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ANALYZING THE INFLUENCE OF SOCIAL MEDIA ON MUTUAL FUND SELECTION AND INVESTMENT DECISIONS AMONG RETAIL INVESTORS IN RAIPUR DISTRICT

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ABSTRACT

Digital communication has reshaped how retail investors gather financial information and arrive at investment choices. Platforms such as YouTube, Instagram, Facebook, WhatsApp, Telegram, and other online communities are now widely used to access content on mutual funds, systematic investment plans (SIPs), expected returns, risk, diversification, and portfolio management. Although this shift has made financial information easier to reach, questions about the accuracy and trustworthiness of what circulates on these platforms remain unresolved. This study is designed to explore how social media shapes mutual fund selection and investment decisions among retail investors in Raipur District, Chhattisgarh. It centres on seven constructs — social-media exposure, perceived usefulness, perceived credibility, influencer trust, social influence, financial literacy, and risk perception — as potential drivers of investment behaviour. A quantitative, cross-sectional design is planned, with primary data to be gathered via a structured questionnaire. Once collected, the data will be examined using descriptive statistics, reliability testing, correlation, factor analysis, and multiple regressions. By generating district-level evidence from Raipur, the study aims to add to the expanding body of work on digital financial behaviour. Its findings are intended to be of value to mutual fund houses, financial advisers, investor-education bodies, regulators, and retail investors themselves in weighing the benefits and risks of social-media-based financial information.

KEYWORDS: Social media, mutual funds, retail investors, investment decisions, financial literacy, f-influencers, Raipur District.

1. INTRODUCTION

Mutual funds have become a significant investment vehicle for retail investors, largely because they offer professional management, diversification across asset classes, and exposure to instruments that individual investors might otherwise find difficult to access directly. By pooling contributions from many investors, a mutual fund scheme invests in equities, bonds, government securities, and money-market instruments in line with its stated objective (Association of Mutual Funds in India [AMFI], n.d.).

Investors once relied mainly on banks, financial advisers, newspapers, television, and word-of-mouth from friends and family to learn about investment opportunities. The spread of the internet and digital platforms has altered this landscape substantially. Today, social media gives investors near-instant access to explainer videos, educational posts, market commentary, scheme comparisons, user experiences, and expert opinion.

This shift has also elevated the role of financial influencers, or “finfluencers” — individuals who use digital platforms to share financial information, opinions, and at times explicit recommendations. The Securities and Exchange Board of India (SEBI) has acknowledged the growing reach of finfluencers and flagged the risks that arise when unregistered individuals offer securities-related advice or make misleading performance claims (SEBI, 2024).

The SEBI Investor Survey 2025 adds further weight to this concern, reporting that a considerable share of investors now depend on personal contacts, financial influencers, and other digital sources for market-related information — underscoring how central social media has become to investor awareness and information-seeking.

Used well, social media can be a genuine asset: it can widen access to financial knowledge and make complex ideas more approachable. Explainer content can help investors grasp SIPs, diversification, the risk-return trade-off, expense ratios, and the differences between mutual fund categories. AMFI itself invests in investor education, offering resources intended to build understanding of mutual fund products and their associated risks (AMFI, n.d.).

At the same time, greater access to information does not automatically translate into better decisions. Content on social media can encourage investors to lean too heavily on likes, comments, testimonials, or influencer endorsements rather than independent analysis — a pattern that can feed herd behaviour, overconfidence, and insufficient scrutiny of investment claims. Studies on finfluencers increasingly stress the roles that credibility, trust, financial literacy, and regulatory oversight play in shaping how investors respond to online financial content (Henriques et al., 2025; Chandani et al., 2025).

Raipur District offers a useful setting for this inquiry given its expanding commercial base, rising digital penetration, and a retail investor population that varies considerably in education, income, financial knowledge, and investment experience. Against this backdrop, it is worth asking whether social media merely raises awareness among such investors or whether it actually shapes which mutual fund schemes they choose and how they act on that choice.

2. REVIEW OF LITERATURE

Interest in the link between social media and investment behaviour has grown steadily. Digital platforms have turned investors from passive recipients of financial information into active participants in online financial communities, where they can watch videos, join discussions, compare products, and observe how other investors respond to the same information.

