

The Role of Social Media in Financial Awareness: A Comprehensive Analysis

Khushi Jain

MBA (E-Commerce)

Abstract

This research examines the well-rounded contribution of social media to enhancing financial literacy awareness among diverse population segments. The rapid digitalization of financial services and changes in the structures are influencing the new segment. This study aims to explore the role of social media in transforming financial literacy, equalizing access to available information, and providing propositions from influencers. This study also shows how an external locus of control can undermine decision-making, whereas an internal locus of control increases an individual's financial self-efficacy.

The findings suggest that social media has rapidly increased financial awareness and has disseminated information competently, yet it requires cautious seamanship to avoid spreading misinformation & ambiguity.

Keywords: social media, financial literacy, digital financial education, fintech, financial awareness

1. Introduction

Financial literacy is the ability to understand financial skills, including saving, investing, managing debt, and increasing income from existing income. It includes planning for retirement, saving for a dream car or house, or investing the money for regular cash flows or a lump sum (Komara et al., 2019: 80).

Traditional education methods provide formal financial education that reaches only a limited number of people. Social media plays a vital role in reaching a diverse population. The emergence of social media has revolutionized the dissemination & consumption of financial information, creating an unparalleled scope for financial education and awareness. Platforms like Instagram, YouTube, Facebook & LinkedIn have grown into high-performance hubs for financial content creators and educators, reaching millions of users worldwide. This digital revolution has equalized access to financial knowledge by minimizing barriers such as socioeconomic status & institutional gatekeeping.

As a result of a call by the G20 finance minister and the government of the Reserve Bank of India to the Organisation for Economic Co-operation and Development (OECD) in Feb. 2011, the aim was to develop a guiding doctrine for financial consumer protection. One of the key doctrines is financial awareness for every individual, alongside knowledge, rights, and responsibilities (G20 principles, 2011). Although OECD does not recommend or promote any specific institution, the source of information should be credible. As access to financial information through social media is quite easy, the source should be credible, and the knowledge must be reliable (Sabri, 2019). The primary goal of this study is to explore the role of social media in transforming digital literacy.

The research gap is that most research focuses on the traditional approach to financial education for economic well-being. In contrast, only a limited number of studies have examined social media as a structured mechanism for financial literacy.

Objectives of the study

The primary objectives are as follows:

- a) To understand the concept of digital literacy.
- b) To understand the role of social media platform as broadcasting financial information.
- c) To understand the influence of social media on financial awareness.

2. Literature Review

In the last decade, the growing diffusion of social media & digital platforms has crucially changed how the population disseminates financial information. Researchers have been focusing on the role of social media in shaping the financial behaviour and decision-making, specifically among youths.

Daulay et al. (2024) have examined the role of social media in digitalization and the creation of financial literacy among the youth generation, called GEN Z. This study reveals that social media plays a pivotal role in disseminating investment decisions among the young generation. Financial literacy acts as a mediating variable, enabling individuals to organize and evaluate information collected from social media.

Similarly, Putra et al. (2024) illustrated the impact of financial literacy & social media use on financial management among the youth. It is observed that students who use social media for financial management and information have higher financial literacy than those who do not. This study states that social media helps in improving financial awareness among youth.

Sekolah Bisnis et al. (2023) examined the effect of freely available financial content on social media platforms on the financial literacy of GEN Z. Content on Instagram, YouTube, and other platforms impacts financial literacy. However, it is also evident that excessive use of this platform without significant reliability does not guarantee a better understanding of finances.

Rijanto and Utami (2024) explored the area of financial technology, financial scams and forex decisions. This study aims to explore the effect of social media on various categories, such as cryptocurrency, Forex & Derivatives. It is found that social media provides advanced knowledge in other segments as well.

Smrithi and Selvi (2024) analysed the power of social media on decision-making across varied demographic groups. This study evaluates how different demographic groups are affected by social media content and how the younger generation is misled by fake content. At the same time, the authors warned that reliance on unverified online sources may lead to biased or irrational financial choices, highlighting the need for improved financial literacy.

Further supporting this view, Junaidi and Nurhidayah (2025) examined the impact of social media on trading behaviour, including intraday and F&O trading. It influences the young generation to engage in riskier activities, such as gambling. It creates a sense of FOMO in the young generation.

Aji et al. (2025) studied the effects of financial knowledge influenced by social media influencers on students' financial literacy. The results indicate that social media increases investment in the capital market and strengthens individuals' relationships with financial products and the risks involved.

Singh et al. (2025) highlighted the diplomatic influence of social media on financial decisions. Their study highlights that while social media significantly affects access to financial information and awareness, it also encourages herd behaviour and speculative decision-making. The researcher analysed that financial literacy is pivotal to ensuring that users gather only relevant and authentic information.

