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Financial Advice in the Digital Age: A Conceptual Comparative Study of Finfluencers and SEBI-Registered Financial Advisors within the Indian Financial Ecosystem

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Abstract:
Social media has changed how people get financial advice. Dissemination of financial information and advice related to investment has seen a major change because of increasing social media platforms. Nowadays we see financial influencers, commonly referred to as "finfluencers". They have gained importance because they provide financial information and are seen as a major source of financial information. Finfluencers have become popular, especially among young investors. At the same time, the financial advisors who are registered under SEBI provide information personally. They provide advice under a legal and ethical framework. This creates questions about trust, safety and the quality of financial advice.
This research compares finfluencers and SEBI-registered financial advisors within the Indian financial ecosystem. It is a conceptual comparative analysis and uses existing research, reports and SEBI regulations. This paper examines the characteristics, functions, advantages and limitations of both forms of financial advice. This comparison is based on regulatory compliance, professional competence, transparency, accountability, accessibility, conflict of interest and investor protection mechanisms.
The study finds that influencers and SEBI advisors are very different in terms of rules and regulations. This paper also recognised the growing influence of financial content creators in shaping investor behavior. It also proposes a conceptual framework to facilitate a deeper understanding of both. The findings can help regulators, investors, financial institutions, and future researchers.

Keywords: Finfluencers, SEBI-Registered Financial Advisors, Financial Advice, Digital Finance, Investor Protection, Financial Regulation, Financial Literacy, Indian Financial Ecosystem, Conceptual Study.

1. Introduction

Digital platforms have changed the manner in which people learn about finance. Finfluencers share information or content on YouTube, Instagram and X (formerly known as Twitter). The expansion of digital media platforms has significantly transformed the way financial information is produced, distributed, and consumed. The finfluencers provide information which is easily accessible and easy to understand. They operate outside formal regulatory frameworks. While registered advisors provide information within a regulatory framework. Still finfluencers have a considerable influence among young and first-time investors (Chen et al., 2014; Hayes & Ben-Shmuel, 2024).

SEBI-registered financial advisors (RFAs) work within a structured regulatory environment. They required a certificate to give advice. Their advice is regulated by SEBI. They need to follow rules and legal responsibilities to protect investors interests. In India, there is an Investment Advisers Regulations, 2013 (as amended). It ensures transparency, accountability, and suitability in financial recommendations (SEBI, 2025). However there is a parallel ecosystem of informal financial advice outside this regulated system.

The growth of social media led to the rise of finfluencers. Their content is shaped not only by their knowledge but also by likes, shares, and followers. Their posts can influence investors' opinions and even stock market behaviour. Their impacts can be seen clearly on retail segments (Dootson et al., 2016; Lalwani, 2025). This raises concerns whether their advice is reliable, accurate and ethical. Should young investors trust them ? If so, then what are the reasons that investors are attracted towards them ?

In the Indian market context, SEBI is worried about unregistered people giving investment advice. This topic has gained regulatory attention due to concerns regarding investor protection and market integrity. SEBI has issued multiple advisories and regulatory clarifications and has warned investors about risks like misleading information, lack of accountability, and market manipulation (SEBI, 2024). Side by side, SEBI-registered financial advisors have to follow strict disclosure norms and rules. It is the structure of a regulated ecosystem.

Registered advisors often face challenges to reach retail investors at large scale due to limited digital visibility. Despite their legitimacy, investors feel the process to communicate with them is complex. That is why investors prefer fininfluencers. Because they provide information in a simplified, relatable, and engaging manner. Consequently, there exists a structural tension between traditional advisors and finfleuncers. They both have different ways to disseminate information. Each of them shapes investor behaviour through different mechanisms of trust, accessibility, and communication style.

This paper shows a conceptual and comparative study of finfluencers and SEBI-registered financial advisors within the Indian financial ecosystem. It aims to examine their roles and influence mechanisms. It also shows how they shape investors decision-making. This study seeks to develop a framework to understand how financial advice is evolving in the digital age. For this we integrate different points from behavioural finance, digital communication theory and regulatory framework.