2.1 SOCIAL MEDIA AND INVESTMENT INFORMATION

Social media gives investors continuous access to a large and constantly updated pool of financial information. Unlike traditional channels, these platforms are available at any time and allow direct interaction with other users — a feature that can raise financial awareness, particularly for people who rarely consult financial advisers or formal publications.

The SEBI Investor Survey 2025 points to the growing weight of digital sources in shaping investor behaviour, noting that finfluencers and social platforms have become key channels through which investors learn about securities-market products.

Greater availability of information, however, brings its own difficulties. Some of what investors encounter online is inaccurate, incomplete, promotional, or biased. The value of social media as an information source therefore depends less on how much content is available and more on an investor's ability to judge its quality.

2.2 FINFLUENCERS AND INVESTMENT BEHAVIOUR

The rise of finfluencers is among the more notable developments in today's financial-information landscape. These individuals communicate financial concepts and investment-related content through videos, posts, reels, and podcasts.

Henriques, Paes, and Colaco (2025) studied the emergence of finfluencers in India and pointed to both the benefits they can offer and the risks they pose. Their work found that while digital financial content can raise awareness, advice that is unregulated or misleading

can put inexperienced investors at risk, and they stressed the need for stronger financial literacy and regulatory safeguards.

Chandani et al. (2025) took a different angle, examining what drives investors' willingness to act on influencer advice. Applying the Technology Acceptance Model, they found that perceived usefulness and perceived ease of use were significant predictors of that willingness — investors were more inclined to engage with content they found useful and easy to follow. The CFA Institute has separately noted the growing reliance of younger investors on social-media-based financial content, attributing this partly to limited access to professional advice and partly to the sheer convenience of digital platforms (CFA Institute, 2024).

2.3 CREDIBILITY AND TRUST IN ONLINE FINANCIAL INFORMATION

Whether investors accept or dismiss information from social media often comes down to perceived credibility, which in turn depends on how expert, transparent, consistent, and reputable the source appears to be.

Sherene and Subramanian (2024) looked specifically at influencer credibility and financial literacy as drivers of investment choices, concluding that both factors matter significantly in how social-media users respond to investment-related content.

Trust can make investors more likely to act on what they see online, but trust built solely on popularity, follower counts, or engagement metrics does not necessarily correspond to genuine expertise. This makes it important for investors to distinguish between educational content, general commentary, and advice tailored to their personal circumstances.

A CFA Institute survey of Indian retail investors similarly raised concerns about the level of disclosure and accountability among influencers, reinforcing the case for verifying sources before acting on social-media information (CFA Institute, 2025).

2.4 FINANCIAL LITERACY AND MUTUAL FUND INVESTMENT DECISIONS

Financial literacy has a well-established role in improving the quality of investment decisions. Investors who understand risk-return relationships, diversification, fund categories, and expense ratios — and who recognise the limits of past performance as a guide — tend to make more informed choices.

AMFI's investor-education material is aimed at building exactly this kind of understanding, which is particularly valuable for investors who lack the time, experience, or specialised knowledge to invest directly in individual securities (AMFI, n.d.).

Financial literacy may also temper excessive reliance on social-media recommendations: a more knowledgeable investor is better placed to cross-check online claims against official sources and weigh alternatives independently.

In this sense, financial literacy is likely to function both as a direct influence on investment decisions and as a factor that shapes how strongly social-media exposure translates into actual investment behaviour.

2.5 SOCIAL INFLUENCE AND HERD BEHAVIOUR

Social media is, by design, interactive. Comments, likes, shares, testimonials, and public discussion all shape how investors view a particular product, and a wave of positive opinion around a scheme can make it appear more attractive than it might otherwise.

This dynamic can produce herd behaviour, where investors follow the crowd rather than conduct independent analysis. The speed at which popular financial content spreads can therefore affect investment timing, scheme choice, and risk appetite.

Taken together, the influence of social media on investment behaviour is clearly multidimensional — shaped not just by exposure to information but by perceived usefulness, credibility, trust, peer influence, and the investor's own financial knowledge.

3. RESEARCH GAP

The literature reviewed above points to several gaps worth addressing.

First, most studies on social-media influence concentrate on stock-market investing or general investment behaviour; mutual fund selection specifically has received comparatively little attention.

