



Impact of Financial Influencers (Finfluencers) on Retail Investors' Trading Decisions: An Empirical Study from Bengaluru

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ABSTRACT

Retail investors now get a good deal of their financial information from social media, where financial influencers (finfluencers) talk about investing, comment on markets and share trading ideas. Their content and intentions are not all the same. This paper looks at how finfluencer credibility, trust in the finfluencer, social media engagement and financial literacy relate to the trading decisions of retail investors (individuals who trade in financial markets) in Bengaluru. Primary data were obtained through a structured questionnaire that included items based on five-point Likert scale. The analysis involved exploratory factor analysis, reliability test, descriptive statistics, Pearson correlation and multiple linear regression analysis. The data were suitable for factor analysis, and all five constructs showed high reliability. All four predictors had a positive and significant relationship with the trading decisions. The regression model was significant and explained a large share of the variance in the trading decisions. Financial literacy had the largest standardised effect, followed by social media engagement, finfluencer credibility and trust in the finfluencer, so all four hypotheses were supported. This is an association within the sample and should not be misconstrued as causation.

Keywords: Finfluencers, Retail Investors, Trading Decisions, Source Credibility, Social Media Interactions, Financial Literacy

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1.INTRODUCTION

The emergence of social media has revolutionized how retail investors access and comprehend financial information. On YouTube, Instagram, X, Facebook and LinkedIn, investment content spreads fast and reaches people who may never have spoken to a traditional financial adviser. The people who post investment tips, market views, personal finance lessons and trading ideas on these platforms are known as financial influencers, or finfluencers.

Finfluencers often explain money topics in simple language, comment on what is happening in the market, compare investment products and talk about their own experience as investors. For younger people in particular, this can make finance easier to approach. The quality of what is posted online is uneven, though, so investors have to judge how credible the source is and how reliable the information is (Ki and Kim, 2019; Lou and Yuan, 2019). Experimental evidence shows that investors rely on low-quality social media advice even when they believe they should not (Kadous, Mercer and Zhou, 2024), and a content analysis of leading finfluencers found that most have no formal finance education or certification (Hasanah et al., 2025).



A trading decision covers whether to buy, sell or hold a security, and when and how much to trade. Many things shape it, including the investor's goals, knowledge, tolerance for risk, expectations about the market and the information at hand. Seeing the same opinions again and again on social media can change how much attention investors pay, how confident they feel and how willing they are to trade (Antweiler and Frank, 2004; Bollen, Mao and Zeng, 2011).

There are four variables that are significant in this context. Finfluencer credibility refers to the expertness and trustworthiness of the content creator. Trust is the readiness to depend on the content creator and his/her information. Social media engagement includes watching, liking, commenting on, sharing and discussing financial content. Financial literacy is the knowledge and skill needed to understand financial concepts and weigh investment choices (Lusardi and Mitchell, 2014; Van Rooij, Lusardi and Alessie, 2011). Studies usually treat these in separate streams, and very little evidence looks at them together in relation to retail investors' trading decisions, especially in an Indian city. Indian studies of finfluencers do exist, but several rely on relatively small samples of 150 to 223 respondents (Joseph, 2026; Singh and Ali, 2023).

This is a relevant topic for a number of different groups. The retail investor learns to evaluate financial material on its own merits rather than based on its popularity or confidence in its delivery. The financial educator understands the importance of financial literacy in relation to exposure to financial material on the internet, as well as the components of a possible investor education program. Finfluencers understand the impact that credibility and trust have on the audience. Researchers get an integrated framework and a local empirical setting that later studies can build on with other samples.

The study has three objectives: to identify the main dimensions of finfluencer credibility that relate to retail investors' trading decisions, to examine how finfluencer credibility influences those decisions, and to analyse the effect of financial literacy on them. In line with the conceptual framework, the model also includes trust in finfluencers and social media engagement as predictors. The remainder of the paper will provide an overview of the literature and formulate the hypotheses, discuss methodology, present the results, and finally the discussion and conclusion.