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2. Objectives of the Study

The main objective of this research is to examine and compare the roles of finfluencers and SEBI-registered financial advisors. Also to find how retail investors decision making is shaped by this in this digital age.

1. To examine the role and influence of finfluencers in providing financial information through digital platforms and their impact on retail investor behaviour.
2. To analyse the regulatory framework governing SEBI-registered financial advisors in India and their responsibilities toward investors.
3. To compare finfluencers and SEBI-registered financial advisors in terms of credibility, accessibility, transparency, and influence on investment decisions.
4. To explore how digital financial communication has reshaped traditional financial advisory structures in India.
5. To identify gaps and challenges in the current regulatory framework concerning unregistered financial influencers.
6. To develop a conceptual understanding of how trust, regulation, and digital engagement interact in shaping investor behaviour.

3. Literature Review

With the rise of digital platforms, financial communication and investor behaviour has changed. Traditionally certified advisors and investors' relation was based on regulations and their face to face interactions. It ensures accountability, suitability, and their responsibility. But, now because of social media there are new actors called finfluencers. They give financial knowledge in an easy and simple manner as compared to registered advisors(Chen et al., 2014; Dootson et al., 2016).

3.1 Finfluencers and Digital Financial Communication

Latest studies show that retail investors' behaviour is significantly shaped by finfluencers because they tell complex financial concepts in simple manner. Their influence is largely likes, shares, and followers count on their social media platforms. They don't have formal qualifications or regulatory certification (Hayes & Ben-Shmuel, 2024). This shift represents a transition from expertise-based financial advice to attention-based financial communication.

Previous studies suggest that financial content shared on social platforms can affect investor sentiment. Even short-term market behaviour is also affected by it (Chen et al. , 2014). Collective opinions on social media can influence stock-related decision-making, indicating the “wisdom of crowds” effect. However, inexperienced investors have risk of misinformation, and herd behaviour.

Similarly, Lalwani (2025) finds that retail investors, trading activity and market participation are majorly influenced by finfluencer recommendations. Chandani et al. (2025) further show that investor intention to follow finfluencer advice is strongly connected with perceived usefulness, trust, and ease of understanding, reinforcing the behavioural dimension of digital financial influence (Chandani et al. , 2025)

3.2 Investor Behaviour and Social Media Influence

Investors do not always make logical decisions. Their decisions are influenced by emotions, psychology, and what other people are doing. Social media makes this influence even stronger because information is presented in an attractive and engaging way. When many people discuss or recommend the same investment online, others are more likely to trust and follow it (Dootson et al. , 2016). It is a kind of word of mouth.

Finfluencers increase behavioural biases like overconfidence, herd behaviour, and anchoring.Because of this, many investors depend on popular online opinions instead of proper financial analysis. Hayes and Ben-Shmuel (2024) argue that finfluencers advice about financial decision making have now become a regular part of everyday social media use.

3.3 Role of SEBI-Registered Financial Advisors

Unlike finfluencers, SEBI-registered financial advisors must follow strict rules. These rules are designed to protect investors and ensure fair financial advice. The SEBI Investment Advisers Regulations, 2013 (as amended) mandate advisors have legal responsibilities, must avoid conflicts of interest and are accountable for advice they give(SEBI, 2025).

Although registered advisors are trustworthy and regulated, they have some limitations. They are not as active or accessible on digital platforms as finfluencers. Young investors often consume financial information through social media. They give preference to these platforms. This creates a gap between regulated financial advice and what investors actually watch and follow.

3.4 Research Gap from Existing Literature

Previous studies mostly focus on either finfluencers or financial advisors separately. Very few studies compare both together. However, there is limited comparative research that integrates both entities within a unified conceptual framework in the Indian context.

Specifically, there is a lack of studies that:

- Compare finfluencers and SEBI-registered financial advisors across behavioural and regulatory dimensions.
- Examine how trust is formed differently in regulated vs. unregulated financial communication systems.
- Integrate behavioural finance theories with regulatory frameworks to explain investor decision-making in digital environments.

This gap highlights the need for a structured conceptual model that explains how digital financial influencers and regulated advisors coexist and compete within the Indian financial ecosystem.

