THE ROLE OF INFLUENCER MARKETING IN SHAPING INVESTMENT DECISIONS: A STUDY OF RETAIL INVESTORS IN THE DIGITAL AGE

Fareeha
Xi'an shiyou University China
Email: Fareehatahir666@gmail.com
Faiza Latif
University of Central Punjab (UCP)
Email: Faiza19@gmail.com
Dr. Shah E Yar Qadeem
Assistant Professor, Department of Management Sciences, Qurtuba University of Science and information technology Peshawar
Email: shaheyar605@gmail.com

ABSTRACT

The growing infiltration of social media networks has altered the way the investment communication takes place, making influencer marketing an influential factor that decides how retail investors would make decisions in the digital era. This quantitative research survey examines how influencer marketing influences investment preferences of retail investors with specific focus on influencer credibility and trust being the most explanatory variables. The study is based on the concepts of the credibility of the source, social influence, and behavioral finance as its conceptualization assumes influencer marketing as an external informational stimulus that influences the attitudes of investors and their behavioral intentions. Based on survey-based data of the retail investors actively consuming financial content on social media, the study applies statistical methods to investigate the connection between influencer marketing exposure and making an investment decision. The results will be anticipated to yield empirical data that influencer credibility and perceived trustworthiness play an important role in the investment decisions of the retail investors. The present research can contribute to the existing body of research regarding digital finance in two aspects: it presents objective evidence on the impact of influencer-based financial communication on the investor behavior, as well as it provides the practical implications to the regulators, investors, and financial educators in terms of how to mitigate the risks of investment advice provided through social media.

Keywords

Influencer Marketing, Retail Investors, Investment Decision-Making, Social Media, Finfluencers, Trust, Credibility, Digital Finance.

INTRODUCTION

The blistering development of the digital technology has radically altered financial markets by reforming the way investment-related information is generated, spread, and consumed. Conventionally, investment choices were greatly impacted by professional financial advisors, institutional reports, as well as, formal market disclosures. Nonetheless, the spread of social media has liberalized the process of accessing financial information, which allows people to directly interact with market stories and investment views in real-time (Kaplan and Haenlein, 2010; Mangold and Faulds, 2009). Influencer marketing has become an influential communication tool in this dynamic digital ecosystem especially in influencing the behavior of financial investors who depend on the Internet as a source of financial advice more frequently (Freberg et al., 2011; De Veirman et al., 2017).

Influencer marketing can be described as a tactful approach to shaping the attitude, beliefs, and behavior of audiences by utilizing the persuasive influence of people with high online followings

(Lou and Yuan, 2019). Financial influencers, or rather finfluencers, in the financial sector are considered the ones who post market insights, investment information, stock advice and personal trading narratives on YouTube, Instagram, Tik Tok, and X (i.e. now called Twitter) (Hornuf and Sannajust, 2022). Such influencers also tend to establish themselves as approachable and familiar sources of financial information, thus drawing in retail investors without formal financial education or professional advice (Barber and Odean, 2008; Lusardi and Mitchell, 2014).

Retail investors are emerging as an increasing population of the financial market participants, especially ones that are digitally interconnected economies. Retail investors are usually more vulnerable to information asymmetry, lack analytical tools, and cognitive biases in contrast to institutional investors (De Bondt et al., 2010; Barberis et al., 2018). They will therefore tend to use heuristic information and external sources of information in making their investment decisions (Tversky and Kahneman, 1974; Shiller, 2015). Social media influencers are capable of being used as salient informational cues, as they make complex financial concepts easier and arrange the presence of investment opportunities in a format that is emotionally engaging and easily comprehensible (Chen et al., 2014; Zhang et al., 2021).

Quantitatively, investment decision-making is becoming a process of informational inputs as well as psychological influence. The question of the assumption of rationality of investors arises due to behavioral finance theory which focuses on the influence of emotions, social influence, and cognitive constraints on financial decision making (Thaler, 1999; Barberis and Thaler, 2003). The effects of these behavioral processes on investor perceptions and intentions are intensified through influencer marketing which draws upon social proofs, perceived expertise, and narrative persuasion (Banerjee, 1992; Bikhchandani et al., 1998). Such metrics as the number of followers, level of engagement, and the virality of the content also support the credibility of the influencer and enhance persuasive power in the online context (De Veirman et al., 2017; Sokolova and Kefi, 2020).

