CFA Institute

# Clicks and Credibility

## Understanding Finfluencers' Role in Investment Decisions

March 2025

# Contents

# Foreword

The financial landscape in India is changing rapidly. An economic growth significantly above the global average, coupled with fast-rising disposable income leading to an investable surplus, has reshaped investor behavior. The growing popularity of equities as an asset class, along with advancements in technology and social media, is influencing how investors approach markets, particularly younger and newer entrants. While easy access to financial advice presents opportunities, it also introduces challenges. As part of the CFA Institute's efforts to understand these shifts, this report adds to our growing body of research on the evolving relationship between digital influence, investment behavior, and challenges for market integrity.

Over the past two decades, I have had the privilege of working in the financial services industry across several distinct roles, closely observing investors navigate complex decisions in an ever-changing environment. Today's digital-first world is no exception-while it offers unprecedented access to information, it also raises pressing questions about trust, accountability, and education. This report builds on our broader initiatives, such as *Gen Z and Investing: Social Media, Crypto, FOMO, and Family*[*], and our policy recommendations for social media content, to explore how these dynamics are unfolding in India.

The findings are striking—among the 1,615 retail investors surveyed and the 51 Indian finfluencers analyzed, 82% of investors influenced by social media reported acting on the advice they received. Yet only 2% of content creators are SEBI-registered, a statistic that underscores the need for stronger regulatory oversight and informed decision-making.

What stands out in this research is the potential for social media and finfluencers to democratize access to financial information. However, with that potential, comes the responsibility of ensuring that advice shared is transparent, accurate, and ethical. Having spent years working to build trust between investors and finance professionals, I see this as a critical moment for collaboration between regulators, platforms, and content creators themselves.

I am confident that this report will serve as a useful and timely resource for policymakers, industry leaders, and investors alike, offering actionable insights to create a financial ecosystem that prioritizes integrity and empowerment. Together with all key stakeholders, including social media platforms, we can ensure that this evolving landscape benefits investors while safeguarding the trust that lies at the heart of the financial system.

Arati Porwal
Country Head – India
CFA Institute

[*]https://rpc.cfainstitute.org/sites/default/files/-/media/documents/article/industry-research/Gen_Z_and_Investing.pdf

# Executive Summary


Financial influencers or 'finfluencers' have seen a rapid rise in India. Ever since the Covid-19 pandemic, the markets are on a bull run except for a brief pause in recent months, leading to a mainstream interest in investing, because of drivers such as work-from-home resulting in more time available for investors during trading hours. As a result, financial influencers, or "finfluencers," have seen a higher acceptance and influence in recent years. SEBI defines finfluencers as individuals who provide information on financial topics such as stock investment, personal finance, banking, insurance, and real estate through social media platforms such as Instagram, Facebook, YouTube, LinkedIn, and X. While the exact number of finfluencers in India is difficult to gauge, estimates indicate that there are over 3.5 million social media influencers, with a significant portion focusing on financial content.

Financial influencers with large following on platforms like Instagram and YouTube have become a familiar presence on mobile screens, shaping the perspectives of both young and old investors.

However, much of the financial advice being dispensed by these self-styled "experts" can range from informative and helpful to downright false and even fraudulent. This has not gone unnoticed by the capital markets regulator, SEBI, which, while recognizing the need for greater financial literacy, is also aware of the misinformation and misleading advice that often accompany this rising trend. There are numerous instances of investors being duped through pump-and-dump schemes, the concealment of important terms and conditions in financial products such as insurance, or the promotion of high-risk investments without appropriate disclosures.

Over the past year, SEBI has taken several steps, including mandating registration and introducing strict guidelines governing the use and conduct of financial influencers. In addition, SEBI has been particularly active in enforcement, issuing orders for content removal, imposing bans, and levying hefty penalties in cases involving misconduct.

This report explores the evolving role of financial influencers ("finfluencers") in shaping retail investors' decisions, highlighting their potential, challenges, and impact. Based on comprehensive primary and secondary research, including a survey of 1,615 investors and content analysis of 51 influencers, the report reveals critical insights into retail investor behavior, content practices of finfluencers, and actionable recommendations.

# Key Insights

1. Men and slightly older individuals aged 26+ are more likely to be sole decision-makers for household investment decisions.

2. More than 4/5th of the followers (82%) of financial influencers reported making investments based on their advice, with 72% among these achieving profits.

3. While over 8% of followers reported being duped by finfluencer advice, those over the age of 40 seem to be more at risk, with 14% reporting being misled or experiencing fraud.

4. While influencers span age groups from as young as 24 years up to 55 years, most influencers are predominantly young (average age: 31 years), with 60% under 29 and a majority being male.

5. Only 2%* of influencers are SEBI-registered, yet 33% provide explicit stock recommendations. Additionally, 63% of influencers fail to adequately disclose sponsorships or financial affiliations.

6. Investors prioritize higher returns (51%), followed by risk level (39%) and past performance (37%).

7. Ease of use which includes both easy withdrawal (68%) and user-friendly interface (62%), is the top factor for investors when selecting investment platforms.

*As of March' 24.

# Key Findings

## 1 Retail Investor Demographics :

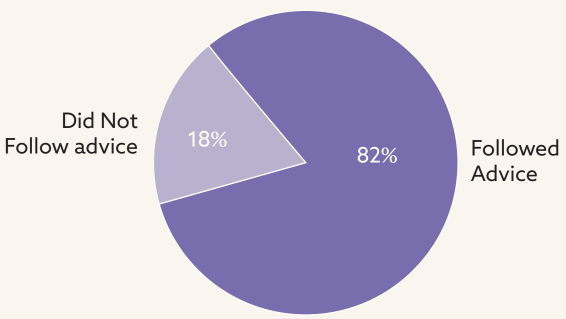
- More men and slightly older individuals aged 26+ are likely to be sole decision-makers for household investments.
- Younger investors (21–25) are more likely to invest irregularly, while 60% of individuals aged 36–40 invest monthly.