4. Research Gap

There is a lot of literature on digital financial communication and regulated financial advisory services. Still several critical gaps remain unaddressed, particularly in the Indian context.

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First, previous researches look at the finfluencers and SEBI-registered financial advisors separately. Most research on finfluencers are about their impact on investor sentiment, social media engagement, and behavioural outcomes (Hayes & Ben-Shmuel, 2024; Lalwani, 2025). Research on SEBI-registered financial advisors is mainly about regulations, legal duties and investor protecting investors (SEBI, 2025). However, there is limited research that compares both together within a unified conceptual framework.
Second, researchers know that social media influences investment decisions. However, they have not combined behavioral finance with financial regulations. They also have not studied how trust, social media engagement and regulation work together, especially in India (Chen et al., 2014; Chandani et al., 2025).
Third, most research is global in nature. These are based on other countries. They do not adequately capture the unique characteristics of the Indian financial ecosystem. Because here rapid retail investor growth coexists with evolving regulations by SEBI. Therefore, findings from foreign studies may not be fully applicable to India.
Last, there is no complete model that studies all these together : Finfluencers, SEBI-registered financial advisors, investor behaviour and financial regulations. Because of this, researchers do not fully understand how investors decide whom to trust online versus regulated advisors.
Therefore, this study addresses these gaps by proposing a comparative model that combines digital financial influence and formal advisory systems within the Indian regulatory and behavioural context.

5. Methodology

This paper follows a conceptual research methodology. This is primarily theoretical in nature. It does not involve primary data collection. Instead, it analyzes and integrates existing literature on finfluencers, SEBI-registered financial advisors, behavioural finance, and digital financial communication to develop a structured comparative understanding of the Indian financial advisory ecosystem.
This approach is appropriate for this research because competition between finfluencers and regulated financial advisors is still evolving. It lacks empirical datasets in the Indian context. Conceptual research allows for the development of new theoretical linkages and frameworks by critically analysing and synthesizing prior studies (Hayes & Ben-Shmuel, 2024; Chandani et al., 2025).
The recent study is based on secondary sources. It includes peer-reviewed journal articles, working papers, Securities and Exchange Board of India (SEBI) documents, and reports of financial institutions. These sources are used to understand investor behaviour, regulatory responses, and digital financial communication trends.
The conceptual framework developed in this paper integrates three key dimensions:

1. Digital Influence (Finfluencers) – finfluencers who provide financial information through digital platforms and affect investor decisions through accessibility (Lalwani, 2025).
2. Regulatory Advisory (SEBI registered advisor) – registered financial advisors who operate under formal legal structure and have legal responsibility, transparency, and investor protection (SEBI, 2025).
3. Behavioural Response (investor behaviour) – retail investor decision influenced by biases, credibility and social media platforms (Chen et al., 2014; Dootson et al., 2016).

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The paper finds how these three dimensions interact with each other. Based on this comparison, it proposes a conceptual model that highlights the differences between finfluencers and SEBI-registered advisors in terms of credibility, accessibility, regulation, and their impact on investor behaviour.

6. Indian Regulatory Framework (SEBI Perspective)

SEBI is the main authority that regulates the Indian securities market. Its job is to protect investors and ensure that financial markets function fairly. It controls investment advisors through the SEBI Investment Advisers Regulations, which are updated regularly to address new challenges such as digital financial advice(SEBI, 2025)

Under these regulations, those who want to provide investment advice in India must register with SEBI. They have to meet certain qualifications and ethical standards. These include minimum qualification requirements, certification through recognized bodies, fiduciary obligations, and adherence to suitability standards while recommending financial products. They must act in the best interest of clients and give advice that matches the investor's financial goals and risk-taking ability.

SEBI also requires registered advisors to clearly disclose their fees, possible conflicts of interest, and the risks involved in investments. This ensures that investors have complete information before making investment decisions and improves transparency (SEBI Master Circular for Investment Advisers, 2024)

However, the rise of social media has created new regulatory challenges. Many finfluencers give financial information online without being registered with SEBI. While SEBI warns investors about such unregulated advice, monitoring and controlling online content is difficult. (SEBI, 2024).