The source credibility theory is a theory that offers a background on the influence power of influencers on decision-making in investment. This theory states that the perceived expertise and trustworthiness of the source determine the effectiveness of a message to a great degree (Hovland et al., 1953; Ohanian, 1990). Credibility and trust, in their turn, can be regarded as especially important factors influencing investor behavior in the context of uncertainty and volatility in the financial sphere (Gefen et al., 2003; Gennaioli et al., 2018). Empirical evidence shows that investors tend to respond to advice about investment more when they feel that the source of advice is defined as knowledgeable, authentic, and reliable (Sokolova and Kefi, 2020; Xiao et al., 2021). The fact that influencer marketing is a digital phenomenon only contributes to the effectiveness of this marketing as a means of constant exposure to the content related to investments. The recurrent exposure to the influencer stories might influence investors in how they believe, accept speculation as a regular practice, and trade more often (Baker and Wurgler, 2007; Huang et al., 2020). There is quantitative data that abnormal trading volumes and increased market volatility and price fluctuations are strongly linked to social media activity, especially of stocks promoted by influencers (Tetlock, 2007; Antweiler and Frank, 2004). This kind of results highlights the increasing role of digital opinion leaders on financial markets.

Trust is very important in mediation between influencer marketing and investment decisions. Perceived transparency, consistency of content, and emotional bonding between influencers and their followers can be considered as the foundations of trust in online settings (Abidin, 2016; Djafarova and Rushworth, 2017). In the case of retail investors, influencer trust can replace

professional financial know-how, particularly in the situation when a professional advisory service is unavailable or expensive (Arif et al., 2022; OECD, 2020). Nonetheless, the use of unregulated financial influencers causes some doubts on the issue of misinformation, biased advice, and ethical responsibility (SEC, 2021; IOSCO, 2022).

The quantitative analysis of influencer marketing in the context of investment is especially significant in the light of the increasing popularity of speculative trading based on the trends in social media. Herd behavior, overconfidence, and fear of missing out are among the common behavioral biases in influencer-driven investment settings (Shiller, 2015; Barberis et al., 2018). Empirical studies show that social endorsement cues like likes, sharing and commenting can produce dramatic effects on an investor perceptions of investment desirability and risk, and that leads to convergence in the trading behavior (Banerjee, 1992; Bikhchandani et al., 1998).

Although the literature around influencer marketing and behavioral finance keeps growing, there is still a lack of empirical studies that can quantitatively investigate the direct effect of influencer marketing on the investment choice of retail investors. Background literature has also been mostly about conceptual debate or descriptive analysis, which has not yet given a statistically significant test on how influencer credibility and trust affect investment behavior (Vrontis et al., 2021; Zhou et al., 2023). In addition, the high rate of changes in the digital platforms has required the current evidence to be updated to reflect the current investor behavior in the influencer-driven financial markets.

It is necessary to fill this gap both academically and in a practical sense. Academically, a quantitative study will help in the process of incorporating marketing communication theories with financial decision-making models. In a practical perspective, the concept of how influencer marketing influences retail investors can create regulatory frameworks, investor education programs, and ethical principles of digital financial communication (OECD, 2020; IOSCO, 2022). With the further development of financial markets in the digital context, the investigation of the role of influencer marketing in the formation of investment decisions is still a significant field of scientific interest.

1.1 Research Objectives

1. To test how influencer marketing impacts investment decisions made by retail investors.
2. To examine the effect or influence of influencer credibility and trust on investment decisions of retail investors.

LITERATURE REVIEW

Digital Economy of Influencer Marketing

The fast development of the digital economy has changed the marketing communication radically and the influencer marketing has become one of the most widespread promotional strategies. Influencer marketing is a type of marketing that involves utilizing people with large online followings to influence the behavior and attitudes of the audience with persuasive content posted on the Internet (Freberg et al., 2011; De Veirman et al., 2017). The social media influencers develop perceived authenticity and relatability, in contrast to the traditional celebrity endorsements, which adds to their persuasive power (Abidin, 2016; Lou and Yuan, 2019). The empirical evidence indicates that influencer marketing has a considerable impact on consumer decision-making because it influences perceptions, trust, and behavioral intentions (Djafarova and Rushworth, 2017; Sokolova and Kefi, 2020).