## 2 Impact of Financial Influencers :

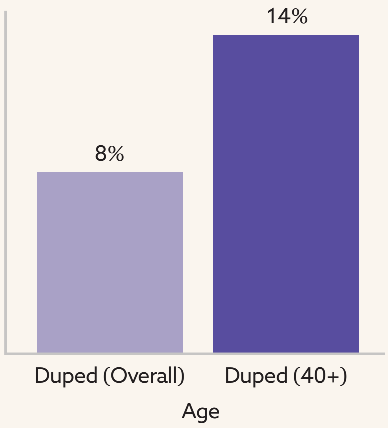
- 82% of followers of financial influencers reported making investments based on their advice, with 72% of these achieving profits. We believe this result may have been heavily influenced by recent market performance over the last few years, where broader market indices have performed well, and trends such as the superior performance of small- and mid-cap stocks compared to large caps.
- While 8% reported having been duped by finfluencer advice overall, those over the age of 40 seem to be more at risk, with 14% reporting being misled or experiencing fraud. It is possible that this low number is due to several reasons, including investors being unwilling to admit they have been cheated and the individual experiences of participants in the study.

**72% of those who invested based on an influencer's advice went on to make a profit.**
However, a significant number, primarily from the older age group, experienced fraud or were duped.

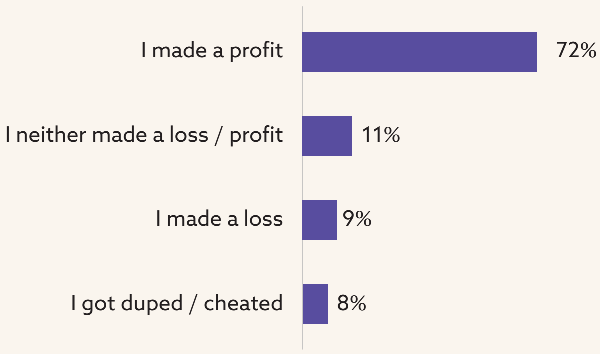
**Followers making investments based on Finfluencer's advice**




**Impact of Financial Influencer Advice on Investors**



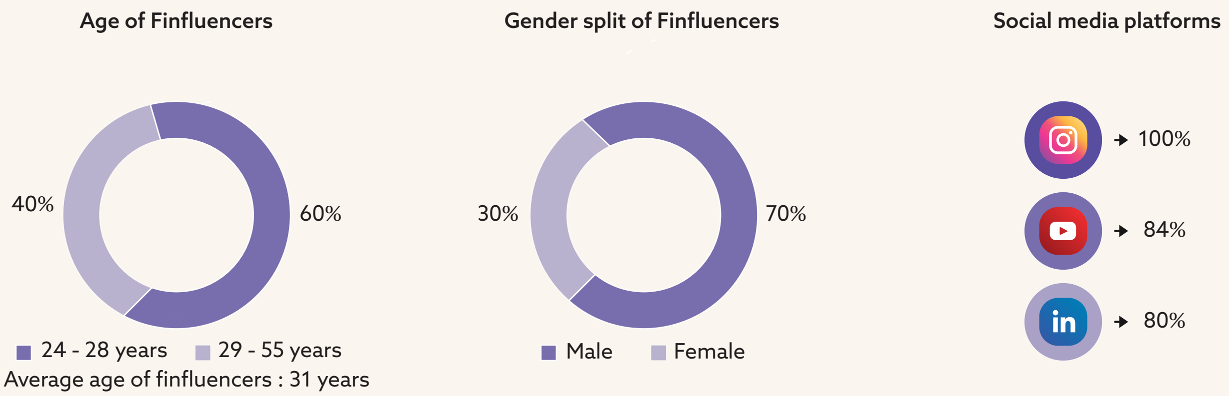

**Investment Experience** (**of those who followed advice**)



## 3 Demographics of Influencers

- While influencers span age groups from as young as 24 years, going up to 55 years, most influencers are young (average age : 31 years), with 60% under 29 and predominantly male.

**60% of the finfluencers are under 29 and are predominantly male.**
While the finfluencers maintain a presence across platforms, Instagram is the most popular social media platform, followed by YouTube.




## 4 Certifications and Background

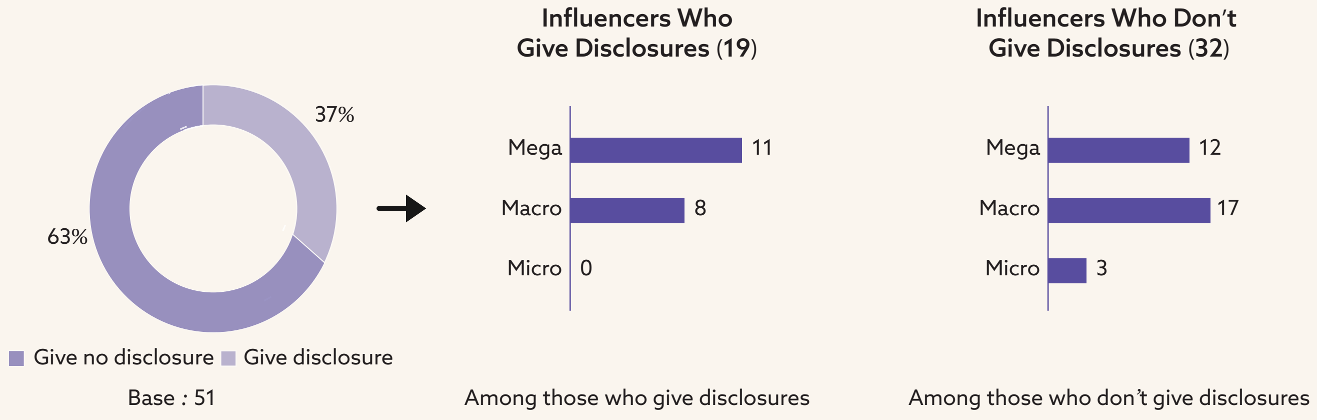
- Most of the finfluencers on a self-reported basis have some form of financial background or have a certification in the field.
- Only 2%* are SEBI-registered, yet 33% provide explicit stock recommendations. This is one of the most striking results from our study and confirms the regulator's concern that many finfluencers are dispensing financial and investment advice without authority, accountability, and in an indiscriminate manner.

