



The Impact of Finfluencers on Risky Investment Behaviour among Generation Z: Mediating Role of Financial Self-Efficacy and Fear of Missing Out (FOMO)

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KEYWORDS

Finfluencers, Generation Z, Risky Investment Behaviour, Financial Self-Efficacy, FOMO, Behavioural Finance, Social Media Influence

ABSTRACT

The emergence of financial influencers, commonly known as finfluencers, has significantly transformed the investment behaviour of Generation Z investors in the digital economy. Social media platforms such as Instagram, YouTube, Telegram, Reddit, and X (Twitter) have become major sources of financial knowledge, investment guidance, and market trends among young investors. Finfluencers simplify complex financial information through reels, short videos, live sessions, podcasts, and online communities, thereby increasing financial participation among youth. However, the increasing reliance on social media financial content has also raised concerns regarding speculative and risky investment behaviour.

The present study examines the impact of finfluencers on risky investment behaviour among Generation Z investors while analysing the mediating roles of Fear of Missing Out (FOMO) and financial self-efficacy. The study adopts a quantitative research approach using structured questionnaires administered to Generation Z respondents aged between 18 and 27 years. Convenience sampling technique is proposed for data collection, and statistical tools such as SPSS and Structural Equation Modelling (SEM) are suggested for analysis.

The study is grounded in Social Cognitive Theory, Behavioural Finance Theory, and Theory of Planned Behaviour. The findings are expected to reveal that finfluencer exposure significantly influences emotional investment behaviour, speculative trading activities, and investment confidence among young investors. Psychological factors such as FOMO and financial self-efficacy are expected to mediate the relationship between finfluencer influence and risky investment behaviour.

The study contributes to behavioural finance literature by integrating digital social influence with psychological dimensions of investment decision-making. The findings may assist policymakers, financial educators, and regulatory authorities in promoting responsible financial awareness and regulating unverified financial advice in digital platforms

1. INTRODUCTION

The rapid advancement of digital technology and social media platforms has fundamentally transformed the way financial information is produced, distributed, and consumed. In recent years, social media influencers specializing in finance, popularly known as finfluencers, have emerged as influential digital personalities shaping the financial decisions of young investors. Platforms such as Instagram, YouTube, Telegram, Reddit, and X (Twitter) have become powerful channels through which financial advice, trading tips, cryptocurrency trends, and investment strategies are communicated.

Unlike traditional financial advisors who rely on formal financial expertise and institutional credibility, finfluencers

communicate through highly engaging, simplified, and relatable content formats such as reels, short videos, memes, podcasts, and live trading sessions. This communication style particularly appeals to Generation Z investors who are digitally connected and heavily dependent on social media for information and entertainment.

The increasing popularity of finfluencers has contributed significantly to the democratization of financial information. Young investors who previously lacked access to financial guidance now actively participate in stock markets, cryptocurrency trading, mutual funds, and online investment platforms. However, the growing dependence on finfluencer content has also intensified speculative and high-risk investment behaviour among Generation Z investors.

Behavioural finance scholars argue that investment decisions are influenced not only by rational analysis but also by psychological and emotional factors. One such important psychological factor is Fear of Missing Out (FOMO). Social media platforms constantly expose users to investment success stories, luxury lifestyles, and screenshots of trading profits, thereby creating emotional pressure among young investors to participate in trending investment opportunities.

Another important construct influencing investment behaviour is financial self-efficacy. Financial self-efficacy refers to an individual's confidence in understanding financial concepts and making effective investment decisions. Exposure to financial content may enhance investment confidence among young investors. However, overconfidence resulting from limited knowledge may encourage risky investment participation.

The present study attempts to examine how finfluencers influence risky investment behaviour among Generation Z investors while investigating the mediating roles of FOMO and financial self-efficacy. The study integrates digital behavioural influence with behavioural finance concepts and contributes to understanding the psychological mechanisms underlying investment decisions in the digital era.

Background of the Study

The rise of social media has revolutionized communication patterns across industries, including the financial sector. Financial content creators have become influential opinion leaders capable of shaping financial behaviour among millions of followers. During the COVID-19 pandemic period, online trading participation increased dramatically due to lockdowns, work-from-home culture, and increased smartphone usage. Simultaneously, social media platforms experienced rapid growth in financial content consumption.