SEBI has clarified that anyone giving personalised investment advice must be registered. However, many finfluencers avoid this rule and share financial content instead of direct recommendations. This creates a grey area, making it difficult for SEBI to take action.

As a result, two financial advisory systems now exist in India: a formal, regulated system of SEBI-registered advisors and an informal, digital system of finfluencers. This raises important questions about investor protection, awareness, and whether current regulations are sufficient for the digital age. While the former focuses on compliance and investor protection, the latter focuses on accessibility, engagement, and content.

7. Comparative Analysis: Finfluencers vs SEBI-Registered Financial Advisors

India now has two types of financial advisors—**finfluencers** and **SEBI-registered financial advisors**. This section compares them based on factors like credibility, regulation, communication style, accessibility, and their influence on investors.

7.1 Regulatory Status and Accountability

SEBI-registered financial advisors work under strict rule by the SEBI (Investment Advisers) Regulations, 2013 (as amended). They must be qualified, act in the client's best interest, and follow legal and ethical standards (SEBI, 2025). If they make mistakes or violate rules, they can be held legally responsible.

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Finfluencers usually do not have the same legal responsibilities because they mainly share general financial content. This creates an imbalance, as registered advisors are strictly regulated while finfluencers have much less accountability (SEBI, 2024; Walia, 2024).

7.2 Credibility and Trust Formation

Investors trust SEBI-registered advisors because they are qualified, certified, and regulated. Their credibility comes from professional knowledge and legal recognition.

People trust finfluencers because they are relatable, easy to understand, and popular on social media. Their credibility comes from followers, likes, and emotional connection rather than professional qualifications (Hayes & Ben-Shmuel, 2024; Chandani et al., 2025). This difference in trust formation significantly influences investor preference, particularly among younger investors.

7.3 Accessibility and Communication Style

Finfluencers are easily available on platforms like YouTube, Instagram, and X. They explain financial topics in a simple, short, and engaging way. It attracts investors because it is easy for them.

SEBI-registered advisors communicate in a more formal and detailed manner. While their advice is reliable, it may seem less attractive to young investors who prefer quick and simple content on social media. Finfluencers are getting popular among young investors because of this difference in communication styles (Lalwani, 2025).

7.4 Influence on Investor Behaviour

Finfluencers influence investors through emotions, FOMO (fear of missing out), and herd behaviour. Their content can affect investors' feelings and even encourage short-term trading decisions. (Chen et al., 2014; Dootson et al., 2016).

SEBI-registered advisors influence investors through proper financial planning, risk assessment, and long-term investment strategies. Their advice is based more on logic than emotions.

7.5 Summary of Comparison

The section concludes that finfluencers and SEBI-registered advisors represent two different models of financial advice:

- Finfluencers: informal, digital, engagement-driven, behaviourally influential
- SEBI advisors: formal, regulated, professional, rational, compliance- driven

Both now coexist and influence investors in different ways within India's financial ecosystem.

8. Proposed Conceptual Framework

The paper proposes a conceptual framework to explain how finfluencers, SEBI-registered financial advisors, and retail investors are connected within the Indian financial ecosystem. The framework combines ideas from behavioural finance, digital communication and SEBI regulations to understand how investors make decisions.