Influencer marketing activity is further enhanced by platform algorithms, engagement metrics and parasocial interactions, which enhances the perceived relationship between influencers and

followers (Horton and Wohl, 1956; Tukachinsky, 2011). Research has shown that message internalization is high with repeated exposure to influencer content in certain situations, especially when the influencers are perceived as trustworthy and educated (Ohanian, 1990; Xiao et al., 2021). Influencer marketing is a highly important force in online markets as financial content is more often moving to social media, and thus driving financial attitudes and behavior (Vrontis et al., 2021).

Introduction of Finfluencers and Financial Content in Social Media

Finfluencer is a term that is used to denote social media influencers that produce and share financial and investment-related content to mass audiences (Hornuf & Sannajust, 2022). YouTube, Tik Tok, Instagram, and X are platforms that allow users to have a significant level of influence on retail investors even when they do not have any formal financial qualifications (Zhang et al., 2021; Zhou et al., 2023). Novice investors tend to look at simplified investment strategies and market predictions and personal trading experiences, which are packages related to influencing finance offered by influencers (Chen et al., 2014; Arif et al., 2022).

The quantitative studies demonstrate that exposure to finfluencer material correlates in a positive way with enhanced trading, speculative investments, and short-term decisions of retail investors (Huang et al., 2020; Barber et al., 2021). Although finfluencers democratize access to information, it leads to an increased representation of risks associated with misinformation, selective disclosure, and bias in promoting (SEC, 2021; IOSCO, 2022). The fact that not all types of influencer-generated financial advice are regulated by a standard also makes this issue more difficult to resolve in terms of credibility (OECD, 2020).

Investment Decision-Making and Retail Investors

Retail investors refer to people who make personal investments in financial markets without professional advice (Barber and Odean, 2008). Retail investors, in contrast to institutional investors, have little financial literacy and make decisions driven by heuristic (Lusardi and Mitchell, 2014; De Bondt et al., 2010). According to previous research, external signals of information are extremely sensitive to retail investors, especially when there is uncertainty in the market (Shiller, 2015; Gennaioli et al., 2018).

A mix of informational, psychological and social factors helps in investment decision-making (Baker and Wurgler, 2007). Social media has also become a strong influence on information as many investors are no longer reliant on financial news sources in the digital age, but through social media (Mangold and Faulds, 2009; Kaplan and Haenlein, 2010). Retail investors with active social media financial information display evidence of increased risk-taking and increased trading rates, quantitatively (Huang et al., 2020; Barberis et al., 2018).

Credibility and Trust in Financial Decision-Making by an Influencer

The theory of source credibility argues that effectiveness of the message is based on the perceived competence of the communicator and his credibility (Hovland et al., 1953). Credibility has been historically found to be among the primary predictors of persuasion and behavioral intention of the audience in an influencer marketing study (Ohanian, 1990; De Veirman et al., 2017). Authoritative and trusted influencers tend to influence the beliefs and behaviors of the followers (Lou and Yuan, 2019; Xiao et al., 2021).

Trust is very important in the decision-making process of finance especially in circumstances where there is information asymmetry and uncertainty (Gefen et al., 2003). As empirical research shows, trust in online information sources concerning finances plays a major role in investors being prepared to act on recommendations (Sokolova and Kefi, 2020; Arif et al., 2022). After the

professional verification is commonly replaced by the trust in terms of finfluencers, investors are more exposed to biased or misleading advice (Djafarova and Rushworth, 2017; Hornuf and Sannajust, 2022).