At the end, the essence of the reviewed studies indicates that social media has considerable power to enhance financial literacy, but it can also create herd behaviour and speculative decision-making. It is essential to verify the information available on social media to support better financial decision-making. Despite growing research in this area, limited studies comprehensively examine the role of social media in shaping overall financial awareness, creating scope for further research.

3. Methodology

The present study adopts a descriptive & qualitative research design.

- Literature Analysis: Systematic review of peer-reviewed articles from 2015-2024
- Platform Data Analysis: Examination of financial content engagement metrics across major social media platforms
- Content Analysis: Qualitative assessment of financial education content types and quality
- Survey Data: Analysis of existing surveys on social media usage for financial information.

This study is analytical & theoretical and relies on secondary data. It collects and synthesizes existing research data to create an overall understanding of how social media impacts financial awareness.

3.1 Method of Analysis

A **qualitative content analysis** method was adopted to examine and interpret the selected literature. The reviewed studies were systematically analysed to identify key themes such as:

- Financial education through digital media
- How social media impacts financial literacy
- How financial influencers influence decision-making
- Herd behaviour & misinformation through social media.

The findings were synthesized to draw meaningful conclusions and identify research gaps.

3.2 Scope of the Study

The scope of the study is very limited to the role of social media platforms that influence financial literacy and financial knowledge. This study does not focus on algorithms related to various social media platforms.

3.3 Limitations of the Study

The study has certain limitations:

- Only secondary data has been used.
- Findings are based solely on the quality of the secondary data.
- Rapid technological changes may render conclusions less relevant over time.

4. Findings and Discussion

Based on a systematic review of the literature & content analysis of available literature, some key insights emerge regarding the role of social media in enhancing financial awareness.

4.1 Social Media as a Catalyst for Financial Awareness

It is concluded that social media platforms are powerful tools for disseminating financial information among varied demographic groups. Platforms like YouTube, Instagram, and LinkedIn have provided equal access to financial information, thereby increasing financial awareness. This free flow of information removes the geographical and traditional barriers. Financial content on budgeting, investing, insurance, taxation, and fintech innovations is widely consumed, especially among youth and first-time investors.

4.2 Influence of Financial Content Creators and Influencers

The analysis reveals that financial influencers significantly shape users' financial perceptions and behaviours. Influencers simplify complex financial concepts and enhance engagement through relatable narratives. However, the credibility of influencers remains a critical concern. While authentic educators contribute positively to financial literacy, unregulated or biased influencers may promote speculative investments, creating misinformation and herd behaviour.

4.3 Role of Locus of Control in Financial Decision-Making

This study highlights that investors with a high internal locus of control tend to use social media platforms as learning tools to inform investment decisions. They evaluate the available financial information and take rational decisions after gathering and processing all the available information. In contrast, investors with an external locus of control tend to be influenced by outsiders or influencers and to follow herd behaviour, leading to emotional trading and wrong investment decisions.

4.4 Herd Behaviour & Misinformation

Despite the numerous benefits of social media for increasing financial awareness, the excessive and unauthorized access to finance influencers creates misinformation, leading to herd behaviour. The findings suggest that users cannot trust everything available on social media. Proper source verification and authenticity of information should be checked.

5. Implications of the Study

5.1 Theoretical Implications

This study contributes to the financial literacy literature by positioning social media as an informal yet influential mechanism for financial education. It integrates behavioural finance concepts such as herd behaviour, locus of control, and financial self-efficacy into the digital financial literacy framework.

5.2 Practical Implications

- Educators and financial institutions can leverage social media as a supplementary tool for financial education.
- Users must be encouraged to verify sources and cross-check financial information.
- Content creators should adopt ethical practices while disseminating financial knowledge.

5.3 Policy Implications

Regulatory bodies may consider developing guidelines for financial influencers and digital financial content to ensure transparency, accountability, and consumer protection, in line with OECD and G20 principles.

6. Conclusion

The study concludes that social media plays a transformative role in enhancing financial awareness by making financial knowledge accessible, engaging, and inclusive. While it significantly improves financial literacy, especially among younger generations, it also introduces risks related to misinformation and speculative behaviour. Therefore, the effectiveness of social media in financial education depends largely on users' financial literacy level, psychological traits, and ability to evaluate information critically. A balanced and regulated digital financial ecosystem is essential to maximize benefits while minimizing risks.

7. Future Research Directions

Future studies may focus on:

- Empirical validation using primary data and structural equation modelling
- Platform-specific analysis of financial content algorithms
- Comparative studies between traditional financial education and social media-based learning
- Role of AI-driven financial advice on consumer decision-making

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