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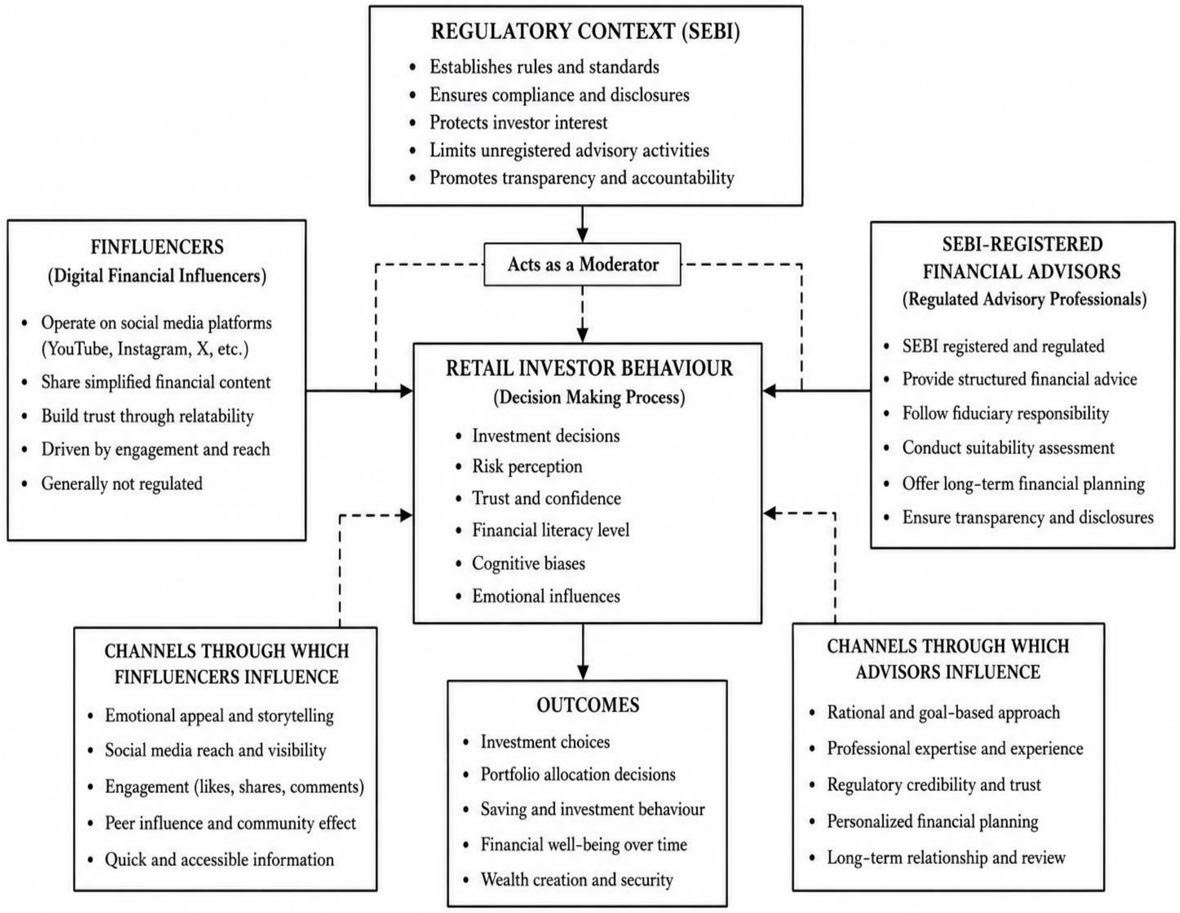

Figure 1: Conceptual Framework – Influence of Finfluencers and SEBI-Registered Financial Advisors on Retail Investor Behaviour in India

Source : Created by the authors on the basis of conceptual understanding.

8.1 Core Components of the Framework

The conceptual model consists of three primary components:

1. Finfluencers

Finfluencers represent the informal and unregulated side of financial advice. They share financial content through social media using simple language and engaging videos. People trust them mainly because they are relatable and popular, not because they have professional qualifications (Hayes & Ben-Shmuel, 2024; Lalwani, 2025).

2. SEBI-Registered Financial Advisors

SEBI-registered financial advisors represent the formal and regulated advisory system. They follow SEBI rules and provide professional and transparent advice (SEBI (Investment Advisers) Regulations, 2013 (as amended), (SEBI, 2025)). Their role is to provide goal-based financial advice that protects investors' interests.

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3. Retail Investor Behaviour

Retail investors are influenced by both finfluencers and SEBI advisors. Their investment decisions depend on factors such as trust, financial knowledge, emotions, and exposure to financial content on social media (Chen et al., 2014; Dootson et al., 2016).

8.2 Relationships in the Framework

The proposed model explains three important relationships:

- Finfluencers → Investor Behaviour : Finfluencers influence investors through emotional and engaging social media content. That is short-term decision-making.
- SEBI Advisors → Investor Behaviour : SEBI-registered advisors influence investors through long-term financial planning and rational decision-making through structured processes.
- Regulatory Environment (SEBI) as a Regulator : It acts as a regulator, but its control over finfluencers is limited because social media is difficult to regulate (SEBI, 2024).