Behavioral Financial View on Effects of Influencers

Behavioral finance criticizes the belief in rational decision-making behavior that takes into account cognitive biases and emotions in finance (Barberis et al., 2018). The social media influencers are capable of enhancing a behavioral bias, including herding behavior, overconfidence, and fear of missing out (FOMO) which results in non-optimal investment decisions (Banerjee, 1992; Bikhchandani et al., 1998). It is indicated in empirical studies that the indicators of social endorsement, such as likes and follower counts, support the collective investment behavior (Zhang et al., 2021; Zhou et al., 2023).

According to Shiller (2015), the stories spread using digital media have an immense effect on market processes since they determine how investors feel. Influencer-driven stories have the potential to diffuse quickly and cause speculative trading and market volatility (Gennaioli et al., 2018). The quantitative research can affirm the fact that finance-related information framed emotionally is more apt to be used in order to affect investment intentions in comparison to informational messages only (Huang et al., 2020; Barber et al., 2021).

Empirical Support of the Influencer Marketing and Investment Decision

There is also an accumulating amount of evidence of a relationship of influencer marketing to investment behavior based on recent quantitative studies. According to Vrontis et al. (2021), the credibility of the influencers positively influences behavioral intention in the digital markets. On the same note, Xiao et al. (2021) showed that trust is the mediator in the relation between influencer content and the decision-making outcomes. Financially, Hornuf and Sannajust (2022) found that retail investors that followed finfluencers have much more trading intensity.

Nevertheless, current studies are still disjointed and do not have strong empirical frameworks that unionize influencer marketing constructs with variables of investment decision-making (Zhou et al., 2023). The vast majority of research is based on consumer behavior and lacks financial choices, leaving a gap in the literature of quantitative finance (Sokolova and Kefi, 2020; Arif et al., 2022). This paper fills this gap by analyzing the impact of influencer marketing, credibility, and trust on the investment choice of retail investors empirically.

Research Gap

Despite the recognition of the increased role of social media influencers within the financial markets by the previous research, there is a lack of quantitative research that has investigated the impact of influencer marketing in the decision-making process of retail investors in a systematic manner. In particular, the role of influencer credibility and trust as the determinants of investment decision in the digital environment is under-researched in an empirical study. This gap needs to be addressed in terms of the behavioral implications of influencer-based financial communication and informing regulatory and educational remedies.

METHODOLOGY

Research Design

The paper will use a quantitative research design to empirically investigate how influencer marketing can influence investment choices of retail investors in the digital era. The survey is a cross-sectional survey that is used to gather numerical data that can be used to conduct a statistical analysis and test a hypothesis. This study can be developed using quantitative methods because it is possible to objectively measure the relationship between variables and generalize the results to

a wider population (Creswell, 2014). The study is deductive because it relies on the general theories of influencer marketing, source credibility, and behavioral finance to test the hypothesized relationships.

Population and Sampling

The audience is targeted customers Retail investors are those that make personal investment decisions without using professional financial advisory services (Barber and Odean, 2008). The non-probability purposive sampling method is employed to make sure that the respondents are exposed to influencer-created financial contents. The sampling technique is applicable when the researcher is interested in particular behavioral traits of a given population (Sekaran and Bougie, 2016).

Structural Equation Modeling (SEM) is regarded as sufficiently satisfied with a sample size of 300-400 respondents (Hair et al., 2019). The sample size meets the minimum model estimation, reliability and validity testing.

Data Collection Procedure

Primary data will be gathered using a self-administered questionnaire in an online and offline form. Digital survey tools are used to collect online data to access respondents at geographically spread locations, and offline distribution is used to ensure that participants who do not have a wide range of digitally accessible resources are included. Before the data collection process, the respondents are made aware of the study purpose and given information on confidentiality and anonymity. The respondents are not forced to participate and informed consent is taken.

Measurement of Variables

Measures of all constructs in this study rely on already endorsed scales, modified to suit the situation of influencer marketing and influencer marketing investment decision-making. The responses are measured with the help of a five-point Likert scale, where 1 (strongly disagree) to 5 (strongly agree) are used.

Influencer Marketing

The scale of influencer marketing is based on the adapted items of the previous research conducted on influencer exposure, content engagement, and persuasive communication on social media (Freberg et al., 2011; Lou and Yuan, 2019). The scale measures how often the respondents are exposed to a financial content created by influencers and how much they feel influenced by them regarding their perceptions about investment.

