



## GEN-Z'S PERCEPTION ON FINANCIAL INFLUENCERS AND HOW IT AFFECTS THEIR FINANCIAL DECISIONS

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### ABSTRACT

*We observe a potential expansion in the newly established sector of financial influencers in the financial world where young people look for other sources for their own financial investments. The emergence of personal finance influencers may be partially linked to the rising use of social media to seek financial advice. The purpose of this study was to determine if those who have the potential to influence financial decisions really do so and to comprehend the warnings that financial influencers gloss over when describing various financial topics. Secondary and primary sources were used to gather the data for this study. A tailored questionnaire that was distributed to the respondents was used to gather primary data. Reviews from numerous study papers, publications, and newspapers make up secondary data. Some of the findings of this research paper conclude that financial influencers should deliver material that meets investor expectations and the researcher's opinion is that novice investors should be well-informed when observing or following various financial influencers while making financial judgements.*

**Keywords:** Gen Z, Financial influencers, Financial decisions. Social media

### INTRODUCTION

In the world of finance where youngsters chase for various sources for their personal financial investments, we see a potential growth in the newly formed industry of financial influencers. A social media influencer is a person who uses social media to promote themselves and has gained trust in a particular industry or niche. Through the distribution of their content on social media platforms like Facebook, YouTube, Instagram, and TikTok, they develop a loyal following and audience. Moreover, they might have a podcast or blog. A social media influencer who focuses on providing advice on finances and money is known as a personal finance influencer. The increasing usage of social media to seek financial advice might be partly attributed for the rise of personal finance influencers. Personal finance influencers can monetize a YouTube channel, provide sponsored

articles, offer digital goods or courses, or engage in affiliate marketing by disseminating their financial expertise. By the end of this year, India is expected to have a market of Rs 900 crore for influencer marketing. Additionally, about two-thirds of Indians follow influencers. Celebrities receive only 27% of the marketing dollars spent on well-known figures. The bulk of 73%, however, goes to influencer marketing! Whether you like it or not, influencers and influencer marketing are a reality.

Since age is not a factor in defining generational cohorts, the age range of Gen Z will change throughout time. According to the majority of sources, Generation Z was born between 1997 and 2010, hence as of 2020, its age range was generally between 10 and 23. A sizeable fraction of Gen Z's oldest workers currently make up the workforce. The need for personal financial security and education is another tendency that academics have noticed among Generation Z. Many people witnessed their parents' struggles during the Great Recession as children. Because of this, people are worried about their financial future and are getting ready by starting savings accounts and paying off debt.

Prior to a more exact definition of Generation Z, they were sometimes included alongside millennials. It's true that there are certain parallels between the two generations. Some of these similar traits include:

- progressive stances on issues
- acclimating to technology
- Social media presence
- Putting personal finance first

## OBJECTIVES

1. To study financial influencers power to alter financial decisions of Gen Z.
2. To analyze the understanding of Gen-Zs financial decisions with the help of financial influencers.
3. To understand the caveats ignored by financial influencers when explaining various financial concepts.
4. To validate GEN-Zs dependence on new age financial influencers as compared to esteemed investment houses.

## REVIEW OF LITERATURE

According to Imène Chikhi (2021), Instead of focusing on the skills that their audience has learned, personal finance influencers use social media as a tool to improve the financial literacy of their audience. They think that financial influencers will be keen to share information on financial education with their audiences in order to raise the level of financial literacy.

Pham, Minh; Dang, Thao Yen; Hoang, Thi Hong Yen; Tran, Thi Thanh Nga; Ngo, Thi Huong Quynh (2021) are of the opinion that as traditional marketing strategies lose their efficacy, social media and online influencers have emerged as valuable marketing tools (Schivinski & Dabrowski, 2016). Influencers are regarded as a unique element of the online community. Through different social media platforms, they spread the word by sharing their experiences, thoughts, and views about a range of topics, services, and goods (Harrigan et al., 2021). The community will next determine whether or not to use or trust this information. The choice of the goods or services that the influencer has recommended is impacted by this.