8.3 Conceptual Model Explanation

The framework highlights a dual-influence system:

- A regulated advisory channel (SEBI-registered advisors) that promotes rational and safe investment decisions.
- An unregulated digital influence channel (finfluencers) that influence investors through engagement and emotions.

Retail investors are between these two systems. They are affected by both channels while making investment decisions. Their decisions are influenced by a combination of logical thinking and behavioural biases.

8.4 Key Insight from the Framework

The main message of the framework is that investors no longer depend only on professional financial advisors. Today, their decisions are shaped by both regulated experts and social media finfluencers. This is creating a new pattern of investor behaviour in the digital age. It led to a blended behavioural response pattern among retail investors.

9. Discussion

This current paper shows that now India's financial advisory system is changing. Along with traditional SEBI-registered advisors, finfluencers have become an important source of financial information. As a result, investors now receive advice from both regulated professionals and social media influencers.

One major finding is that finfluencers strongly influence investors, especially young and first-time investors. They explain financial concepts in a simple and engaging way, making people more likely to follow their advice. This supports behavioural finance theory, which says that investment decisions are often influenced by emotions and social influence rather than pure logic (Chen et al., 2014; Dootson et al., 2016).

SEBI-registered advisors provide professional, regulated, and reliable financial advice. However, they are less active on social media and often use formal communication, making them less visible and less attractive than finfluencers in the digital world.

This research also finds that the way investors build trust has changed. Earlier, people trusted qualified professionals. Today, many investors trust finfluencers because they seem authentic, relatable, and have many followers and likes. This creates new challenges for investor protection (Hayes & Ben-Shmuel, 2024; Lalwani, 2025).

Another important issue is regulation. Although SEBI has clear rules for registered advisors, it is difficult to regulate financial advice shared on social media. This creates an unequal system where advisors are strictly regulated, but finfluencers are not (SEBI, 2025).

The paper also suggests that investors use both sources of advice. They often follow finfluencers for quick and simple financial information, but rely on SEBI-registered advisors for detailed financial planning. Their decisions are therefore influenced by both emotions and rational thinking. It leads to a hybrid decision-making environment.

Overall, India's financial advisory system is moving towards a multi-source model, where both finfluencers and SEBI-registered advisors play important roles. This means regulators, investors, and financial professionals must adapt to the changing digital financial environment.

10. Implications of the Study

This research on finfluencers and SEBI-registered financial advisors in the Indian financial ecosystem carries both theoretical and practical implications for researchers, regulators, financial professionals, and investors.

10.1 Theoretical Implications

This research contributes to academic research by combining three areas - finfluencers, SEBI-registered financial advisors, and investor behaviour. It provides a broader understanding of how financial advice is changing in the digital age.

The study extends behavioural finance theory by showing that investors are influenced not only by their own emotions and biases but also by social media factors like likes, followers, and viral content. (Chen et al., 2014; Dootson et al., 2016).

It introduces the idea of a dual-advisory ecosystem, where both SEBI-registered advisors and finfluencers influence investors together. This challenges the traditional belief that financial advice comes only from professional advisors.

The current paper also connects financial regulations with digital finance. It explains how SEBI's regulatory framework interacts with the fast-growing world of social media-based financial advice (SEBI, 2025).

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10.2 Practical Implications

From a practical standpoint, the findings have significant implications for multiple stakeholders.

For Regulators (SEBI)

SEBI should update and strengthen its regulations to deal with the growing influence of finfluencers. It needs better monitoring and clearer rules for financial content shared on digital platforms. It highlights the need for adaptive regulatory mechanisms that address the growing influence of finfluencers.

For Financial Advisors

SEBI-registered advisors should improve their digital presence and communicate in a simpler and more engaging way. This will help them connect better with today's investors. Simplifying communication without compromising accuracy may help bridge the gap between regulatory credibility and investor engagement.