## 5 Content Disclaimers and Risk Warnings

- 63% of influencers fail to disclose sponsorships or financial affiliations adequately. This is a concern and reflects poorly on whether sufficient disclosure is made regarding conflicts of interest.
- 59% have had one or more brand sponsorship / partnerships.
- 29% mention investment norms such as fees, tax implications, and lock in periods in their content.

*As of March'24.

**63% finfluencers give no disclosures regarding conflicts of interest, and among those who do, mega influencers are the highest.**




Among those who give disclosures, most specify if it sponsored / a collab / partnership only in the captions or hashtags and don't specify it in the video.

## 6 Investor Preferences

- Investors prioritize higher returns (51%), followed by risk level (39%) and past performance (37%).

**Higher returns is the top priority for investors when selecting an investment instrument, along with risk level and past performance.**

- Ease of use which includes both easy withdrawal (68%) and user-friendly interface (62%), is the top factor for investors when selecting investment platforms.

**Ease of use is seen as the top reason for investors to use online trading platforms.**

Females in particular are seen to be more influenced by UIX, customer support & recommendations; lower or no brokerage fee and influencer recommendations have a significant impact on the 36-40 age group.

### Reasons- Usage of trading apps

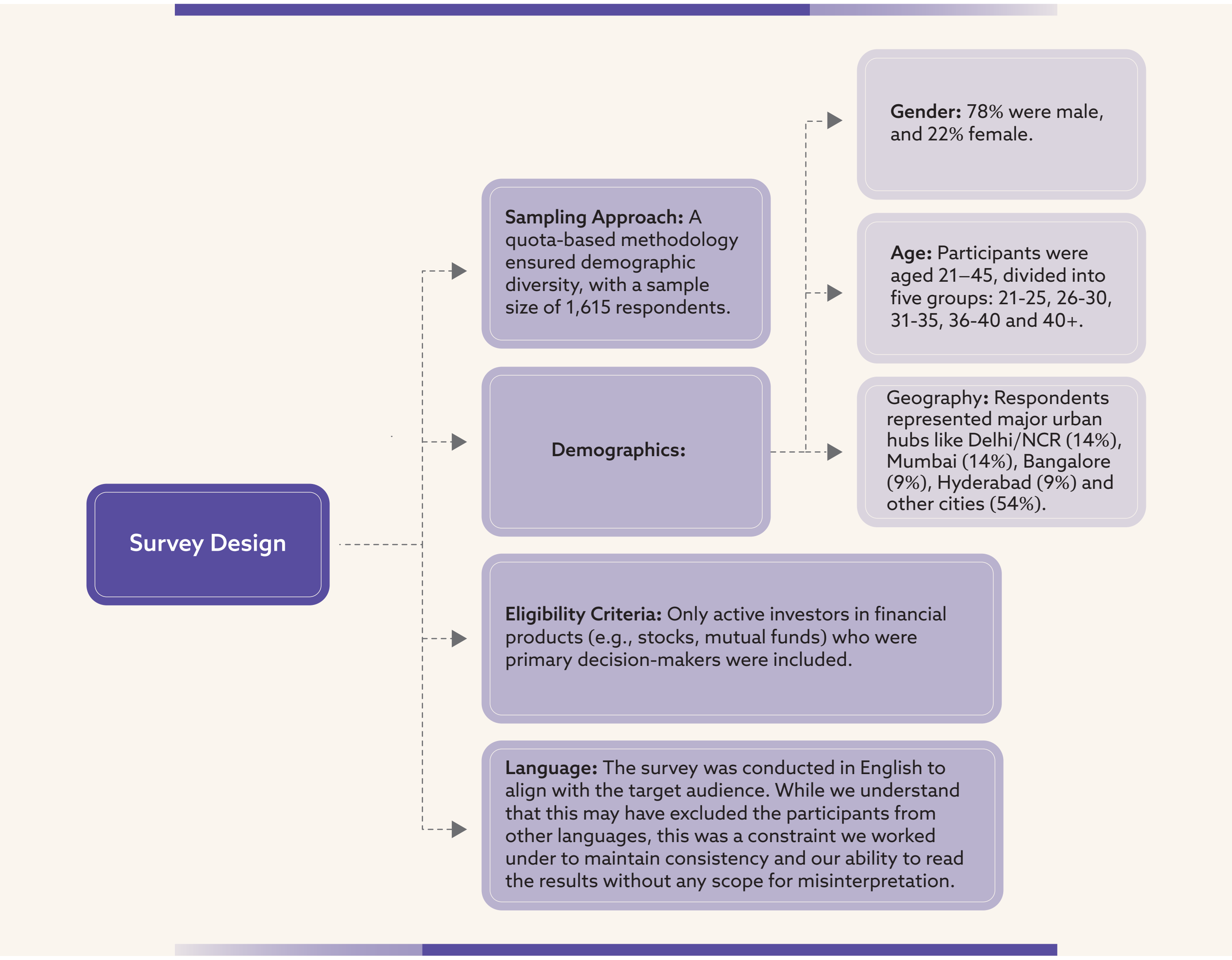

| | Gender | | Age Group | | | | | Investor Type | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | 21-25 | 26-30 | 31-35 | 36-40 | 40+ | Mostly Invest | Mostly Save | Equal |
| | A | B | C | D | E | F | G | E | F | G |
| Base | 1127 | 295 | 283 | 322 | 345 | 259 | 215 | 647 | 431 | 345 |
| Easy withdrawal | 67% | 69% | 64% | 71% | 71% | 65% | 66% | 70% | 63% | 69% |
| User-Friendly Interface | 61% | 69% | 60% | 63% | 63% | 65% | 60% | 63% | 58% | 68% |
| Lower or No brokerage / transaction fee | 56% | 53% | 54% | 55% | 50% | 61% | 58% | 57% | 52% | 55% |
| Easy customer support | 53% | 60% | 54% | 57% | 55% | 50% | 56% | 57% | 49% | 57% |
| Real - Time Data | 54% | 53% | 54% | 55% | 49% | 54% | 58% | 56% | 51% | 54% |
| Integration with wallets / UPI | 52% | 51% | 54% | 53 | 50% | 52% | 48% | 51% | 52% | 52% |
| Variety of charts for research and analysis | 48% | 56% | 50% | 48% | 49% | 51% | 54% | 51% | 50% | 48% |
| Reviews / Peer Recommendations | 38% | 47% | 39 | 41% | 38% | 43% | 39% | 42% | 40% | 37% |
| Recommendations from influencers | 34% | 39% | 35% | 37% | 34% | 38% | 29% | 33% | 39% | 34% |
| Other (please specify) | 1% | 1% | 1% | 0% | 0% | 1% | 1% | 1% | 1% | 1% |