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Wan Suryani, Fitriani Tobing, Yesika Emelia Girsang (2022) in their study state that Influencers are extremely likely to have an impact on Gen Z's investment behaviour because they are a digital generation (Safitri, 2021; Wibisono 2019). They must exercise caution since not all of these influencers have the necessary training or expertise.

Tristan Hunter Pike (2020) gives insight into the personal finance education that college students are now receiving as well as chances in the current general education system to address finance education and university students' personal financial management practices.

Kavya Clanganthuruthil Sajeev, Mohd Afjal, Cristi Spulbar, Ramona Birau, Ion Florescu (2021) try to figure out how behavioural finance affects the intentions and investing choices of Gen Z investors.

## STATEMENT OF THE PROBLEM

During the pandemic many youngsters realized the importance of handling your finances and accumulating money for the future. In order to achieve that it was necessary to have the required financial knowledge and time. This is where financial influencers started to play an important role in terms of educating the young minds and helping them become financially independent. Like all things nothing in this world is free and we wanted to find out how financial influencers profited from this pro bono business. This industry is a relatively new industry and we wanted to explore the benefits and drawbacks of following such financial influencers.

## SCOPE OF STUDY

The purpose of this research was to determine the impact that financial influencers have on the financial decisions of Gen Z. The researcher chose the age range of 18-25 for this particular research. This is because the age range of Gen Z's start from 10 all the way to 25. The questionnaire sent out were focused more on college students as they fall into the category of Gen Z. Researcher made sure that the questionnaire was focused more on finance aspect but was easy to understand for people from different fields.

## LIMITATIONS OF THE STUDY

1. The target audience was a major limitation since finding people who are into finance and are a part of the Gen Z culture were limited.
2. The data collected was only through google forms. Hence there was no one on one interview.
3. Mumbai is a large and highly populated city the research was limited to the college going students there by ignoring people with a well experienced finance profile.
4. Chances of error in information collected could be high since many wouldn't have disclosed the actual information.

## RESEARCH METHODOLOGY

The data for this research was collected through primary and secondary sources. Primary data was collected through a customized questionnaire sent out to the respondents. Secondary data comprised of reviews from

different research papers, articles and various newspapers.

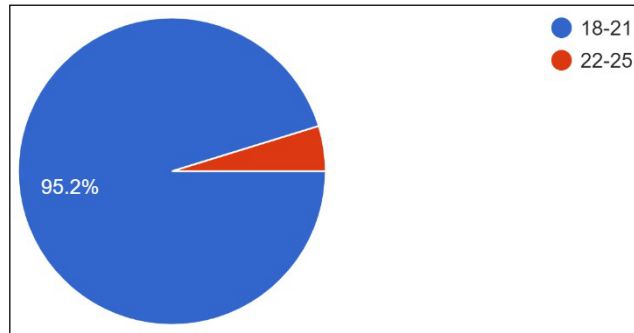


Figure 1

Since our target audience were Gen-Z's, respondents were mainly between the age group of 18 to 25. Out of which 95.2% were between the ages of 18 to 21, and 4.8% were aged between 22 to 25.

**Q) Profession**

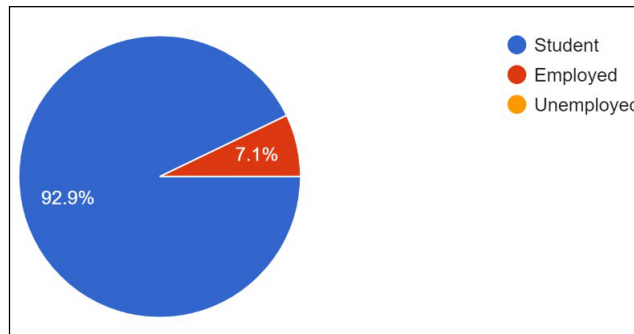


Figure 2

Out of the total respondents, 92.9% were still college goers and the rest had recently got jobs in different companies.