For Investors

Investors should improve their financial literacy so they can distinguish between regulated financial advice and informal opinions shared by finfluencers before making investment decisions. Retail investors need to develop higher levels of financial literacy and critical evaluation skills. Awareness of the differences between finfluencers and certified advisors is essential for informed decision-making.

For Finfluencers

Finfluencers play an important role in financial awareness. There is a growing need for ethical responsibility and transparency in financial content creation. They should act responsibly by being transparent, giving proper disclaimers, and avoiding misleading financial advice. This will increase trust and reduce regulatory issues.

11. Limitations of the Study

Although this research provides a useful comparison between finfluencers and SEBI-registered financial advisors in India, it has some limitations that should be considered.

This paper is purely conceptual in nature and does not collect primary data. Therefore, the conclusions are based on existing literature . It cannot statistically prove the relationships proposed in the model.

The digital environment is changing quickly. It means that the influence of finfluencers and regulatory responses by SEBI are continuously changing. New finfluencers, social media platforms, and SEBI regulations continue to evolve. Therefore, some observations may become outdated (SEBI, 2025).

The research focuses on the Indian financial ecosystem. Since every country has different regulations, investors, and digital environments, these findings may not apply to other countries.

The current study uses only secondary data from previous research and reports. As a result, its findings depend on the quality and possible biases of those original sources.

The study does not use numerical or statistical analysis to compare the actual impact of finfluencers and SEBI-registered advisors on investment performance. Therefore, it cannot establish a direct cause-and-effect relationship.

Despite these limitations, the research provides a strong theoretical foundation for understanding how financial advice is changing in the digital age and offers a basis for future empirical research.

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12. Future Research Directions

This paper opens several options for future research in the area of digital financial communication, investor behaviour, and regulatory governance in India and other developing countries.

Future researchers can conduct empirical research to test the model proposed above. By conducting surveys, experiments, or data analysis to validate the relationships proposed in this paper. This will provide stronger evidence about how finfluencers and SEBI-registered advisors actually affect investment decisions.

There is a need to explore the role of platform algorithms. Future studies should examine how social media algorithms on platforms like YouTube, Instagram, and X recommend financial content. These algorithms may play a major role in increasing the influence of finfluencers (Hayes & Ben-Shmuel, 2024).

Researchers can also study whether financial literacy changes how investors respond to finfluencers and SEBI advisors. People with better financial knowledge may rely more on professional advice than on social media.

Future research can compare different countries to understand how different financial regulations influence the relationship between finfluencers and professional financial advisors

Researchers should also examine the ethical issues related to finfluencers, such as transparency, sponsored content, conflicts of interest, and whether they properly disclose paid promotions (SEBI, 2025).

Future studies can track investors over a long period to understand how their behaviour changes. How they gain more experience and are exposed to digital financial content, especially young retail investors.

13. Conclusion

The paper concludes that the way financial advice is given in India has changed significantly. It compares finfluencers and SEBI-registered financial advisors and shows that digital platforms have transformed how investors receive and use financial information.

The analysis shows that finfluencers have emerged as powerful digital actors. Because they explain financial concepts in a simple, engaging, and relatable way. This makes them especially popular among young and first-time investors.(Hayes & Ben-Shmuel, 2024; Lalwani, 2025).

In contrast, SEBI-registered financial advisors provide professional, transparent, and regulated financial advice. However, they have less influence on digital platforms because their communication is more formal and less engaging. (SEBI, 2025).

The study also highlights that investor decision-making in India no longer depends on only one source of financial advice. Instead, they are influenced by both finfluencers and SEBI-registered advisors. It created a dual advisory ecosystem, where regulated financial professionals and unregulated digital influencers coexist. This dual structure creates both opportunities and risks, including improved access to financial information on one hand and increased exposure to misinformation or biased content on the other.

Research also points out that regulating finfluencers is becoming a major challenge for SEBI. Although rules exist for registered advisors, controlling financial advice shared on social media is much more difficult.

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Finally, it concludes that stronger regulations, better financial literacy, and a balanced understanding of both digital influencers and professional advisors are essential to make financial advice safer and more effective in the digital age.

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