In short, the study looks at how finfluencer credibility, trust in finfluencers, social media engagement and financial literacy are associated with the trading decisions of retail investors in Bengaluru, Karnataka. It is guided by three questions: (RQ1) how are these four factors associated with trading decisions, (RQ2) which of them has the strongest statistical association, and (RQ3) is financial literacy significantly associated with trading decisions. The results describe relationships in the collected sample and are not evidence of causation.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This section covers research on influencer credibility, online engagement, financial literacy, investor behaviour and the use of digital information in financial markets. It is organised by theme and does not take each construct on its own: it moves through influencer credibility and trust, social media and market information, financial literacy and investment decisions, and the behavioural side of trading. The aim is to build a conceptual basis for the study and to explain why these variables are examined together.

2.1 Finfluencer Credibility

Finfluencers are online creators who talk about personal finance, investing, trading, saving or financial products. Financial communication is not quite the same as product promotion. Investment decisions carry uncertainty and the chance of loss, and an audience may take a confident opinion as a forecast. Lou and Yuan (2019) found that message value and source credibility are linked to consumer trust in branded influencer content, and Ki and Kim (2019) examined how social media influencers influence customers. Neither study addresses financial advice directly, but both reveal the importance of the characteristics of the communicator in digital communication.

In financial content, credibility can include perceived expertise, honesty, accuracy and transparency. Popularity does not necessarily imply expertise, and expertise may not always result in a clear explanation to the audience. Credibility, in this study, will be measured from the perspective of the respondents.



Survey evidence from India points the same way. Sherene and Subramanian (2024) found that perceived finfluencer credibility (trustworthiness, goodwill and expertise) was positively associated with the investment choices of social media users in Chennai, and Singh and Ali (2023) report that credibility and authenticity were key determinants of Gen Z investors' perceptions in Delhi.

Source Credibility Theory provides a theoretical basis for this discussion. The theory postulates that the reaction to a message will be affected by how individuals perceive the messenger, and expertise and trustworthiness are the two variables normally identified. Expertise refers to whether the creator appears knowledgeable regarding financial matters while trustworthiness refers to whether the creator is trustworthy and credible. It also helps to separate education, entertainment, promotion and personalised advice, since an audience may hear a confident remark about a stock or asset as a forecast even when the creator is only giving an opinion. The research does not qualify or disqualify any individual. Instead, it focuses on what is being perceived and the relationship between those perceptions and trading activities.

H1: Finfluencer Credibility has a significant effect on Retail Investors' Trading Decisions

2.2 Trust in Finfluencers

Trust refers to confidence in relying on a source despite uncertainty. Many investors use trust as an heuristic approach since it is impossible to verify all information. Trust can be affected by such factors as consistency, comprehensibility, expertise, and interest disclosure (Lou and Yuan, 2019). Trust is linked to credibility, but the two terms are not equivalent. Credibility is an assessment of the source, while trust is about how far a person is ready to depend on it, so an investor may think a finfluencer is knowledgeable and still not act on the recommendations. For this reason trust is treated as a separate predictor.

Looking at trust and information adoption, it is possible for trust to reduce uncertainty in the evaluation of information provided by an individual or computerized source. In finance, trust may determine if the investor notices the advice, finds it pertinent, or adopts it in his/her decision-making process. It is, however, just a perception. It may not match the quality of the information, and it is no proof that a recommendation is objective. Keeping trust as its own predictor lets the analysis check whether it is associated with trading decisions once the other constructs in the regression model are accounted for.

Bhatti et al. (2026) used PLS-SEM on 300 retail investors in Pakistan and found that finfluencer influence was associated with higher social media trust, which in turn was associated with investment decisions. Harshitha et al. (2026) report that respondents who had followed a creator for longer rated that creator's credibility higher, which they interpret as parasocial trust.

H2: Trust in Finfluencers significantly influences Retail Investors' Trading Decisions.