Base : 1422



# Methodology

To understand the influence of financial influencers ("finfluencers") on retail investors' decision-making, CFA Institute commissioned a comprehensive study conducted by YouGov India. This research aimed to assess the impact of influencers on investments, compare the roles of registered versus unregistered influencers, and analyze perceptions around certification and content consumption. The findings are striking—among the 1,615 retail investors surveyed and the 51 Indian finfluencers analyzed, 82% of investors influenced by social media reported acting on the advice they received. Yet only 2% of these creators are SEBI-registered—a statistic that underscores the need for stronger regulatory oversight and informed decision-making. This rigorous approach enabled the study to provide a detailed view of finfluencers' growing role and its implications for retail investors.



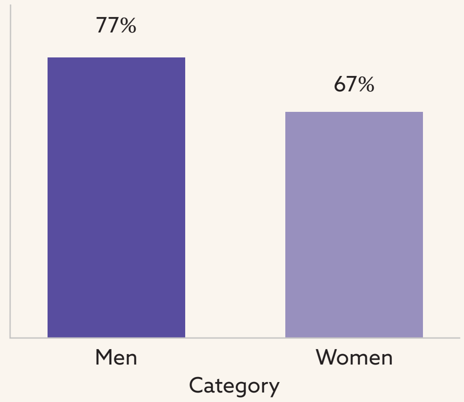

Disclaimer: This survey was conducted in March 2024. All data presented in this report are accurate as of the cutoff date mentioned.

# Insights into India's Retail Investor Landscape

## 1 Who Makes Financial Decisions?

- **Decision-makers :** Men and individuals aged 26+ are more likely to make household investment decisions independently. Younger investors (21–25) and women (33%) are more likely to rely on family or external advice.

**Sole Decision Makers**




Actionable Insight : If you're a sole decision-maker, broaden your knowledge by engaging with registered advisors. For those relying on others, focus on building financial literacy to gain independence and understand the issues relevant for them.

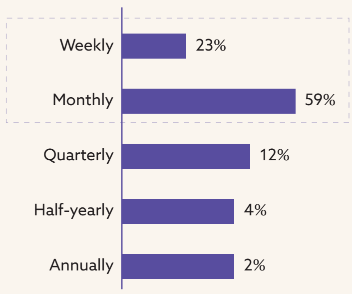
## 2 Investment Patterns by Age

- **Frequent Investors :** 59% of individuals prefer to invest monthly, with 53% investing a fixed amount every month through SIPs.

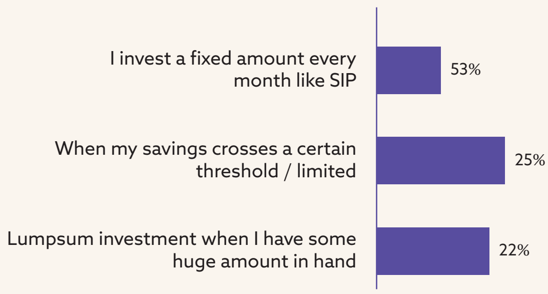
**With 59% of people preferring monthly investments, this trend is more common among females, older demographics, and those highly engaged in the market.**

Comparison of Investment frequency and timing.

**Investment Frequency**




**Investment Timing**




| | Gender | | Age Group | | | | | Investor Type | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | 21-25 | 26-30 | 31-35 | 36-40 | 40+ | Mostly Invest | Mostly Save | Equal |
| | A | B | C | D | E | F | G | E | F | G |
| Base | 1257 | 358 | 328 | 344 | 389 | 293 | 261 | 712 | 503 | 400 |
| I invest a fixed amount every month like SIP | 52% | 56% | 45% | 50% | 55% | 55% | 59% | 56% | 51% | 49% |
| When my saving cross a certain threshold / limit | 26% | 21% | 30% | 28% | 22% | 21% | 22% | 22% | 26% | 27% |
| Lumpsum investment when I have some huge amount in hand | 22% | 24% | 24% | 22% | 23% | 24% | 19% | 22% | 23% | 24% |

- **Female Investors :** 56% of female investors prefer fixed amount of SIP every month.
- **Younger Investors:** 30% of those aged 21–25 tend to invest irregularly, waiting to accumulate savings.

## 3 Investment Goals and Strategies

**Top Goals:**

71% of investors aim for financial freedom.

63% prioritize saving for retirement.

- **Investment Goals :** While financial freedom and saving for retirement are the top investment goals, 55% of respondents mentioned investing to secure future purchases such as a house, car, or vacation. Additionally, 49% cited investing to better handle job uncertainty, and 41% mentioned tax benefits as a reason for investing.

- **Systematic Investing :** Over 53% follow fixed monthly investment plans, a trend especially popular among those aged 31+ (56%).

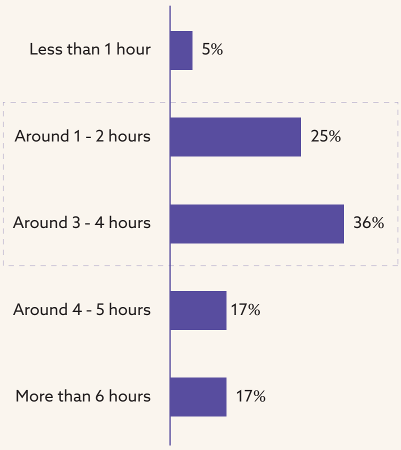
**Actionable Insight :** Align your investments with clear goals. Start small but commit to consistent investing to achieve long-term financial security.

