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The Rise of Social Media-Driven Investing: Bridging the Gap in Financial Literacy and Investor Protection in Haryana

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Abstract
The article aimed to investigate the rising influence of social media among the youth related to investment decisions, especially in the stock market. The results are based on the primary survey in Haryana of 218 respondents. Platforms like YouTube, Instagram, and Telegram have become the key source of financial advice for young investors and financial fraud, indicating the widespread gaps in financial literacy. The findings reveal that approximately 35 percent of respondents are active investors in the stock market, and also highlight trends of investment decisions related to age, gender, education, and employment. The study underscores the urgent need for policy interventions focused on financial literacy, regulation of digital financial content, and efforts to promote equitable access to investment opportunities in the state.

Keywords: Financial Literacy, Social Media, Investor Protection, Stock Market, Financial Education

Introduction

In recent years, social media has emerged as a powerful tool, reshaping how people engage with financial markets [1]. The youth, in particular, have been at the forefront of this trend, increasingly relying on platforms like Instagram, YouTube, and Telegram for investment advice, where finfluencers promote poor investment decisions.[2] A detailed survey conducted in Haryana sheds light on this growing phenomenon, highlighting the role of social media in shaping investment decisions. While many young investors actively traded stocks, the survey reveals significant financial literacy, market understanding, and investor protection challenges. This article explores these trends and their implications for policy development in Haryana.

Survey overview

Based on a Google Forms survey, the study aimed to understand the trends in stock market participation among the youth in Haryana. Respondents were asked about their demographics, investment habits, social media influence, and financial literacy. The results provided valuable insights into the current landscape of investing in the region.

The table provides a demographic breakdown of the survey respondents, highlighting key characteristics such as gender, education, age, employment status, and stock market investment.

Table 1: Demographic characteristics of respondents

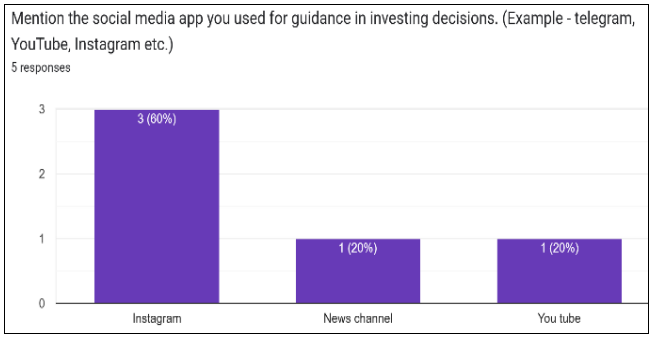
Gender	Count	Percent
Men	119	54.58
Women	99	45.41
Total	**218**	**100**
Education		
Ph.D./M.Phil.	21	9.6
Postgraduate	125	57.3
Undergraduate	63	28.9
Senior Secondary	9	4.2
Total	**218**	**100**
Age		
18-24	102	46.78
25-29	66	30.27
30-45	48	22.01
45-59	2	0.9
Total	**218**	**100**
Employment		
Employed	88	40.4
Unemployed	130	59.6
Total	**218**	**100**
Stock market investors		
Yes	76	34.9
No	142	65.1
Total	**218**	**100**

Source: Author compilation

The survey had 218 respondents, with a relatively balanced representation of men and women. However, there was a slight gender skew, with 54.58% of respondents identifying as men and 45.41% as women. A significant portion of the participants had higher educational qualifications, with 57.3% holding a postgraduate degree. Most respondents were between 18 and 29, with 46.78% in the 18-24 age group. Most participants (59.6%) were unemployed, which may indicate a demographic comprised mainly of students and early-career individuals.

Despite the youth's active engagement with social media and the stock market, only 34.9% of respondents reported involvement in stock market investments, underscoring the need for greater financial literacy and participation.

Social Media as a Tool for Investment Guidance

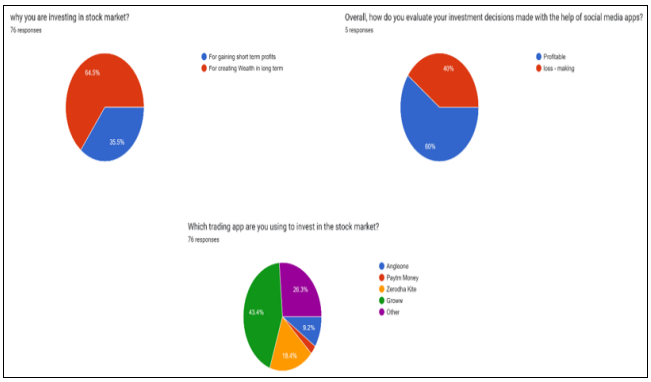


Author compilation from Google Form survey data (2024)

Social media has become an influential source of investment advice for many young people in Haryana. Platforms like Instagram and Telegram are often the first stop for those seeking investment tips. This shift from traditional financial advisors to online influencers and peer groups has brought benefits and challenges. While some users have found success through social media-driven investment strategies, others have faced losses. The variability in outcomes raises concerns about the credibility and reliability of advice available on these platforms.

Influencers, often with little to no formal financial expertise, are shaping the investment choices of many young investors, particularly those looking for short-term gains. While these platforms provide easy access to investment tips, the quality and accuracy of the information shared are often questionable. The lack of proper regulation on social media further exacerbates the risks associated with relying on these sources for financial guidance.