2.3 Social Media Engagement

Social media engagement is the actions and interactions associated with digital content including watching an entire video clip, commenting on a piece of content, bookmarking and/or sharing of content and talking about stocks or market trends. Antweiler and Frank (2004) analysed internet stock message boards and found that online discussion is related to market information and activity, and Bollen, Mao and Zeng (2011) tested whether Twitter mood was associated with stock market indicators. But message boards and early Twitter are not the same as today's finfluencer channels, and an association does not make every online opinion reliable.

Oberlechner and Hocking (2004) studied information sources and news and rumour propagation in foreign exchange markets, while Shiller (2015) discussed how narratives and psychology of investors could play a part in such movements. Online creators can make such narratives more visible, and signals like likes and shares may lead some investors to treat an opportunity as worth a look.

More recent work looks at finfluencers directly. Black (2026) found that retail buying rose by about 3.4% an hour after a YouTube finfluencer published a video mentioning a stock, and Hull and Qi (n.d.), using an onboarding rule as a source of quasi-random variation in whom investors follow, found that following a finfluencer raised portfolio overlap and trading activity. Neither study detected return gains, and Kirschbaum et al. (2026) report that Instagram stock recommendations underperformed a global benchmark over three years. In India, Guru et al. (2026) link finfluencer endorsements to higher IPO underpricing.



The theory of social influence states that individuals could be influenced by the views, actions, or reaction of other individuals. Financial posts have comments, likes, and shares which indicate their popularity, and some investors may consider this as confirmation that the investment opportunity is worth consideration, especially if they do not have sufficient time and experience. In this case, engagement is considered as a construct measured at the individual level, where the study seeks to establish whether high engagement with financial information is associated with trading behavior of the respondents.

H3: Social Media Engagement significantly influences Retail Investors' Trading Decisions.

2.4 Financial Literacy

Financial literacy enables individuals to comprehend financial concepts and make decisions on risk and reward considerations. Lusardi and Mitchell (2014) explained the economic significance of financial literacy in financial decision-making, while Van Rooij et al. (2011) linked financial literacy with stock market participation. Participation is not the same as deciding well, however. Financial knowledge is one resource for an investor but does not remove market uncertainty, and investment choices can still be affected by behavioural biases (Kumar and Goyal, 2015). The use of finfluencer content could enable investors to rely on literacy in asking whether there is evidence for any claims, whether risks are well described, and whether information serves their needs.

Findings on literacy in finfluencer settings are mixed. Rijanto and Utami (2024) found that financial literacy did not moderate the effect of social media influencers on cryptocurrency investment decisions among young Indonesian investors, while Sherene and Subramanian (2024) found that investors' literacy level was significantly associated with investment choices. Vyas et al. (2025) reported a negative association between exposure to finfluencers and financial knowledge among Gen Z in Ahmedabad, although their knowledge scale had very low reliability (Cronbach's $\alpha = 0.164$). Finfluencers themselves, in a survey of German-speaking creators, describe themselves as advocates of financial education (Mölders et al., 2025).

Another point is that of measurement. Financial literacy here is measured with questionnaire items and has to be read in light of that instrument. Perceived literacy can differ from how people score on an objective knowledge test, so the findings on literacy refer to respondents' own view of their ability to understand financial concepts and to assess investment information and risk.

H4: Financial Literacy significantly influences Retail Investors' Trading Decisions.

