t-statistic (2.065) exceeded the critical value of 1.96 at a 95% confidence level. These findings suggest that PR partially mediates the relationship between FT and IA, supporting H5. While FT directly influences IA, part of its effect is also transmitted indirectly through PR. Therefore, the analysis concludes that PR acts as a partial mediator in the relationship between Follower Trust and Investor Attitude.

5. DISCUSSION

This study investigated the impact of social media influencers on investors' attitudes and perceived risk towards investment decisions. The results provide significant insights into the mechanisms through which influencer content affects investor behavior in the digital age.

Impact of Influencer Content on Follower Engagement. The results demonstrate that higher exposure to influencer content is significantly associated with increased follower engagement ($\beta = .417$, $p < .001$). This supports the hypothesis (H1) that influencers who regularly post content related to investments can captivate and engage their followers more effectively. This aligns with previous studies by Djafarova and Rushworth (2017) and Lou and Yuan (2019), which showed that consistent influencer activity positively impacts follower engagement and behavior. The ability of influencers to break down complex financial information into more digestible content likely contributes to this heightened engagement, making financial topics more accessible and appealing to a broader audience. The moderate strength of the relationship ($R^2 = .139$) indicates that while exposure is important, other factors also contribute to engagement levels.

Follower Engagement Enhances Influencer Credibility. The strong support for H2 ($\beta = .429$, $p < .001$) confirms that higher follower engagement is associated with greater perceived influencer credibility. This finding corroborates the work of Casaló, Flavián, and Ibáñez-Sánchez (2020) and Chung and Cho (2017), suggesting that engagement metrics serve as social proof of an influencer's expertise and trustworthiness. For financial influencers, this highlights the importance of not just creating content, but actively fostering interaction with their audience through comments, likes, and shares, as it is evident that high levels of engagement not only reflect the influencer's popularity but also contribute to their perceived expertise and trustworthiness. Thus, influencers who foster interactive communities are likely to be viewed as more credible sources of financial advice, thereby strengthening their persuasive power over investment decisions. However, the relationship's moderate strength ($R^2 = .159$) suggests that credibility may also be influenced by other factors.

Influencer Credibility and Follower Trust. The study supports the assertion that higher influencer credibility is associated with increased follower trust (H3: $\beta = .244$, $p = .001$). This supports the source credibility theory proposed by Hovland et al. (1953) and Ohanian (1990), which emphasizes the importance of perceived expertise and trustworthiness in persuasive communication. Trust is a fundamental component in financial decision-making, as shown

by Guiso, Sapienza, and Zingales (2008), and the credibility of influencers plays a crucial role in fostering this trust. The finding of this study aligns with Yuan and Lou’s (2020) research on the impact of credible influencers on investment intentions. However, the relatively weak relationship ($R^2 = .072$) suggests that trust-building in financial matters is complex and may require more than perceived credibility alone.

Trust and Positive Investor Attitudes. The positive relationship between follower trust and investor attitudes towards influencer-promoted investments (H4: $\beta = .350, p < .001$) underscores the importance of trust in shaping investment behaviors. This finding is consistent with previous research by Alyousif and Kalenkoski (2017) and Kim and Kim (2022), highlighting how trust in influencers can lead to more positive attitudes towards the investments they endorse, suggesting that influencers can effectively sway investor perceptions and decisions. However, the moderate strength of this relationship ($R^2 = .135$) suggests that while trust is crucial, investors still consider other factors when forming attitudes towards investments. This finding has important implications for both influencers and regulators, emphasizing the need for responsible content creation and potentially stricter disclosure requirements.

Mediating Role of Perceived Risk. The mediation analysis revealed that perceived risk partially mediates the relationship between follower trust and investor attitudes (H5). The significant direct effect ($\beta = .2774, p = .0003$) and indirect effect through perceived risk ($\beta = .0723, p < .001$) highlights the dual pathways through which trust influences investor attitudes—both directly and indirectly by altering perceived risk. This finding aligns with the findings of Zhou et al. (2012) and Xu and Pratt (2018), who emphasized the importance of risk perception in financial decision-making. The partial mediation effect suggests that while influencers can mitigate perceived risks through credible endorsements, they cannot eliminate these risks entirely. Investors’ risk perceptions continue to play a critical role in their decision-making processes.

Long-term Implications of Influencer-driven Investments. Over-reliance on influencer advice may have significant long-term implications for portfolio performance and market stability. Herding behavior driven by influencer recommendations can create artificial market bubbles or exacerbate market volatility, potentially destabilizing financial markets. Moreover, novice investors swayed by such counsel may implement precarious or insufficiently diversified investment strategies, endangering their long-term financial stability. These dangers underscore the necessity of regulatory supervision, encompassing strategies to oversee influencer conduct and mandate transparency in financial guidance.

6. IMPLICATIONS

This study provides theoretical and practical implications for both investors and influencers.