The Growing Interest in Short-Term Profits

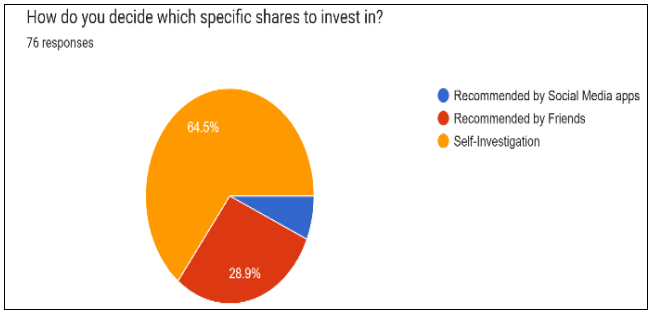


Author compilation from Google Form survey data (2024)

The survey also reveals a notable trend among young investors in Haryana: A preference for short-term profits. The 18-24 age group, in particular, is highly active in trading, motivated by the prospect of quick financial gains. The widespread use of trading apps like Zerodha, Groww, and Paytm Money, which offer user-friendly interfaces and real-time trading, has made it easier for individuals to enter the market.

However, short-term trading comes with challenges, including high volatility and the risk of substantial losses. Many of the survey's respondents expressed a desire for quick profits without fully understanding the complexities of the stock market. This highlights a critical gap in financial literacy, as the lack of knowledge about long-term wealth-building strategies often leads to poor investment decisions.

Financial Literacy: A Key Concern

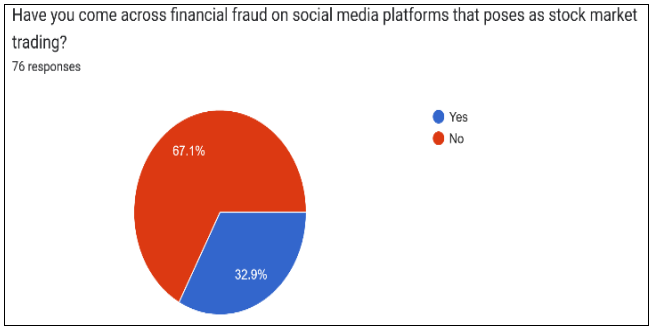


Author compilation from Google Form survey data (2024)

The survey's findings underscore the importance of improving financial literacy in Haryana. A significant portion of respondents—65.1%—do not participate in the stock market, indicating a lack of awareness or confidence in investing. This gap in participation could be attributed to several factors, including low disposable income, risk aversion, and insufficient knowledge about the stock market. To address this issue, policymakers must prioritize

initiatives that promote financial education. Educational campaigns, targeted incentives for young and unemployed individuals to invest in accessible financial products, and training programs focused on market fundamentals could help bridge the gap in financial literacy. Empowering individuals with the knowledge to make informed decisions is essential as the stock market attracts new and less experienced participants.

Financial Fraud: A Growing Concern



Author compilation from Google Form survey data (2024)

Alongside the rise of social media-driven investing, there is an alarming increase in financial fraud. Many survey respondents reported encountering fraudulent schemes on social media, particularly on platforms like Instagram, where scammers often promise high returns with little to no risk. These deceptive practices lure inexperienced investors into making rash decisions, leading to significant financial losses.

The prevalence of fraud highlights the need for stronger regulatory measures and investor protection [3]. While social media can be a valuable tool for networking and learning, its lack of oversight poses substantial risks to those unprepared for the dangers of the financial world. Ensuring investors are adequately educated about the potential risks and red flags associated with online investment advice is crucial for protecting their financial well-being.

Policy Implications and Recommendations

Based on the survey results, several policy recommendations can be made to support young investors in Haryana:

1. **Financial Literacy Programs**: There is an urgent need for targeted financial education initiatives focusing on investing, risk management, and long-term wealth-building strategies. Schools, colleges, and community centers can serve as platforms for these programs, helping to equip young people with the tools they need to make informed decisions.
2. **Regulation of Social Media Investment Advice**: Social media has democratized access to financial information, and regulating the content shared by influencers and accounts offering investment advice is crucial. Transparency, accountability, and clear risk disclosures should be emphasized to mitigate the spread of misinformation and fraud [4].
3. **Investor Protection Mechanisms**: The government and financial institutions should collaborate to establish robust mechanisms for protecting investors, particularly those using online trading platforms. This could include greater oversight of financial advice, mechanisms for reporting fraudulent schemes, and educational resources to help investors identify scams.
4. **Promotion of Long-Term Investing**: Policymakers should incentivize young people to adopt long-term investment strategies rather than focusing solely on short-term gains. Tax benefits or other financial incentives could shift the focus toward building wealth over time.

Conclusion

The survey conducted in Haryana highlights the evolving dynamics of stock market participation, particularly among younger generations influenced by social media. While the growing interest in investing presents opportunities, it also brings significant financial education and investor protection challenges. By prioritizing financial literacy, regulating social media-driven advice, and safeguarding investors, policymakers can create a more informed and secure investment environment for the people of Haryana. Additionally, addressing unemployment and gender disparities will be crucial in ensuring that all residents have equal access to opportunities for financial growth and for better financial decisions [5].

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