2.5 Behavioural Aspects of Trading

The process of trading may be influenced by confidence, fear, optimism, regret, social comparisons and the fear of missing an opportunity. Behavioral studies have shown that individuals use heuristics

when a decision-making situation is complicated or incomplete information, and Kumar and Goyal (2015) reviewed a range of behavioural biases in investment decision making. Online discussion can make the impression that lots of other investors are taking action because of the same opportunity, attracting attention and making people look for more information. This method of discussion can also make popular beliefs appear more credible than they really are. Although the current model is not about measuring the personal biases of the investors, this discussion provides reasons why the connection between the finfluencer discussion and trading decisions should be examined empirically. Survey studies in India and Pakistan link reliance on finfluencers with herding, overconfidence and fear of missing out (Ahmad et al., 2026; Joseph, 2026). Gupta and Chaudhary (2024) found in Rajasthan that social media influence was associated with risk-taking indirectly, through expected-return perception, and Rana et al. (2026), applying the elaboration likelihood model to TikTok content, found that careful processing of content rather than popularity cues was associated with risk-taking through investment intention. Content analysis adds that only 23% of 150 sampled finfluencer posts mentioned investment risk (Harshitha et al., 2026).



2.6 Research Gap and Conceptual Framework

The reviewed literature proves the relevance of the source credibility, online discussion, investor psychology and financial literacy. However, almost all of them consider only one of the above concepts separately – general influencer communication, online market discussion or financial literacy. This study fills that gap by examining finfluencer credibility, trust, social media engagement and financial literacy together as predictors of retail investors' trading decisions in a Bengaluru sample (Figure 1).

To sum up: Lou and Yuan (2019) and Ki and Kim (2019) show that credibility and persuasion matter in influencer communication, but they do not address retail investing. Antweiler and Frank Both (2004) and Bollen et al. (2011) have associated online discussions and social media sentiments to market information, but the media used by them are different from what is used now for finfluencing. Lusardi and Mitchell (2014) and Van Rooij et al. (2011) have established the importance of financial literacy and its connection to market participation, but participating in the market doesn't necessarily mean making a certain decision in it. Oberlechner and Hocking (Oberlechner and Hocking, 2004) focus on foreign-exchange traders, Shiller (2015) works at a broad conceptual level, and Kumar and Goyal (2015) is a review and not a finfluencer survey. In sum, these research findings have relevance to source credibility, online information, investor psychology, and financial literacy; however, none of these researchers have tested the entire theoretical framework proposed in this study.

Finfluencer-specific studies have since examined credibility and literacy (Sherene and Subramanian, 2024), trust (Bhatti et al., 2026), and trading responses and returns (Black, 2026; Hull and Qi, n.d.; Kirschbaum et al., 2026), but typically one aspect at a time.

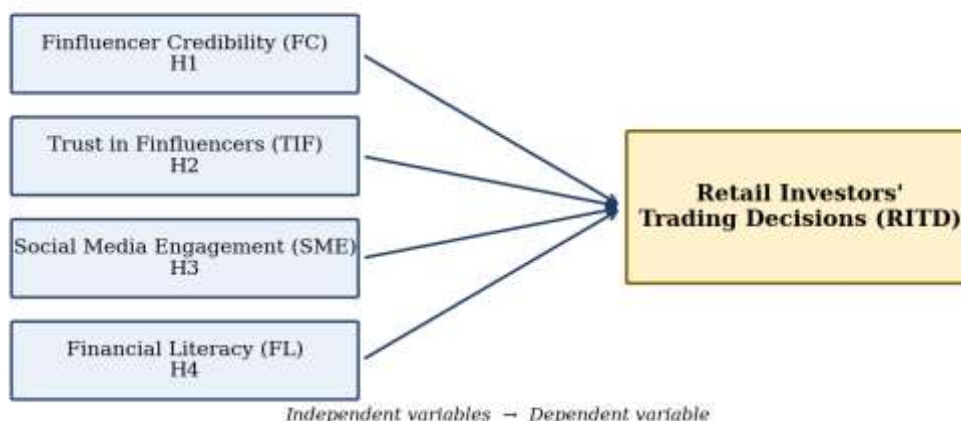


Figure 1: Conceptual Framework of the Study

3. MATERIALS AND METHODS

3.1 Research Design

The research adopted a deductive approach with a quantitative survey design. Hypotheses were formulated using the conceptual framework and tested on data obtained at one point in time using a structured questionnaire. Since the research design adopted is cross-sectional in nature, causality cannot be established, and therefore the significant relationships presented below are termed associations in the fitted model.