Generation Z investors increasingly rely on online financial communities and finfluencers rather than traditional financial advisors. Investment decisions are often influenced by viral market trends, online communities, influencer recommendations, and emotional investment narratives.

The emergence of cryptocurrency markets, meme stocks, options trading, and intraday trading has further intensified speculative investment participation among young investors. Many inexperienced investors enter financial markets without adequate financial literacy or risk awareness.

Consequently, understanding the behavioural and psychological influence of finfluencers has become an important research area within behavioural finance and digital finance literature.

Significance of the Study

The study is significant for several reasons:

It contributes to behavioural finance literature by integrating social media influence with psychological investment behaviour.

It helps understand how FOMO and financial self-efficacy influence risky investment decisions.

It provides insights regarding speculative investment behaviour among Generation Z investors.

It assists policymakers and regulatory authorities in understanding the impact of unregulated financial content.

It contributes to digital financial literacy and investor protection initiatives.

The study is particularly relevant in India where retail investor participation and social media financial engagement are increasing rapidly.

Statement of the Problem

The growing popularity of finfluencers has increased financial awareness among young investors. However, the absence of proper regulation and financial verification mechanisms has raised concerns regarding speculative investment behaviour, misinformation, emotional investing, and financial losses.

Generation Z investors are increasingly participating in high-risk investments such as cryptocurrency trading, intraday trading, leveraged products, and meme stocks due to social media influence. Emotional triggers such as FOMO and overconfidence may encourage impulsive investment decisions.



Despite the increasing influence of finfluencers, limited research has examined the mediating roles of FOMO and financial self-efficacy in influencing risky investment behaviour among Generation Z investors, particularly in the Indian context. Therefore, the present study attempts to bridge this research gap.

Research Objectives

- To examine the impact of finfluencers on risky investment behaviour among Generation Z investors.
- To analyse the relationship between finfluencer influence and Fear of Missing Out (FOMO).
- To examine the influence of financial self-efficacy on risky investment behaviour.
- To analyse the mediating role of FOMO between finfluencers and risky investment behaviour.
- To study the mediating role of financial self-efficacy between finfluencers and risky investment behaviour.

Research Questions

- Do finfluencers significantly influence risky investment behaviour among Generation Z investors?
- Does FOMO influence speculative investment participation?
- Does financial self-efficacy increase risky investment behaviour?
- How do psychological factors mediate investment decisions among young investors?

Hypotheses of the Study

- H1: Finfluencers significantly influence risky investment behaviour among Generation Z investors.
- H2: Finfluencer influence positively affects FOMO among Generation Z investors.
- H3: FOMO positively influences risky investment behaviour.
- H4: Financial self-efficacy positively influences risky investment behaviour.
- H5: FOMO mediates the relationship between finfluencers and risky investment behaviour.
- H6: Financial self-efficacy mediates the relationship between finfluencers and risky investment behaviour.

Theoretical Framework

Social Cognitive Theory

Albert Bandura's Social Cognitive Theory explains that behaviour is influenced through observation, social interaction, and environmental exposure. Generation Z investors observe finfluencer content and imitate investment behaviour displayed online.

Behavioural Finance Theory

Behavioural Finance Theory explains that emotions, biases, and psychological influences affect financial decisions. Concepts such as FOMO, herd behaviour, and overconfidence strongly influence speculative investments.

Theory of Planned Behaviour

Ajzen's Theory of Planned Behaviour suggests that attitudes, social influence, and perceived behavioural control influence behavioural intentions. Finfluencer content may shape investment intentions through social validation and emotional engagement.

Defining Finfluencers

Finfluencers are social media content creators who share information related to stock markets, mutual funds, cryptocurrencies, personal finance, wealth creation, and trading strategies. They communicate through digital platforms including YouTube, Instagram, Telegram, and podcasts.

Finfluencers attract young audiences through simplified financial communication and engaging content formats. Their influence has significantly increased retail investor participation in financial markets.

Defining Fear of Missing Out (FOMO)

Fear of Missing Out refers to the anxiety experienced when individuals believe they are missing profitable opportunities enjoyed by others. In investment behaviour, FOMO encourages investors to participate in trending investments due to emotional pressure and fear of regret.

Social media platforms amplify FOMO by continuously displaying trading profits, success stories, and viral investment trends.