6.1. Theoretical Implications. This study contributes to the understanding of social media influencers’ impact on investor behavior by extending Source Credibility Theory and Parasocial Interaction Theory. It provides empirical support for digital persuasion and financial decision-making theories, confirming that greater exposure to influencer content boosts engagement, credibility, and trust. The study extends Source Credibility Theory to the digital landscape, where engagement metrics like likes, comments, and shares serve as indicators of an influencer’s competence and trustworthiness (Casaló, Flavián, and Ibáñez-Sánchez 2020). This demonstrates that engagement interactions are a modern measure of source credibility, influencing investor trust and decision-making, and highlights how these interactions are shaped by online personalities rather than conventional media sources.

Also, the parasocial interaction theory posits that individuals who consume media have one-sided connections with media personalities, which in turn might impact their attitudes and behaviours (Horton and Wohl 1956). The findings of our research exhibit that the trust formed through parasocial interactions with influencers has a substantial impact on investment

decisions. This adds a fresh perspective to our knowledge of investor psychology in the digital era (Chung and Cho 2017; Yuan and Lou 2020). It is crucial to take into account emotional and relational aspects while examining financial decision-making in the setting of social media.

The findings of the mediation analysis reveal a partial mediation effect of perceived risk between trust and investor attitude. Apparently, trust leads to more positive investor attitude and it also heightens the awareness of risks associated with investments. This behaviour indicates that trust in influencers does not merely act as a direct pathway to positive investment decisions but also involves a critical evaluation of potential risks, aligning with the broader framework of risk perception in financial behavior (Zhou et al. 2012; Breves et al. 2019). Therefore, the research findings contribute to the current knowledge and understanding of digital engagement by showing how the attributes of influencer content such as authenticity and credibility lead to the trust and financial actions.

6.2. Practical Implications.

6.2.1. Implications for Investors. The findings of this study hold significant implications for investors. Financial influencers can shape investment decisions, but investors must critically evaluate their advice to mitigate risks. It's about expanding beyond influencer material to have a complete understanding of the financial world. Additionally, investors should dedicate time to acquiring financial literacy, focusing on market fundamentals, risk management, and investment strategies. Authenticating influencers' credentials, including their educational background, certifications, and track record, is vital to assess their credibility.

Ethical challenges, such as potential conflicts of interest and unregulated financial advice, further underscore the need for vigilance. Influencers may promote products for personal gain without full disclosure, eroding trust and amplifying risks. Investors should actively verify the transparency of recommendations and seek diverse perspectives through community discussions. Regulatory measures, such as mandatory disclosure of sponsorships and professional credentials, could enhance trust and create a more responsible investment environment.

Finally, investors should assess their risk tolerance and implement strategies to control risk, such as limiting their investments and using stop-loss orders. Investors can better navigate influencer-driven financial advice and make decisions that align with their long-term financial goals if they stay informed and use discernment.

6.2.2. Implications for Influencers. For influencers, particularly in the domain of finance, the study emphasizes the substantial responsibility they carry in shaping investment decisions of their followers. The findings point out that influencers' credibility and the trust built by them are pivotal in influencing investor attitudes and perceived risks. It is, therefore suggested that high ethical standards and transparency to be maintained while giving out recommendations. Influencers must adhere to standards and norms set by governing bodies to provide balanced and well-researched content. They must clearly explain the potential rewards and the extent of risk associated with the endorsed investment opportunity. Influencers can enhance their credibility by engaging followers in meaningful ways, such as through interactive content and responding to queries. Moreover, they must consider partnership with industry and financial experts to conduct webinars and certification course which provides more value to their followers. By doing so, they develop a responsible investment culture and it results in more financial literacy among their followers, ultimately enhancing their reputation, follower engagement, building trust and influence in the overall financial community.

7. SCOPE FOR FUTURE RESEARCH AND CONCLUSION

Future research could focus on the following key areas. First, more longitudinal research could be conducive to establish the effects of influencer-driven investment decisions on portfolio performance and investor satisfaction in the long run. Second, A qualitative content analysis of successful financial influencers could reveal certain features that help increase engagement

and trust, thus improving the knowledge of effective financial communication. Third, exploring FOMO and confirmation bias and how these psychological factors are connected to influencer trust could provide a more nuanced understanding of the investors' behaviour in the digital age. Fourth, financial literacy, age, and investing experience may moderate influencer trust, perceived risk, and investor attitudes. Future study should incorporate these characteristics. Addressing these factors would provide a more comprehensive understanding of the complex dynamics in influencer-driven investment behavior. Finally, analysing the ethical issues of financial influencer marketing, such as the conflict of interest and effects on the susceptible investors, is essential in establishing the policies as well as the best practices. These research directions would greatly extend the knowledge about social media influencers and their impact on the investment decisions, and can potentially contribute to the development of the more ethical practices in the constantly growing field of the digital finance.