3.2 Population and Sampling

The target population consisted of retail investors in Bengaluru, Karnataka who use social media and encounter investment-related material through them. A total of 386 valid responses were obtained and analysed. There is no trace in records of whether probability or non-probability sampling technique was applied, and thus



sampling bias could have occurred leading to more socially active or finance knowledgeable individuals being over-represented.

3.3 Questionnaire and Measurement

The questionnaire contained demographic questions as well as statement questions to which the participants indicated their degree of agreement on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Higher scores indicated positive attitudes for all constructs, and there was no reverse coding of the items. The constructs and their functions are presented in Table 1.

Table 1: Constructs and Their Roles in the Research Model

Construct	Code	Role
Finfluencer Credibility	FC	Independent variable
Trust in Finfluencers	TIF	Independent variable
Social Media Engagement	SME	Independent variable
Financial Literacy	FL	Independent variable
Retail Investors' Trading Decisions	RITD	Dependent variable

3.4 Data Analysis

An exploratory factor analysis (EFA) was performed to determine factorability by performing the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. Factor loadings were obtained in the process. Internal consistency was determined using Cronbach's alpha. Descriptive statistics, Pearson correlation and multiple linear regression were performed after the above tests. Regression analysis was performed using the following model: $RITD = \beta_0 + \beta_1(FC) + \beta_2(TIF) + \beta_3(SME) + \beta_4(FL) + \epsilon$. Standardized beta coefficients (β) were used for comparing the effect size of predictors on the outcome, with the acceptance of a hypothesis where coefficient is positive and $p < 0.05$.

Each statistic has a different role. KMO indicates the sampling adequacy, while Bartlett's test determines if the correlation matrix significantly deviates from the identity matrix, and thus, if the correlations between the items can be used in factor analysis. EFA was used to explore the relation between the items and underlying constructs; however, factor loading alone cannot guarantee that an item measures a construct. Cronbach's alpha is used to assess the internal consistency of items measuring the same construct; a value close to 1 indicates high consistency. However, alpha may also be increased by the number of questions and by redundant questions. Pearson correlation coefficient indicates the strength and direction of the linear relationship between two numeric variables from -1 to $+1$. In multiple linear regression analysis, the relationships between one dependent variable and a set of independent variables are analyzed simultaneously; thus, the unique relationship of each predictor can be analyzed while holding other predictors constant.

3.5 Ethical Issues

Survey research should respect voluntary participation and confidentiality of respondents. Respondents should be informed about the purpose of the survey, they should not be guided towards certain responses and identifiers should not be collected unless it is absolutely necessary and safe. This paper presents only aggregated statistics.

4.RESULTS

4.1 Respondent Profile

Our sample was relatively young, as 292 respondents (75.6%) were aged 18-25, and 87 (22.5%) respondents were aged 26-35 (Table 2). As for gender, 56.2% of our respondents were men, 42.5% were women, and 1.3% were uninterested in answering this question. Most frequent primary sources of financial information were Instagram (35.5%) and YouTube (29.5%).



Table 2: Respondent Profile (N = 386)

Variable	Category	n	%
Age Group	Below 18	5	1.3
	18–25	292	75.6
	26–35	87	22.5
	36–45	2	0.5
Gender	Male	217	56.2
	Female	164	42.5
	Prefer Not to Say	5	1.3
Primary Platform	Instagram	137	35.5
	YouTube	114	29.5
	Facebook	56	14.5
	X/Twitter	33	8.5
	Other	21	5.4
	LinkedIn	20	5.2
	Reddit	5	1.3

4.2 Factorability and Factor Loadings

KMO measure was 0.978, indicating good sampling adequacy, while the result of the Bartlett's test was significant, $\chi^2(861) = 12122.7$, $p < 0.0001$, implying that the correlation matrix is not the identity matrix. Hence, the data was appropriate for conducting exploratory factor analysis. Loading ranges varied for each construct (see Table 3). Some of the items had low loadings, while others had loadings of 0.45 or higher.