**Q) How often do you invest?**

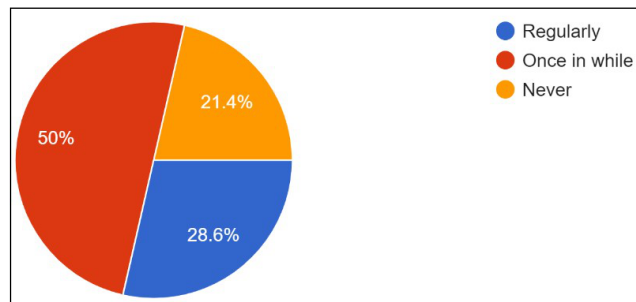


Figure 3

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When asked about the frequency of investing in different financial instruments, 50% responded that they used to invest once a while. 28.6% answered that they were regularly investing in different asset classes. 21.4% of people hadn't entered the financial market yet.

### Q) Do you follow financial influencers on social media?

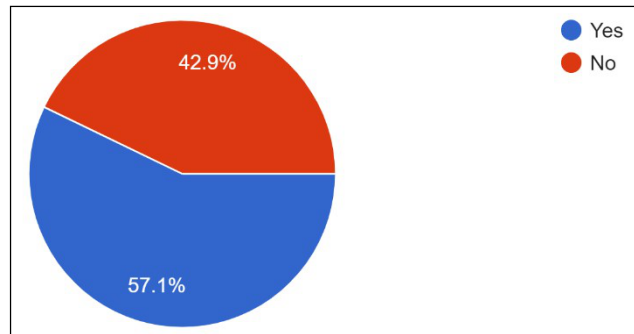


Figure 4

57.1% of the respondents were familiar with different financial influencers and were following them on various social media sites. The rest were not so keen on following the influencers, even though they had heard of them.

### Q) Which among the given social media platforms do you prefer the most for financial advice/knowledge?

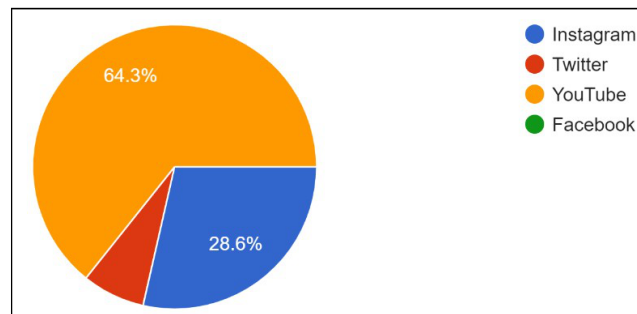


Figure 5

64.3% of people feel that financial influencers should post their content on YouTube. 28.6% are okay with them posting videos on Instagram. Nobody wants influencers to post informational videos on Facebook.

### Q) How did you get to know about financial influencers making financial literacy videos?

More than half of the respondents got to know about financial influencers through recommendations on social media apps. This shows that influencers leveraged social media to help grow their numbers.