## 4 Protecting Investments and Digital Habits

- **Top Concerns :** 65% emphasize the importance of financial education, while 60% seek improved transparency and fraud prevention.

- **Digital Behavior :** More than half of all investors spend 1-4 hours online per day. Women and younger investors (26–30) demonstrate high digital engagement, dedicating a significant portion of their time to consuming financial content, including educational materials and investment updates.

### Time spent on social media

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| | A | B | C | D | E | F | G | E | F | G |
| Base | 1127 | 358 | 328 | 344 | 389 | 293 | 261 | 712 | 503 | 400 |
| Less than 1 hours | 6% | 3% | 6% | 7% | 5% | 3% | 4% | 5% | 6% | 4% |
| Around 1 - 2 hours | 27% | 19% | 32% | 25% | 24% | 23% | 19% | 25% | 22% | 28% |
| Around 3 - 4 hours | 34% | 43% | 32% | 32% | 36% | 43% | 37% | 34% | 35% | 39% |
| Around 5 - 6 hours | 17% | 17% | 17% | 16% | 17% | 14% | 20% | 17% | 18% | 15% |
| More than 6 hours | 17% | 18% | 13% | 19% | 18% | 16% | 20% | 18% | 18% | 15% |

Base : 1615

**Actionable Insight :** Utilize your online time effectively by focusing on educational content from trusted sources. Prioritize platforms that align with your financial objectives and enhance your understanding of core financial concepts.

## 5 Summary

- Men and older individuals take the lead in decision-making, while younger investors rely more on external guidance.
- Investment habits vary by age, with systematic investing dominating among older cohorts, while younger investors prefer ad-hoc approaches.
- Financial freedom and retirement planning remain the top investment goals for Indian investors.
- Retail investors demand greater financial education and fraud prevention to navigate the complexities of investing safely.

These insights highlight the need for tailored strategies that align with individual financial goals, demographic profiles, and the evolving influence of financial influencers.

# Key Factors Influencing Investment Decisions

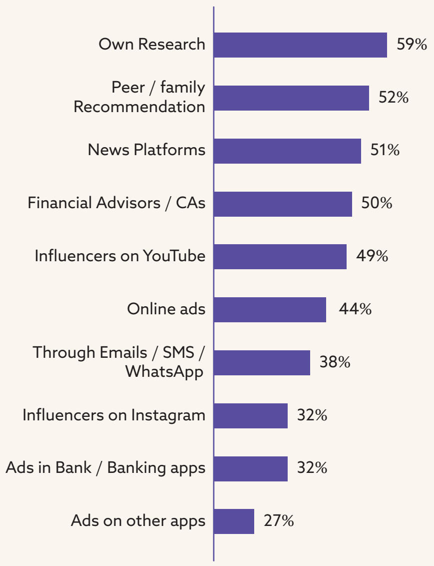
This research, based on a survey of 1,615 investors, sheds light on critical trends shaping retail investment decisions. By understanding these insights, you can refine your financial strategies and make informed choices.

## 1 Research is a Cornerstone of Investment Decisions

- 59% of investors rely on their own research, gathering information from sources such as web searches.
- Investors aged 40+ prefer recommendations primarily from financial advisors (57%).
- Less than 50% of investors give importance to finfluencers who have invested themselves and made profits.

**Own Research, Peer / family recommendations, News platforms, Financial advisors & Influencers are the top sources used by investors to gather information.**

**Source of Awareness**

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| | A | B | C | D | E | F | G | E | F | G |
| Base | 1257 | 358 | 328 | 344 | 389 | 293 | 261 | 712 | 503 | 400 |
| Own Research | 59% | 59% | 55% | 61% | 57% | 63% | 60% | 58% | 61% | 58% |
| Peer/ family recommendations | 50% | 58% | 51% | 51% | 51% | 55% | 52% | 52% | 50% | 53% |
| News Platforms | 52% | 47% | 50% | 51% | 50% | 50% | 52% | 52% | 49% | 51% |
| Financial advisors/ CAs | 49% | 54% | 44% | 48% | 49% | 54% | 57% | 53% | 47% | 48% |
| Influencers on Youtube | 50% | 47% | 50% | 57% | 46% | 47% | 45% | 48% | 51% | 50% |
| Online Ads | 44% | 46% | 40% | 46% | 44% | 50% | 41% | 47% | 41% | 43% |
| TV ads | 37% | 39% | 34% | 36% | 39% | 44% | 36% | 40% | 38% | 35% |
| Ads in Banks/banking apps | 31% | 38% | 28% | 32% | 32% | 40% | 31% | 36% | 32% | 26% |
| Influencers on Instagram | 32% | 34% | 36% | 35% | 32% | 33% | 24% | 32% | 33% | 32% |
| Through emails/SMS/ Whatsapp | 32% | 33% | 27% | 33% | 33% | 38% | 29% | 33% | 35% | 28% |
| Ads on other apps | 26% | 28% | 28% | 28% | 25% | 28% | 25% | 28% | 27% | 24% |

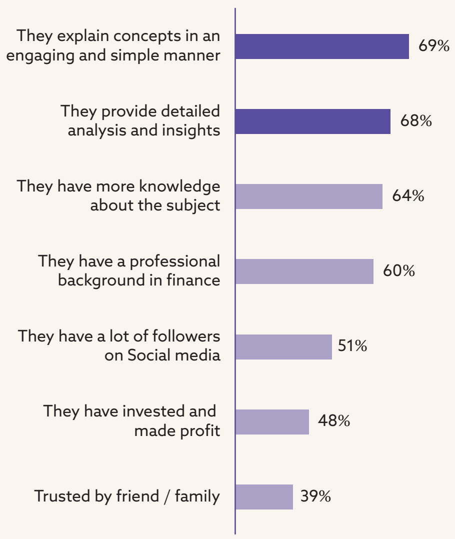
Base : 1615

- People invest when they have enough understanding of the product / category, before they go ahead and put their money in it. Trust is also an important trigger here- apps that have the consumer trust & are easy to use are likely to motivate people to use them & start investing. Favourable market trends is the other important trigger.