Factorability checks the appropriateness of the dataset for factor analysis and does not tell about the accuracy of measurement of the items. Therefore, factors need to be interpreted considering the meanings of the items, theory of the constructs, cross loadings, and other aspects. Range of loading values alone cannot reveal which items load on which factor.

Table 3: Sampling Adequacy and Factor Loading Ranges

Test / Construct	Reported result
Kaiser-Meyer-Olkin (KMO)	0.978
Bartlett's test of sphericity	$\chi^2(861) = 12122.7$, $p < 0.0001$
Finfluencer Credibility (FC)	0.453 – 0.726
Trust in Finfluencers (TIF)	0.462 – 0.643
Social Media Engagement (SME)	0.381 – 0.670
Financial Literacy (FL)	0.369 – 0.653
Trading Decisions (RITD)	0.387 – 0.775



4.3 Reliability analysis

Cronbach's alpha exceeded 0.90 for all constructs, suggesting internal consistency. Very high alpha is due partly to item similarity or redundancy, and reliability alone does not prove validity.

Table 4: Reliability and Descriptive Statistics

Construct	Cronbach's alpha	Mean (1–5)
Finfluencer Credibility (FC)	0.906	4.32
Trust in Finfluencers (TIF)	0.911	4.31
Social Media Engagement (SME)	0.909	4.33
Financial Literacy (FL)	0.908	4.31
Trading Decisions (RITD)	0.907	4.36

All construct means are higher than the mid-point of the scale (3.00) and are clustered around 4.31 and 4.36, which implies general acceptance of statements. However, these means are close enough to each other to avoid overinterpretations. The measures are all self-reported and do not corroborate independently whether the brokerage deals take place or whether financial knowledge is assessed objectively.

The high mean for trading decisions ($M = 4.36$) implies that the majority of respondents have reported considering and acting upon the investment information according to the definition used in questionnaire items. The high mean for social media engagement ($M = 4.33$) indicates intense interaction with financial information, which is consistent with Instagram and YouTube being the top sources of information. The high financial literacy mean ($M = 4.31$) also implies high financial literacy measured via questionnaire.

4.4 Correlation Analysis

All four predictors positively correlate strongly with trading decisions (Table 5), and all four predictors' correlation with trading decisions is statistically significant ($p < 0.001$). The correlation with financial literacy is strongest ($r = 0.878$), followed by social media engagement ($r = 0.870$), finfluencer credibility ($r = 0.832$) and trust in finfluencers ($r = 0.809$).

Table 5: Pearson Correlation with Trading Decisions (RITD)

Predictor	r	Significance
Finfluencer Credibility (FC)	0.832	$p < 0.001$
Trust in Finfluencers (TIF)	0.809	$p < 0.001$
Social Media Engagement (SME)	0.870	$p < 0.001$
Financial Literacy (FL)	0.878	$p < 0.001$

4.5 Multiple Linear Regression

The regression model was statistically significant, $F(4, 381) = 413.06$, $p < 0.001$, with $R = 0.902$, $R^2 = 0.813$ and adjusted $R^2 = 0.811$. Together the four predictors accounted for 81.3% of the variance in trading decisions in this sample (Table 6).

Table 6: Regression Model Summary

Statistic	Value
R	0.902
R^2	0.813
Adjusted R^2	0.811
F statistic	$F(4, 381) = 413.06$
Model significance	$p < 0.001$



Table 7 gives the standardised coefficients and the hypothesis decisions. Each coefficient shows a predictor's association with trading decisions while the other predictors are held constant.