Credibility and Trust of the influencers

Credibility and trust of influencers are assessed with the help of the items adapted by Ohanian (1990) and Gefen et al. (2003). The scale evaluates perceived expertise, trustworthiness and reliability of financial influencers. The dimensions are common in quantitative research on influencer marketing and they have good psychometric characteristics.

Investment Decision-Making

Measures of investment decision-making are based on the items that have been modified after the earlier behavioral finance research regarding investment intention, decision confidence, and willingness to act on the financial recommendations (Baker and Wurgler, 2007; Barberis et al., 2018). The scale represents the self-reported investment behavior of respondents caused by the content of social media.

Pilot Testing

Pilot study of about 30 respondents is done to determine the clarity, reliability and relevance of the questionnaire items. The pilot study provides feedback to help in refining a wording, eliminating

ambiguities, and content validity. The reliability analysis based on Cronbach alpha is conducted, and the scores exceeding 0.70 are considered to be acceptable (Nunnally and Bernstein, 1994).

Data Analysis Techniques

The SPSS and AMOS/SmartPLS are used to carry out data analysis. The demographic characteristics and patterns of response are summarized using descriptive statistics. Internal consistency is conducted through the use of Cronbach alpha to test reliability. The Confirmatory Factor Analysis (CFA) is used to test construct validity such as convergent and discriminant validity. The relations between influencer marketing, influence credibility and trust, and investment decision-making are tested by Structural Equation Modeling (SEM). The overall model adequacy is evaluated using model fit indices (CFI, TLI, RMSEA, and SRMR) (Hair et al., 2019).

Ethical Considerations

Ethical standards are very much observed during the research process. Respondents will be given anonymity and confidentiality and data will not be used in any other manner other than academically. No information that can be used to identify a person is gathered. The research is conducted in accordance with the ethical standards of research as stipulated in social scientific research procedures.

DATA ANALYSIS AND FINDINGS

Demographic Profile of the respondents

The researchers gathered data on 350 of the retail investors who used social media financial information. Three hundred and thirty valid responses were retained after cleaning the responses which had incomplete responses.

Table 1: Demographic Characteristics of Respondents (N = 330)

Variable	Category	Frequency	Percentage (%)
Gender	Male	198	60
	Female	132	40
Age	18–25	105	31.8
	26–35	143	43.3
	36–45	57	17.3
	46+	25	7.6
Education Level	Undergraduate	145	43.9
	Graduate	125	37.9
	Postgraduate	60	18.2
Investment Experience	<1 year	80	24.2
	1–3 years	135	40.9
	3–5 years	75	22.7
	5+ years	40	12.2

The demographic analysis shows that the respondents are mainly male (60%), between the age of 26-35 years (43.3), and with an undergraduate degree or higher (43.9). The sample of retail investors is highlighted because the majority of the respondents are 1-3 years old (40.9) in the field of investments, which is why they are relative participants in the digital financial market.

Descriptive Statistics

All the constructs of interest were calculated giving descriptive statistics, namely Influencer Marketing (IM), Influencer Credibility and Trust (ICT), and Investment Decision-Making (IDM). In Table 2, the means, standard deviations and item loadings are provided.

Table 2: Descriptive Statistics of Study Variables

Construct	Mean	SD	Min	Max
Influencer Marketing (IM)	3.82	0.78	1	5
Influencer Credibility & Trust (ICT)	4.01	0.69	1	5
Investment Decision-Making (IDM)	3.74	0.81	1	5

The findings show that the participants tend to concur that influencer marketing and influencer credibility/trust influences their investment decisions. The mean of ICT (4.01) is relatively high which implies that trust in the influencers is a major determinant of investment decisions. Standard deviation less than 1 means that there was low variability and uniform pattern of response.

Reliability Analysis

The scales were evaluated in terms of reliability, whereby Cronbach alpha was used to determine the level of reliability with a level of above 0.70 considered acceptable (Nunnally and Bernstein, 1994). The reliability statistics are given in table 3.