## Investment Tiggers


**Explaining concepts in engaging and simple manner is the top reason of investors to trust influencers.**

Females are more likely to trust finfluencers who provide detailed insights and analysis; while investors in the age group of 26-30 consider the number of followers as an important parameter for trust.

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| | Male | Female | 21-25 | 26-30 | 31-35 | 36-40 | 40+ | Mostly Invest | Mostly Save | Equal |
| | A | B | C | D | E | F | G | E | F | G |
| Base | 494 | 129 | 142 | 139 | 151 | 105 | 86 | 275 | 209 | 139 |
| They explain concepts in an engaging and simple manner | 68% | 73% | 61% | 74% | 66% | 67% | 80% | 70% | 66% | 72% |
| They provide detailed analysis and insights | 67% | 73% | 67% | 68% | 70% | 65% | 72% | 75% | 63% | 62% |
| They have more knowledge about the subject | 64% | 65% | 62% | 65% | 67% | 61% | 64% | 66% | 65% | 59% |
| They have a professional background in finance | 61% | 57% | 62% | 61% | 55% | 61% | 65% | 59% | 68% | 52% |
| They have a lot of followers on Social media | 50% | 55% | 49% | 59% | 54% | 46% | 44% | 49% | 57% | 48% |
| They have invested and made profit | 49% | 46% | 61% | 44% | 50% | 51% | 44% | 49% | 50% | 44% |
| Trusted by friend / family | 38% | 43% | 37% | 37% | 39% | 42% | 43% | 36% | 48% | 34% |

Base : 1422

## 2 Gender and Age Influence Investment Preferences

- Men are more likely than women to prefer investing in stocks / equity **(68% vs. 60%)**.
- Female investors favour safer options such as fixed deposits, gold, and index funds.
- Investors aged 36–40 are the most diversified, while those over 40 tend to stick with traditional, low-risk options like fixed deposits (FDs), recurring deposits (RDs) and index funds.

**Takeaway :** It may be useful to diversify your portfolio if you are heavily reliant on traditional investments such as real estate, gold and bank deposits which offer fixed returns. Consider adding mutual funds or balanced portfolios for long-term growth.

## 3 Digital Platforms Are Leading the Way

- 76% of investors use low or zero-brokerage platforms, particularly younger investors (under 35 years)
- Women and older individuals are more likely to prefer full-service brokers or agents, valuing customer support and personalized guidance.

**Takeaway :** Explore low-cost, user-friendly platforms that offer strong customer support and accountability for the content and advice offered. These can help reduce costs and make investing simpler.

## 4 Portfolio Reviews Depend on Geography and Approach

- Investors in Delhi and Mumbai are more likely to review their portfolios more frequently than those in Kolkata, Jaipur, and Pune.
- More prolific investors tend to review their portfolios daily, while most investors prefer weekly or monthly monitoring.

**Takeaway:** Review your portfolio regularly - monthly and if not possible, at least quarterly. This keeps you aligned with market changes and personal financial goals.

## 5 Market Trends and Family Recommendations Also Influence Investment Decisions

- 51% of investors cite favorable market trends as a key reason for making investments.
- 46% of investors act on recommendations from peers and family.

**Takeaway:** We think that more than half investors saying that favourable market conditions is an important result because the market environment may often change very quickly. It is important to stay informed about market trends to identify opportunities. Choose platforms that make it easy to invest and adapt to changes.

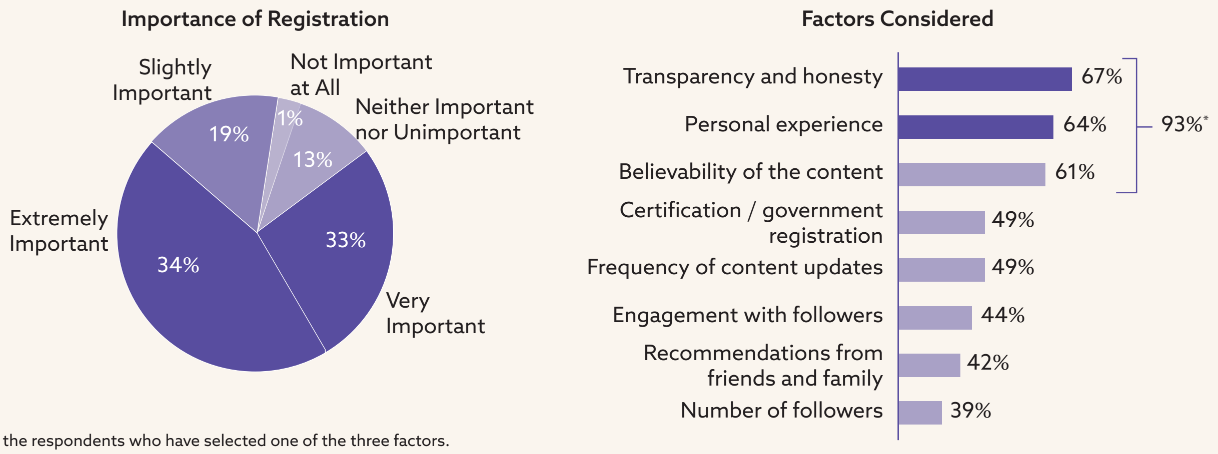
# The Impact of Financial Influencers on Investment Decisions

This section delves into the role of financial influencers ("finfluencers") in shaping investment awareness, trust, and decision-making among retail investors.

## 1 SEBI-Registration Matters, but Verification is Limited

- Among respondents who follow financial influencers, 67% believe it is extremely or very important for finfluencers to be SEBI-registered.
- Despite this, 35% of those who follow financial influencers do not verify whether their preferred influencers are registered. This indicates a serious dichotomy and a critical flaw on the part of investors. It implies that we must go a long way to achieve the required level of investor maturity and their ability to take correct investment decisions as required according to their circumstances.
- Among investors who mentioned an influencer's registration status as being extremely important, more than half (53%) were unaware of their registration status.