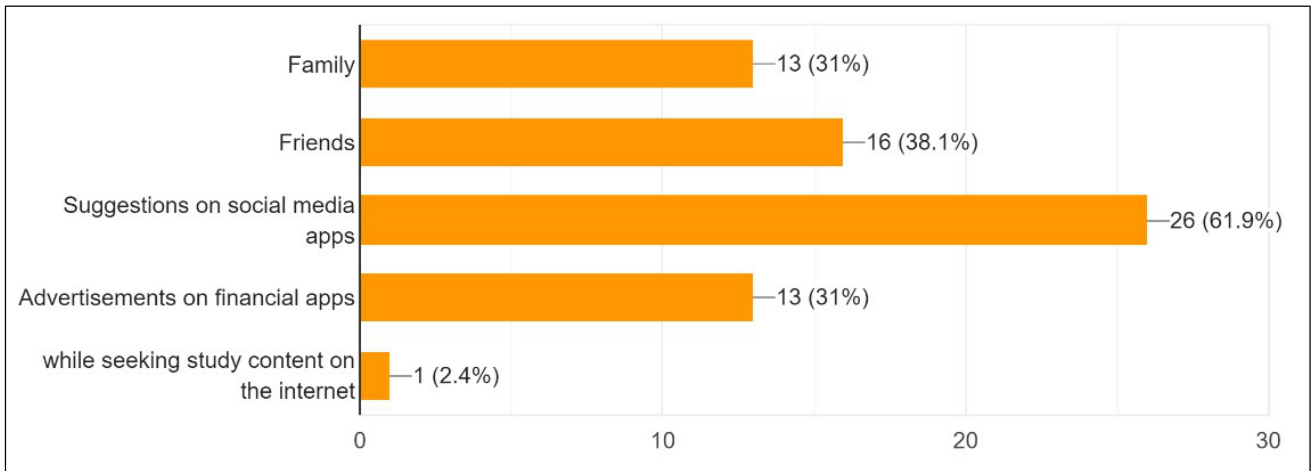


Figure 6

**Q) Would you agree that Financial Influencers do a good job of simplifying complex financial concepts?**

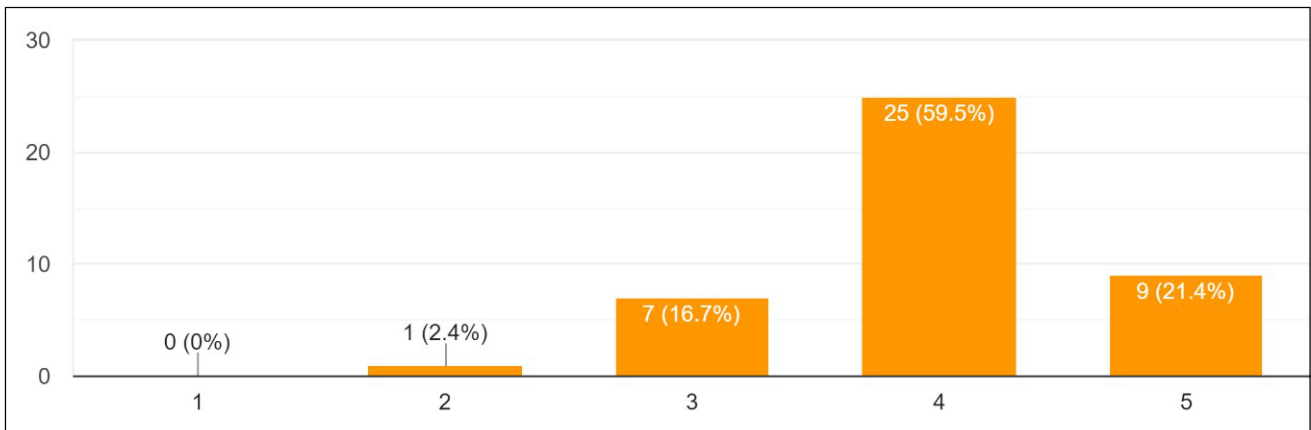


Figure 7

Almost 60% of the respondents feel that the content provided by financial influencers are somewhat to the point and easy to understand. Financial Influencers' main purpose is to simplify different concepts and provide to the masses. And this particular survey shows that they are close to achieving that status.

**Q) Would you agree that financial influencers can fraud gullible investors by not mentioning the risk associated?**

40.5% of the respondents are in two minds about the content put out by the influencers. Surprisingly, 26.2% are fully convinced that financial influencers can easily fraud not-so-smart investors by providing incomplete information about the risk involved in investing.