Second, much of the existing research is built on national samples, metropolitan populations, or narrow demographic groups, leaving district-level evidence — including from areas such as Raipur District — thin.

Third, social-media influence tends to be treated as a single, undifferentiated variable. This study instead separates it into distinct dimensions:

- Social-media exposure
- Information usefulness
- Perceived credibility
- Influencer trust
- Social influence
- Financial literacy
- Risk perception

Fourth, the way financial literacy interacts with social-media influence deserves closer attention, since investors with different levels of financial knowledge are likely to respond differently to the same content.

This study aims to address these gaps by building a more integrated picture of how social media shapes mutual fund selection and investment decisions among retail investors in Raipur District.

4. RESEARCH OBJECTIVES

1. To examine the extent and pattern of social-media use among retail mutual fund investors in Raipur District.
2. To identify the social-media-related factors that most influence mutual fund selection.
3. To analyse the relationship between social-media exposure and mutual fund investment decisions.
4. To assess how perceived usefulness and credibility of social-media information affect mutual fund selection.
5. To examine the role financial literacy plays in mutual fund investment decisions.

5. HYPOTHESES

H1: Social-media exposure is significantly related to mutual fund selection among retail investors.

H2: Perceived credibility of social-media content significantly influences mutual fund selection.

H3: Perceived usefulness of social-media information significantly influences investment decisions.

H4: Influencer trust significantly influences investors' willingness to consider recommended mutual fund schemes.

H5: Social influence significantly affects mutual fund investment decisions.

H6: Financial literacy significantly influences the quality of mutual fund investment decisions.

H7: Financial literacy moderates the relationship between social-media exposure and investment decisions.

5. RESEARCH METHODOLOGY

This study will follow a quantitative, descriptive, and explanatory research design, using a cross-sectional survey to collect primary data from eligible retail investors in Raipur District.

The target population will be individuals who have invested in mutual funds or SIPs and who have used social media to obtain financial or investment-related information. Data will be collected through a structured questionnaire built around a five-point Likert scale.

The study aims for a sample of approximately 300–350 valid responses. Since a complete sampling frame of mutual fund investors is not readily available, the study will rely on purposive sampling combined with practical accessibility; the limitations this places on generalisability will be acknowledged explicitly.

The variables to be examined include:

- Social-media exposure
- Information usefulness
- Perceived credibility
- Influencer trust
- Social influence
- Financial literacy
- Risk perception
- Mutual fund selection
- Investment decisions

Planned statistical techniques include frequency and percentage analysis, mean and standard deviation, Cronbach's alpha, exploratory factor analysis, Pearson correlation, multiple regression, and moderation analysis.

6. ILLUSTRATIVE ANALYTICAL FRAMEWORK (HYPOTHETICAL, PRE-DATA-COLLECTION)

Important note: Data collection has not yet taken place, so no actual respondent-level observations currently exist. The tables and figures below are hypothetical placeholders included only to demonstrate how the planned statistical techniques would be applied and reported once real survey data has been collected. They are not empirical findings and must be replaced with genuine results once the survey has been administered and the data analysed.

7.1 ILLUSTRATIVE MEAN VALUES (HYPOTHETICAL)

Table 1: Illustrative Mean Values — For Demonstration Purposes Only.

Variable	Hypothetical Mean Value
Social Media Exposure (SME)	3.369
Information Usefulness (IU)	3.282
Perceived Credibility (PC)	3.234
Influencer Trust (IT)	3.101
Social Influence (SI)	3.122
Financial Literacy (FL)	3.373
Risk Perception (RP)	3.338
Investment Decision Quality (IDQ)	3.306

Source: Hypothetical values for illustration only; not derived from actual respondent data.

Illustrative interpretation: If a real dataset produced a pattern similar to the one shown above, it would suggest a moderately positive level of social-media engagement and financial awareness among respondents, with Financial Literacy and Social Media Exposure scoring somewhat higher than Influencer Trust and Social Influence — which, if it held true, might indicate that investors use social media for information without depending heavily on influencers when making decisions. This is offered purely as an example of how the results would be interpreted, not as an actual finding.

7.2 ILLUSTRATIVE CORRELATION PATTERN (HYPOTHETICAL)

Table 2: Illustrative Correlation Matrix — For Demonstration Purposes Only.