**Among those who said influencers had a serious influence on their decision making, emotional aspects like honesty, personal experience & believability of content are seen to be more important compared to registration.**




*93% of the respondents who have selected one of the three factors.

**Key Takeaway :** Ensure that any financial influencer you rely on is registered. Registration ensures accountability and capability, and helps mitigate risks associated with unverified advice.

## 2 Many Investors Who Follow Influencers Act on Their Advice

- Among respondents who follow financial influencers, 82% reported making investments based on their recommendations.
- Of these investors, 72% stated they made profits, but 14% of those aged 40+ experienced fraud or misleading advice.

**Key Takeaway :** It is important for investors to assess suitability of recommendations from financial influencers in their case and according to their circumstances. In this, additional research or consultation with trusted advisors may help to minimize risks. Even after everything, investors need to be aware of all risks before committing to financial products and following any financial advice.

## 3 Content Preferences Differ by Investor Profile

- Among experienced investors, 69% prefer long-form content like blogs or detailed videos for in-depth knowledge.
- Live Q&A sessions and market analysis is a popular influencer content format, especially with older investors.
- Short videos have also emerged as a popular content type that has found appeal across demographics and investor types.

**Key Takeaway :** Align the content you consume with your financial knowledge and goals. Beginners should seek educational formats, while experienced investors may benefit from interactive sessions.

## 4 Influence is driven by network effect for Financial Influencers

- Among respondents who follow financial influencers, 81% recommend them to friends and family.
- Younger investors (21–30) are more selective, with more than 40% recommending influencers occasionally and based on credibility.

**Key Takeaway :** Even when financial influencers come recommended, conduct your own due diligence to assess their relevance and expertise.

## 5 Caution and Background Checks Lead to Better Outcomes

- Investors who claimed they made a profit by following influencer’s advice (72%), verified an influencer's background (71%) and expertise (66%), before taking an investment decision.
- Among those who profited from financial influencer advice, 71% highlighted the importance of credentials, while 69% actively checked the influencer’s background before making decisions.

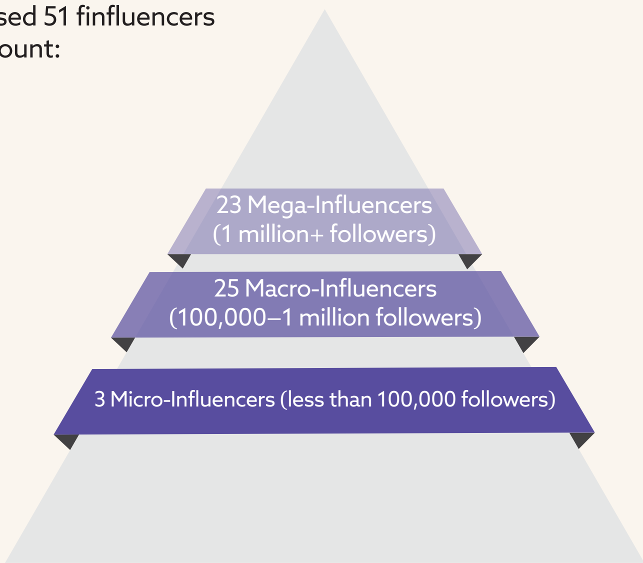
**Key Takeaway :** Perform a background check on any financial influencer you follow. Look for evidence of expertise, such as certifications, relevant experience, and clear explanations.

# Content Analysis for Finfluencers

This section presents a review of content and engagement practices of 51 financial influencers ("finfluencers") in India. The analysis offers a detailed understanding of their strategies, certifications, and the nature of their content across platforms.

## Methodology & Definitions

- **Sample:** The study analysed 51 finfluencers categorized by follower count:



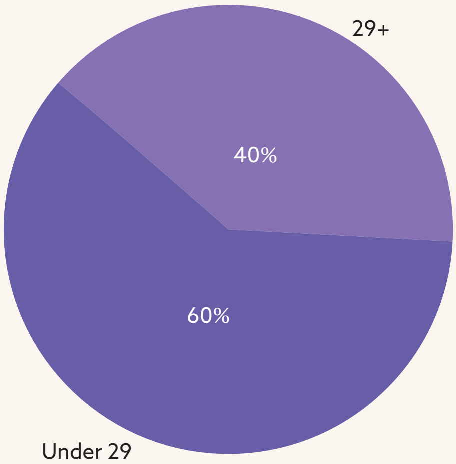

- **Platforms:** Focused on Instagram, YouTube, and LinkedIn, which account for the majority of their online presence.
- **Time Frame :** Our analysis of influencer content on social platforms was conducted in multiple phases throughout 2024.
- **Definitions :** Content was categorized as:
  - Guidance: General information about investing without recommending specific actions.
  - Promotion: Paid content or affiliate links promoting investment products or platforms.
  - Recommendation: Specific advice on buying, selling, or holding financial products.

# Key Insights

## 1 Young influencers dominate the financial content space

- The average age of finfluencers is 31 years, with 60% under 29.
- Instagram is the most popular platform, followed by YouTube. 100% of the influencers are on Instagram followed by 84% on YouTube and 80% on LinkedIn. This also suggests that many influencers are present on more than one platform.

Age Distribution of Finfluencers




## 2 Content language and tone reflect efforts to simplify finance for diverse audiences

- A mix of Hindi and English is the preferred language, with some influencers also using regional languages to widen appeal.
- Posting frequency ranges from alternate days to twice a week, indicating regular engagement.
- The tone is predominantly informative, with some incorporating motivational or humorous elements to make complex financial topics more relatable.

## 3 Risk warnings are inconsistent, leaving audiences underinformed

- While 69% of influencers highlight financial risks, this concern is primarily driven by macro-influencers (20 out of 25), with mega-influencers (13 out of 23) also providing similar warnings.
- Among those who discuss risks, 80% include disclaimers, advising audiences to conduct their own research.