The significant impact of social media influencers on investment decisions highlights the major shift in the way financial advice is shared and perceived. This research elucidates the complex interactions between influencer content, credibility, and trust in shaping investor attitudes and perceived risk. Importantly, it highlights the dual pathways through which trust influences investor behaviour—both directly and indirectly by altering risk perceptions. The study's findings have practical implications that go beyond mere academic interest. Investors must prudently navigate this ever-changing landscape, make sure to exercise heightened scrutiny. It is crucial to strike a balance between trusting influencers and conducting thorough due diligence, while also relying on an extensive range of information sources. Meanwhile, influencers have a significant ethical duty to offer transparent, well-researched, and balanced content, promoting a culture of responsible investment advice.

It is clear that there are both benefits and drawbacks of integrating social media into the process of making financial decisions. Currently, there is a great potential in influencers to increase the availability of financial knowledge, but this process should be accompanied by constant monitoring by the authorities to avoid excessive risk for investors. Therefore, it is crucial to constantly assess and adjust the application of best practices because of the nature of the relationship between digital impact and financial performance. Thus, this research contributes not only to the theoretical development of the field of digital persuasion and financial decisions but also highlights the importance of investors and influencers being responsible in the ever-changing realm of digital finance.

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APPENDIX A: HIERARCHICAL REGRESSION RESULTS

Hierarchical Regression Results

Model	Predictors	R^2	ΔR^2	F Change	β (Standardized)	p-value
Block 1	Gender, Age, Investment Exp.	0.010	—	0.465	—	0.707
Block 2	FT, PR	0.210	0.200	17.219	FT = 0.295, PR = 0.264, Gender = -0.007, Age = 0.042, Investment Exp. = 0.055	FT = 0.000, PR = 0.001, Gender = 0.927, Age = 0.675, Inv. Exp. = 0.579

Note: FT = Follower Trust, PR = Perceived Risk, IA = Investor Attitude

APPENDIX B: INSTRUCTIONS FOR PARTICIPANTS

Thank you for participating in this survey. Your responses will help us better understand the role of financial influencers in investment decisions. The questionnaire consists of two main sections:

- **Demographic Information:** This section collects basic information about you.
- **Scale Items:** This section includes statements about your exposure to, engagement with, and perceptions of financial influencers.

Please answer all questions honestly and to the best of your ability. Your responses will remain confidential and will only be used for research purposes.

Section A: Demographic Information.

- (1) Please indicate your age group:
 - 18–24
 - 25–34
 - 35–44
 - 45–54
 - 55–64
 - 65 or older
- (2) Please specify your gender:
 - Male
 - Female
- (3) Please indicate the highest level of education you have completed:
 - High school or equivalent
 - Bachelor's degree
 - Master's degree
 - Doctoral degree
 - Professional degree
- (4) Please indicate your annual income range:
 - Less than Rs. 2,50,000
 - Rs. 2,50,000 – Rs. 4,99,999
 - Rs. 5,00,000 – Rs. 7,49,999
 - Rs. 7,50,000 – Rs. 9,99,999
 - Rs. 10,00,000 – Rs. 12,49,999
 - Rs. 12,50,000 or more
- (5) Please specify your current employment status:
 - Employed full-time

- Employed part-time
 - Self-employed
 - Unemployed
 - Student
 - Retired
- (6) How long have you been actively investing?
- Less than 1 year
 - 1–3 years
 - 4–6 years
 - 7–10 years
 - More than 10 years
- (7) On average, how many hours per week do you spend consuming financial influencer content?
- Less than 1 hour
 - 1–3 hours
 - 4–6 hours
 - 7–10 hours
 - More than 10 hours

Section B: Scale Items. Please indicate your level of agreement or disagreement with each statement using the following scale:

= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

1. Exposure to Influencer Content

- I actively follow multiple financial influencers on social media.
- I frequently watch, read, or listen to investment-related content from financial influencers.
- I encounter financial influencer content across different platforms multiple times a week.
- I seek out financial influencer content to stay informed about investment trends.

2. Follower Engagement

- Financial influencers create content that encourages me to like, share, or comment.
- Financial influencers host discussions, Q&A sessions, or live streams that I actively participate in.
- Financial influencers post polls, surveys, or challenges that I engage with.

3. Influencer Credibility

- Financial influencers are knowledgeable about investment trends.
- I find the advice from financial influencers to be well-researched.
- Financial influencers are transparent about financial interests and biases.

4. Follower Trust

- I trust investment recommendations provided by financial influencers.
- I am confident they provide accurate and honest information.
- I rely on their insights when evaluating investments.

5. Perceived Risk

- I believe influencer-recommended investments involve reasonable risk.
- I am cautious about the potential risks.
- I assess risks before following influencer advice.

6. Investor Attitudes Towards Investment Decisions

- I feel more confident making investment decisions after viewing influencer content.
- Influencer recommendations help me discover investment opportunities.
- I consider influencer insights important for shaping strategies.