Variable	SME	IU	PC	IT	SI	FL	RP	IDQ
SME	1	.58	.46	.42	.51	.39	.36	.54
IU	.58	1	.55	.41	.38	.49	.44	.61
PC	.46	.55	1	.57	.43	.45	.48	.63
IT	.42	.41	.57	1	.52	.31	.37	.49
SI	.51	.38	.43	.52	1	.29	.35	.46
FL	.39	.49	.45	.31	.29	1	.59	.66
RP	.36	.44	.48	.37	.35	.59	1	.57
IDQ	.54	.61	.63	.49	.46	.66	.57	1

Note: Values shown are hypothetical and illustrate the format in which a correlation matrix would be reported; they are not calculated from respondent-level data.

Illustrative interpretation: Were a real correlation matrix to follow this pattern, it would point to positive associations between all study variables and Investment Decision Quality, with Financial Literacy, Perceived Credibility, and Information Usefulness showing the strongest hypothetical links — which would be consistent with the idea that better financial knowledge, greater perceived credibility of information, and clearer usefulness of content go together with more informed decisions. Again, this is a demonstration of the intended analysis, not a reported result.

7.3 ILLUSTRATIVE REGRESSION FRAMEWORK (HYPOTHETICAL)

Dependent Variable: Investment Decision Quality (IDQ)

Table 3: Illustrative Multiple Regression Output — For Demonstration Purposes Only.

Predictor	Hypothetical β	Hypothetical t	Hypothetical p	Illustrative Decision
Social Media Exposure (SME)	.18	3.84	< .001	Significant
Information Usefulness (IU)	.21	4.36	< .001	Significant
Perceived Credibility (PC)	.24	5.12	< .001	Significant
Influencer Trust (IT)	.09	1.98	.049	Significant
Social Influence (SI)	.07	1.62	.106	Not Significant
Financial Literacy (FL)	.29	6.41	< .001	Significant
Risk Perception (RP)	.14	3.17	.002	Significant

Illustrative Model Summary: $R = .748$, $R^2 = .559$, Adjusted $R^2 = .550$, $F = 61.84$, $p < .001$ (hypothetical values, for demonstration only).

Note: This table demonstrates the intended format for reporting regression results once actual survey data has been collected; the coefficients shown are illustrative placeholders and do not represent real findings.

7.4 HOW THE ILLUSTRATIVE FRAMEWORK WOULD BE INTERPRETED

The following commentary explains how results of this kind would be read if they were genuine, so as to make the intended analytical approach clear. None of the statements below should be taken as an actual finding.

Were the independent variables found to explain roughly 55.9% of the variation in Investment Decision Quality, this would indicate a reasonably strong model fit.

A relatively high standardized coefficient for Financial Literacy would suggest that investors with a stronger grasp of mutual fund concepts, risk-return relationships, diversification, and investment products are better positioned to make informed decisions.

A strong coefficient for Perceived Credibility would suggest that investors are more likely to act on social-media information they judge to be reliable and transparent.

Significant, moderate coefficients for Information Usefulness and Social Media Exposure would suggest that social media contributes positively to investment decisions mainly when the information available is both useful and easy to understand.

A small but significant coefficient for Influencer Trust would suggest that some investors do weigh influencer recommendations, even though this factor alone would not be a major determinant.

A non-significant coefficient for Social Influence would suggest that online popularity, comments, and peer discussion may raise awareness without independently determining the final investment decision once financial literacy and credibility are accounted for.

8. CONCLUSION

Social media has changed, in fundamental ways, how retail investors reach and process financial information. Digital platforms make it easier than ever to learn about mutual funds, SIPs, diversification, and related concepts — but the growing influence of influencers and online communities also raises real questions about credibility, transparency, and investor protection.

This study is designed to investigate these questions in the specific context of retail investors in Raipur District. By bringing together social-media exposure, information usefulness, credibility, social influence, financial literacy, and investment behaviour within one framework, it aims to contribute to a clearer understanding of how retail investment decisions are made in a digital environment.

Once completed, the findings are expected to help investors build more informed decision-making habits, while also supporting mutual fund companies, financial educators, advisers,

and regulators in designing more effective investor-awareness initiatives. A recurring theme throughout this study is that social media can be a genuinely useful educational tool — provided investors take the additional step of verifying what they see against reliable, official sources.

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