Table 7: Regression Coefficients and Hypothesis Testing

Hypothesis	Path	Standard. β	p-value	Decision
H1	FC $\rightarrow$ RITD	0.155	0.002	Supported
H2	TIF $\rightarrow$ RITD	0.112	0.014	Supported
H3	SME $\rightarrow$ RITD	0.261	< 0.001	Supported
H4	FL $\rightarrow$ RITD	0.416	< 0.001	Supported

Financial literacy was the most significant predictor ($\beta = 0.416$, $p < 0.001$), followed by social media involvement ($\beta = 0.261$, $p < 0.001$), credibility of influencers ($\beta = 0.155$, $p = 0.002$), and trust in influencers ($\beta = 0.112$, $p = 0.014$). All the four hypotheses, thus, have been verified and this is how RQ1 to RQ3 have been answered in the present study.

4.6 Results per Objective

Objective 1 deals with the core dimensions of influencer credibility. The findings from the EFA reveal that the questions from the survey form have suitability for factor analysis (KMO = 0.978; p-value for Bartlett's test < 0.0001). The loading range (0.453-0.726) for influencer credibility reveals the measured construct validity of credibility. Objective 2 is related to the influence of influencer credibility. The correlation of credibility with trading decisions ($r = 0.832$, $p < 0.001$) and positive regression coefficient ($\beta = 0.155$, $p = 0.002$) confirms the proposed relationship in the current context. Objective 3 focuses on financial literacy. This variable shows positive correlation with trading decisions ($r = 0.878$, $p < 0.001$) and largest standardized coefficient ($\beta = 0.416$, $p < 0.001$).

Support for this hypothesis is defined statistically from this sample and model and does not indicate that the predictors considered are the only determinants for trading decisions, nor does it guarantee replication of these associations in other populations.

5. DISCUSSION

The findings indicate that the trading decisions of retail investors, as reported by themselves, are linked to the way they perceive influencers, and their own knowledge. The positive association between the credibility predictor and trading decisions is consistent with research on influencers that emphasizes the importance of source credibility and audience's trust (Ki and Kim, 2019; Lou and Yuan, 2019). The current research applies the above general approach to the domain of finance and self-reports of trading decisions. It is also in line with South Asian survey evidence linking credibility and trust to investment choices (Bhatti et al., 2026; Sherene and Subramanian, 2024).

The second largest predictor was social media engagement which is consistent with the research that views discussion online as an information channel (Antweiler and Frank, 2004; Bollen, Mao and Zeng, 2011). However, social media engagement can be associated with learning, entertainment, curiosity, and even social interaction, but not necessarily informative value of particular messages or sentiments expressed therein.

Financial literacy had the highest coefficient, consistent with broader research findings on financial knowledge and investment behavior (Lusardi and Mitchell, 2014; Van Rooij, Lusardi and Alessie, 2011). An interpretation of this is that investors who know about risk, diversification, and market basics are better equipped to assess information they come across on the Internet. This study, however, did not explore the workings of literacy. The result differs from Rijanto and Utami (2024), who found no moderating role for literacy, but their outcome (cryptocurrency decisions), model and market differ from those used here.

The trust coefficient was the lowest among all variables considered here but still significant. Trust means readiness to believe a source and should be distinguished from the accuracy of recommendations. The low



coefficient of trust, even controlling for other variables, shows that trust is largely redundant when correlated with credibility, engagement, and literacy, themselves highly correlated.

Different studies use different samples, variables, and time frames, so the results presented here add to the existing research rather than replicate it.

The explained variance here ($R^2 = 0.813$) is much higher than in comparable survey studies, for example an R^2 of 0.494 in a Bangalore sample of 150 (Joseph, 2026) and R^2 values of 0.05 to 0.10 in a TikTok study in Bangladesh (Rana et al., 2026). Given the very high intercorrelations and uniformly high means noted under the limitations, this figure should be read as a sign of shared variance, and possibly common-method effects, not as predictive power. Market-based studies also suggest that attention to influencers and higher trading activity do not necessarily bring better outcomes (Black, 2026; Hull and Qi, n.d.; Kirschbaum et al., 2026).