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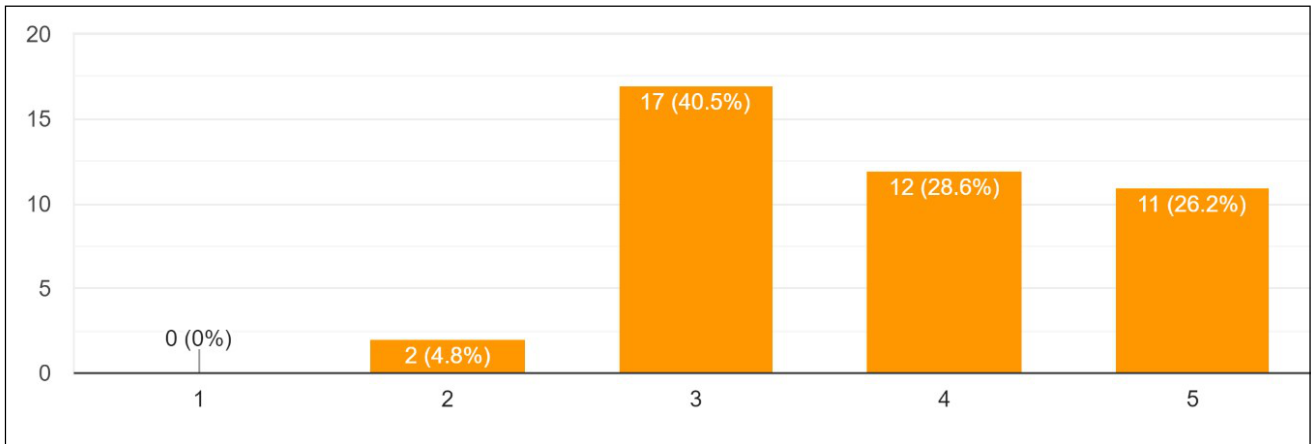


Figure 8

**Q) Would you agree that Gen-Z's hunger to invest has boomed the financial influencers' industry?**

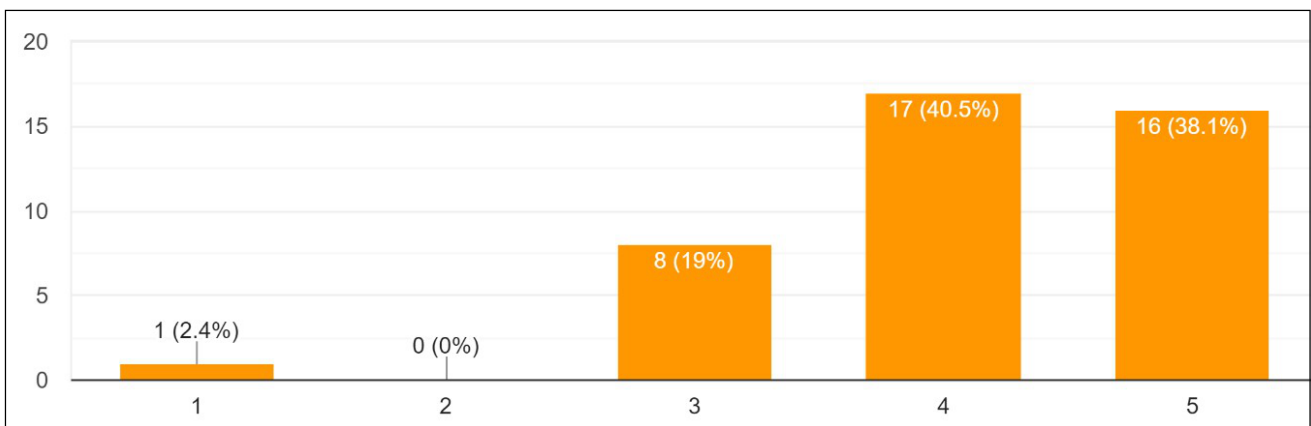


Figure 9

Around 78.6% of the total respondents strongly believe that the industry of financial influencers has seen a meteoric rise due to the demand created by the Gen-Z's. There is also a scope for the industry to rise even further as more and more people are going to start investing and taking help from content put out by the influencers.