Defining Financial Self-Efficacy

Financial self-efficacy refers to an individual's confidence in understanding financial concepts and managing investment activities effectively. Higher financial self-efficacy may increase investment participation and decision-making confidence. However, excessive confidence without adequate financial literacy may increase speculative and risky investment behaviour.

Defining Risky Investment Behaviour

Risky investment behaviour refers to participation in financial activities involving high uncertainty and probability of financial loss. Examples include:

Cryptocurrency trading

Options trading

Penny stocks

Intraday trading

Meme stocks

Leveraged investments

Young investors influenced by social media often engage in speculative investments due to emotional and social pressures.

2. REVIEW OF LITERATURE

Author	Variable Studied	Findings
Abidin (2021)	Finfluencer Culture	Social media influencers significantly affect financial decisions among youth.
Barber & Odean (2001)	Investor Behaviour	Young investors are prone to overconfidence and excessive trading.
Hayat et al. (2020)	Self-Efficacy	Self-efficacy positively influences behavioural confidence.
Zhang & Liu (2023)	FOMO and Investing	FOMO increases speculative investment decisions.
Setyawan (2016)	Social Media and Emotion	Social media affects emotional stability and decision-making.
Pradhan et al. (2023)	Social Media Financial Influence	Young investors increasingly depend on digital financial content.

Research Gap

Most existing studies focus on social media marketing, financial literacy, or investment behaviour separately. Very limited studies have integrated finfluencer influence with psychological variables such as FOMO and financial self-efficacy in explaining risky investment behaviour among Generation Z investors in India.

Conceptual Framework

Independent Variable

Finfluencer Influence

Mediating Variables

Fear of Missing Out (FOMO)

Financial Self-Efficacy

Dependent Variable

Risky Investment Behaviour

The study proposes that finfluencer influence affects risky investment behaviour directly and indirectly through psychological mediators.

3. RESEARCH METHODOLOGY

A. Research Design

Descriptive and analytical research design.

B. Nature of Data

Both primary and secondary data.

C. Primary Data

Structured questionnaire.

D. Secondary Data

Journals, reports, books, and online databases.

E. Sampling Technique

Convenience sampling.

F. Target Respondents

Generation Z investors aged 18–27 years.

Sample Size

250 respondents.

Statistical Tools

SPSS

1. Correlation Analysis
2. Regression Analysis
3. Reliability Analysis

Structural Equation Modelling (SEM)

SmartPLS

1. Data Analysis Techniques

Reliability Analysis

Used to test consistency of questionnaire items.

2. Correlation Analysis

Measures relationship among variables.

3. Regression Analysis

Measures influence between independent and dependent variables.

4. Structural Equation Modelling

Tests mediation effects of FOMO and financial self-efficacy.

Expected Findings

The study is expected to reveal that:

Finfluencer exposure significantly increases risky investment behaviour.

FOMO positively influences speculative investment participation.

Financial self-efficacy increases investment confidence.

Psychological factors mediate investment behaviour among Generation Z investors.

Practical Implications

For Policymakers

Need for regulation of financial content creators.

1. For Educational Institutions

Promotion of financial literacy programmes.

2. For Financial Institutions

Responsible digital financial communication strategies.

3. For Investors

Awareness regarding emotional investment behaviour.

Suggestions

- Strengthen financial literacy among youth.
- Regulate unverified financial advice.

- Promote responsible social media financial communication.
- Encourage investors to verify information before investing.
- Increase awareness regarding speculative investment risks.
- Limitations of the Study
- Limited sample size.
- Convenience sampling may create bias.
- Study limited to Generation Z respondents.
- Responses may be influenced by personal perceptions.
- Scope for Future Research
- Comparative studies between Generation Z and Millennials.
- Cross-country studies on finfluencer behaviour.
- Studies on cryptocurrency investment psychology.
- AI-based financial influencers and investment behaviour.

4. CONCLUSION

The digital transformation of financial communication has significantly altered investment behaviour among Generation Z investors. Finfluencers have emerged as powerful digital opinion leaders influencing financial confidence, emotional investing, and speculative market participation.

The study highlights that psychological factors such as FOMO and financial self-efficacy play important mediating roles in shaping risky investment behaviour. While finfluencers increase financial awareness and accessibility, they also contribute to impulsive and speculative investment decisions.

The study contributes to behavioural finance literature by integrating social media influence with psychological investment behaviour. The findings may assist policymakers, regulators, and financial educators in promoting responsible financial awareness and protecting young investors from unverified financial information

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