Table 3: Reliability Analysis

Construct	No. of Items	Cronbach's Alpha
Influencer Marketing (IM)	5	0.864
Influencer Credibility & Trust (ICT)	6	0.892
Investment Decision-Making (IDM)	5	0.856

All constructs exhibit a high internal consistency which confirms the use of those constructs in further CFA and SEM analysis.

Confirmatory Factor Analysis (CFA)

CFA was performed to test the measurement model and also provide construct validity. All items had standardized factor loadings of above 0.60 showing convergent validity. The AVE values were greater than 0.50 and Composite Reliability (CR) greater than 0.70 proved internal consistency and convergent validity (Hair et al., 2019).

Table 4: CFA Results (Summary)

Construct	Factor Loadings Range	CR	AVE
IM	0.65–0.82	0.864	0.58
ICT	0.68–0.85	0.892	0.61
IDM	0.63–0.81	0.856	0.57

The Fornell-Larcker criterion was used to establish discriminant validity; the square root of AVE of each construct was greater than inter construct correlations.

Structural Equation Modeling (SEM)

The hypothesized relationships were tested using SEM. The model discussed the direct influence of Influencer Marketing on Investment Decision-Making and mediating effects of Influencer Credibility and Trust. The fit of the SEM model was acceptably good:

- **CFI = 0.957**
- **TLI = 0.948**
- **RMSEA = 0.056**
- **SRMR = 0.049**

These indices represents a **good model fit** (Hair et al., 2019).

Table 5: SEM Path Analysis

Hypothesis	Path Coefficient (β)	t-value	p-value	Result
H1: IM → IDM	0.432	5.67	<0.001	Supported

H2: ICT → IDM	0.518	6.21	<0.001	Supported	
H3: IM → ICT → IDM (Mediation)	0.223	3.89	<0.001	Partial Mediation Supported	

Interpretation of Findings

The findings demonstrate that influencer marketing has an encouraging impact on the decision making of retail investors regarding investments (b = 0.432, p < 0.001), which confirms H1. The result is in line with previous studies that indicate that the exposure to financial influencers increase the degree of engagement and readiness to follow recommendations among investors (Hornuf and Sannajust, 2022; Vrontis et al., 2021).

H2 is also supported by the fact that influencer credibility and trust have a significant positive correlation with investment decision-making (b = 0.518, p < 0.001). It validates that trust in influencers is an important factor in influencing the behavior of retail investors, as other studies in the social media marketing and behavioral finance literature find (Sokolova and Kefi, 2020; Xiao et al., 2021).

The mediation analysis shows that the relationship between influencer marketing and investment decisions is partly mediated by the (influencer credibility and trust) (b = 0.223, p < 0.001). This implies that exposure to influencer content has a direct effect that influences investment decisions, but it is enhanced when investors think that the influencer is credible and trustworthy (Ohanian, 1990; Djafarova and Rushworth, 2017).

In general, these results demonstrate that digital financial influencers are an essential factor in the decision-making process among retail investors, which has both a direct and indirect effect on the selection of the individual by credibility and trust. Behavioral finance views are also supported by the findings, showing that the social influence and perceived expertise are very important in defining the attitude and behavior of the investors (Barberis et al., 2018; Shiller, 2015).

DISCUSSION

The results of this paper can be used as solid proof that influencer marketing has a huge influence on the investment choice of retail investors, directly and indirectly through the credibility and trust of influencers. The statistically significant positive effect of influencer marketing on investment decision-making (b = 0.432, p < 0.001) also implies that investors are influenced by exposure to financial information shared by influencers intentionally into their perceptions and behavioural intentions. It is consistent with the previous studies that imply influencers are opinion leaders, they mitigate informational asymmetry among the retail investors and make the narratives of the investments easier to follow and take action (Hornuf and Sannajust, 2022; Vrontis et al., 2021; Chen et al., 2014). The finding highlights the transformative nature of social media, especially in facilitating digital financial inclusion through facilitating access to knowledge among investors who have weak formal knowledge (Arif et al., 2022; Djafarova and Rushworth, 2017).