**Q) Have you made money by listening to these financial influencers?**

Around 69% of people have made money on some occasions after listening to these financial influencers. This shows that the content put out is accurate most of the times, and can help in financial decisions.

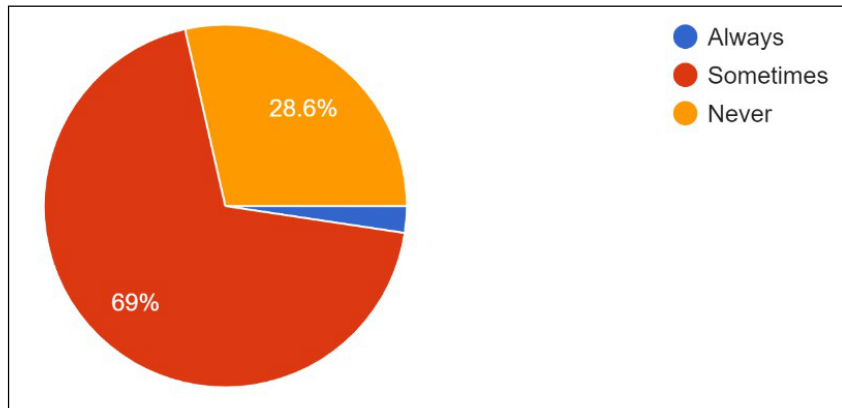


Figure 10

Q) Would you recommend others to follow these financial influencers?

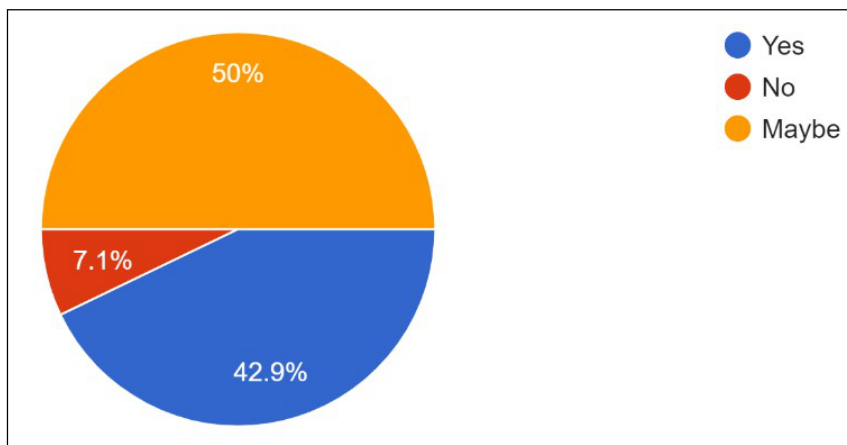


Figure 11

Half of the total respondents are a little bit dicey about suggesting financial influencers to people they know. Close to 43% are fine with recommending influencers for various financial advice. The rest are not so keen on suggesting such influencers to the general public.

### RECOMMENDATION

- We recommend Gen Z investors to do their own research, without blindly trusting financial influencers.
- Financial influencers should avoid overhyping trending financial assets to gain reach.
- The content provided by financial influencers should be in line with investor expectations.
- We feel new investors should be well aware while watching or following different financial influencers for their financial decisions.
- Gen Z should take trades on different financial assets only after considering their risk profiles and capital allocation.



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## CONCLUSION

We can conclude that social media is a very effective platform for financial influencers to put out their content and for new age investors, a better source for gaining financial knowledge. In the rising industry of financial influencers, the number of creators is just going to increase with a view of making it easier and simpler to understand for their viewers and help them gain appropriate financial knowledge. The main aim of investors should be protecting their capital and not expecting super high returns just because influencers were talking about it in their videos.

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