However, when considering both the bivariate and multivariate results in combination, there is a significant distinction made. Financial literacy and social media engagement emerged to have the highest coefficients in the correlation analysis, whereas credibility and trust come second. The regression analysis ranks the predictors in the same way, although the coefficients for credibility and trust decrease significantly once the other factors are controlled for. Their impact on trading decisions, therefore, appears to overlap with engagement and literacy to a considerable extent. Another important thing to mention is that even engagement on its own does not guarantee the accuracy of the content and appropriateness of the trading decision. Additionally, the cross-sectional design does not allow establishing causality between engagement and trading decisions.

6. PRACTICAL IMPLICATIONS

The findings for retail investors serve as a warning of assessing financial information according to its validity and not its popularity or confident presentation. It entails considering the credentials of the creator and any sponsorships or financial affiliations mentioned, evaluating whether the information matches with the disclosures and credible sources, and recognizing the potential loss, volatility, fees and time horizon involved before trading. Popularity in likes and views is no proof of the suitability of an investment. CFA Institute guidance for young investors gives similar advice: look for disclosures, question credentials and check whether performance is reported in full (CFA Institute, 2024).

Financial literacy's importance in the findings suggests the incorporation of digital information assessment into investor education programs, such as detecting promotion, recognizing risks and discerning general education from personalized advice. Platform policies and creators should consider disclosures, balanced presentation of uncertainty and absence of any guarantee of returns. The above recommendations arise from the subject matter of the survey as it does not test any educational program or policy of platforms. In practice, investors are better off treating financial content as one input into their own decision and not as a replacement for personal evaluation.

They might examine the presence of sponsorship disclosures, affiliations, or any financial interest; compare the investment advice to company disclosures and the stock exchanges' data; and evaluate the content considering their own objectives and risk appetites. Education programs may facilitate this process through helping people differentiate promotional content from educational one and verify sources.

7. LIMITATIONS AND FUTURE RESEARCH

7.1 Limitations

First, the study relies on the respondents' self-reports via the questionnaires, therefore, it is vulnerable to recall bias and social desirability effect. Second, the sample is drawn from one city and is primarily composed of those aged 18-25, therefore the findings may lack generalizability. Third, the cross-sectional design prevents us from establishing directionality of the association between the frequency of engagement with online content and the trading activities of individuals. Fourth, our model does not include any variables that might moderate or mediate the associations – for instance, risk tolerance, income, past experience, personality characteristics, and market conditions. Fifth, the intercorrelation between the predictors is extremely high ($r = 0.809-0.878$), and the model explains an extremely high proportion of variance. Item level factor matrix and multicollinearity diagnostics are not included in the analysis.



The last characteristic is that the answers were highly agreeable with mean values for constructs between 4.31 and 4.36. The small spread around high mean values reduces variance and may indicate a bias towards agreeing, and thus these findings must be interpreted accordingly.

7.2 Future Research

Future research would benefit from larger multi-city samples, including a broader age distribution, longitudinal analysis to determine the causality and order of events, the inclusion of an objective assessment of the financial literacy of investors and an examination of different media, comparison of different platforms and content forms, differentiation of educational and recommended/sponsored content, additional variables like risk aversion, investment experience and biases, and qualitative interview analysis to understand why users trust specific influencers and verify their information.

8. CONCLUSION

In this study, the relationship between credibility and trust of finfluencers, social media engagement and financial literacy with trading decisions of 386 retail investors from Bengaluru has been analyzed. All four variables have shown statistically significant and positive association with trading decisions and the regression model accounted for 81.3% of variance in trading decisions, and among them, financial literacy was the strongest predictor variable followed by social media engagement, credibility and trust in finfluencers.

These results are associations in the sample and do not establish any causal relationship between these predictors and trading decisions. A fair conclusion that could be drawn from these results is that finfluencers and their content have relevance in trading decisions while financial literacy continues to be an important competency.

9. REFERENCE

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