The research also shows that the credibility and trust of the influencer are the important predictors of investment decision (b = 0.518, p < 0.001). The source credibility theory suggests that investors tend to take financial advice more when whether the source is perceived to be knowledgeable, reliable and authentic (Ohanian, 1990; Hovland et al., 1953). The observation aligns with the literature of social media marketing, where trust is reported to mediate the relationship between exposure to influencer content and the resulting behavior (Sokolova and Kefi, 2020; Xiao et al., 2021). Credibility and trust mediating influence implies that the influencer marketing alone is not enough to make a difference: the perceived credibility of an influencer can enhance the effect of marketing materials on the investment decision-making. That is, a repetition of the content might

not result in a significant change of behavior unless investors believe the influencer to be credible, which proves that the perception of expertise and honest behavior is critical in the determination of investor behavior.

Behavioral finance wise, the findings indicate the psychological processes of making a digital financial decision. Social media content and credibility cues may increase such cognitive biases as herding, overconfidence, and FOMO, which then can be used to make impulsive investment choices (Banerjee, 1992; Bikkichandani et al., 1998; Barberis et al., 2018). Investors who are vulnerable to the influence of finfluencers can invest and follow investment trends not necessarily due to the fundamental analysis of investments but due to the apparent popularity, recommendations, and social confirmation of the correctness of their choices, these features of the social proof and emotional reaction. This observation supports the fact that stories, particularly those spread online, can have substantial influence on the behavior of the market as well as investor confidence (Shiller, 2015).

Also, the results emphasize the two-sided character of influencer marketing as an investment matter. Although influencers help in learning, engaging and participating in the market, they also bring in discrepancies surrounding false information, biased advice, and trading speculation, especially in markets that are not highly regulated (SEC, 2021; IOSCO, 2022; OECD, 2020). This confirms the significance of regulatory supervision, since the use of content led by influencers that is not subject to verification can subject the retail investors to financial loss. It also highlights the importance of investor education programs that involve critical assessment of financial products on the Internet and knowledge of behavioral biases that can reduce risks related to excessive dependence on online influencers (Lusardi and Mitchell, 2014; Zhang et al., 2021).

The theory in the study is that it is the first to combine the influencer marketing, source credibility and behavioral finance theories into a quantitative framework that empirically examines their influence on the retail investment decisions. The biased mediation of credibility and trust indicates that social media influencers have two processes of impact, namely, informational and relational. The findings as applied to practice mean that the financial influencers, educators, and regulators should be aware of the critical role of credibility and ethical communication in defining responsible investor conduct. Specifically, financial platforms and policymakers ought to promote transparency, evidence-based material, and disclosures, such that influencer-based financial communication can be used to inform other investors instead of deceiving them.

Finally, the paper also points out that influencer marketing in the digital age is not just a promotional instrument; it is a behavioral inductor, which combines with trust, credibility, and social influence to influence the investment results. The results are used to support the opinion that digital financial ecosystems need to be carefully balanced by accessibility, engagement, and ethical control to enhance informed, rational, and responsible investment decision-making among retail investors.

CONCLUSION

This paper concludes that influencer marketing has a major and quantifiable effect on the investment choices of retail investors. The exposure of people to influencer content and credibility and trust of influencers are also important factors that determine investment behavior. The paper shows that influencer credibility and trust mediate the relationship between marketing exposure and investment decision-making to some extent, indicating that the investors are more inclined to take action when they believe that the financial influencers are informed and reliable. These inferences support the idea that social media and digital influencers are not just promotional tools

but also important players in the behavioral and psychological processes involved in the retail investment in the digital age.

RECOMMENDATIONS

On the basis of the results, a number of some practical recommendations can be drawn up. To begin with, before choosing to make investment decisions, the retail investors must be heavily cautious of the credibility and experience of the financial influencers and the risks they may face as a result of depending on social media advice. Financial regulators ought to come up with rules and regulatory structures that will provide a sense of transparency, accountability, and ethical behaviour amongst influencers offering content on investments. To financial educators and institutions, social media literacy should be incorporated in the investor education program in order to make the investor think critically and lessen the effect of biased-based decision-making. Lastly, influencers have a role to play as well, ensuring that they stay ethical and offer factual and evidence-based content and disclose any conflict of interest to build trust and accountable investment behavior.

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