## 4 Formal financial training is common, but SEBI registration is rare

- Most influencers have formal financial backgrounds or certifications on a self-reported basis, yet only 2% are SEBI-registered. Despite this, 33% openly recommend stocks to buy, sell, or hold. This is a very important result in our view and suggests a major gap between the number of finfluencers offering financial advice and the ones who are SEBI-registered.
- Only 29% mention key investment norms like fees, tax implications, or lock-in periods in their content.

## 5 Sponsored content often lacks transparency

- 59% of influencers engage in brand sponsorships or partnerships.
- Promotional content frequently includes affiliate links, but 63% of influencers fail to disclose these financial ties adequately. This puts a question mark on the authenticity and genuineness of the content and financial/investment advice being offered.

## 6 Content type varies, but recommendations often lack depth

- Most content falls under guidance, offering general information without actionable recommendations.
- 33% of influencers provide explicit recommendations, and 59% create promotional content, often without clarifying financial risks or costs.

# Key Takeaways for Investors

One of the most important findings of this study is the significant gap between the number of finfluencers authorized to offer financial advice and those who are currently doing so across various platforms, including social media. Hence, "Investors beware" will always remain a critical principle in the markets, and the responsibility for due diligence ultimately lies with investors.

Additionally, investors should always remember that investing is subject to market risks, and asset price fluctuations are inevitable. In recent years, overall market performance—particularly in certain segments and asset classes—may have led to unrealistic expectations and increased risk-taking among investors. Such an environment creates opportunities for unsuitable advice and potential financial losses.

Verify the credentials of influencers, especially qualifications, necessary certifications and SEBI registration.

Use platforms and apps that offer transparency, ease of use, and educational resources.

Differentiate between educational content, promotions, and explicit recommendations.

Stay vigilant about fraud risks and ensure informed decision-making.

Below is a non-exhaustive but essential list of key considerations for making sound investment decisions:

1 **Verify SEBI Registration:** Always seek financial advice only from influencers registered with the Securities and Exchange Board of India (SEBI). Verify their SEBI registration number and credentials to ensure they are authorized to provide investment recommendations. This step helps maintain regulatory accountability and adherence to ethical and professional standards.

2 **Conduct Independent Research:** Before acting on any stock recommendations from finfluencers, conduct thorough due diligence. SEBI-registered finfluencers are required to disclose any conflicts of interest and promote transparency. Stay vigilant against unverified stock tips and be cautious of manipulative practices like "pump and dump" schemes.

3 **Assess Risk Disclosures :** SEBI-registered professionals must disclose the risks associated with investments and provide accurate, unbiased information. Avoid influencers who fail to provide proper risk warnings or disclaimers. Independently verify claims and carefully assess the suitability of recommendations based on your financial goals—especially when dealing with high-risk financial products.

4 **Scrutinize Promotional Content :** SEBI prohibits regulated entities, including mutual fund houses, research analysts, registered investment advisors, and stockbrokers, from partnering with unregistered finfluencers. Be wary of promotional content that lacks transparency regarding financial incentives, sponsorships, or affiliations. SEBI has explicitly prohibited:

1. Providing direct or indirect investment advice without proper registration.
2. Making any explicit or implied claims regarding returns or performance without SEBI authorization.

5 **Differentiate Between Educational and Promotional Content :** Investors must distinguish between educational material, general market awareness, and direct investment recommendations. If an individual is engaged solely in financial education, they are prohibited from giving direct or indirect investment advice unless they are a registered advisor.

Be particularly cautious of influencers presenting investment recommendations under the guise of educational content or financial awareness. For instance, SEBI has recently mandated that individuals engaged purely in education cannot use past three-month market price data to imply future stock performance or make investment recommendations.

6 **Be Wary of Unrealistic Claims :** Exercise caution with finfluencers who promise guaranteed or exaggerated returns. Ensure that the information you rely on is accurate, credible, and aligned with your financial goals and risk appetite. Always prioritize SEBI-registered entities and approach online financial content with prudence and skepticism.

By following these steps, investors can better navigate the growing landscape of financial influencers and make informed, confident investment decisions.

# Recommendations for Policy Makers

## 1 Enhance SEBI Registration Requirements :

- Mandate that influencers providing investment advice obtain SEBI registration and increase surveillance to detect violations and act, if needed.
- Streamline the registration process to accommodate the growing role of digital platforms in investment education.

## 2 Introduce Disclosure Standards :

- Enforce mandatory disclosures for sponsorships, affiliate links, and partnerships to ensure transparency.
- Develop guidelines specifying how and where disclosures should be made (e.g., within videos, not just captions).

## 3 Promote Investor Awareness Campaigns :

- Launch educational initiatives to help retail investors identify credible influencers. SEBI can even prepare a case study compendium on penalties on finfluencers and work towards making it more popular among investors.
- Highlight the risks of acting on unverified advice and the importance of taking advice only from SEBI-registered advisors.

## 4 Strengthen Fraud Detection and Reporting Mechanisms :

- Collaborate with platforms to monitor high-risk content and misleading claims.
- Set up accessible channels for investors to report fraud tied to influencer advice.

By implementing these measures, the government can safeguard investors and encourage a responsible ecosystem for financial advice.

# Recommendations for Social Media Platforms

1. **Strengthen Policies on Financial Content :**
   - Require influencers to disclose sponsorships, partnerships, and financial affiliations prominently in all posts and videos. Provide a mechanism for users to report unethical conduct.
   - Prohibit unverified claims, particularly those involving high-risk investments like Futures & Options (F&Os) and cryptocurrencies.

2. **Introduce Verification Mechanisms for Finfluencers :**
   - Develop a certification badge for SEBI-registered influencers to help users identify credible sources.
   - Partner with financial regulators to authenticate certifications and enhance user trust.

3. **Enhance Risk Awareness :**
   - Implement pop-up warnings for content promoting risky investments or speculative trading strategies. Run a disclaimer or warning before the content.
   - Encourage creators to include disclaimers and educational content about financial risks.

4. **Promote Educational Content :**
   - Boost visibility for content that explains financial concepts and promotes responsible investing.
   - Collaborate with financial institutions to highlight credible educational resources.

Social media platforms play a crucial role in shaping investment behaviour. By prioritizing transparency and trust, they can create a safer and more reliable environment for financial education and advice.



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